

SCHOOL DISTRICT
OF
TOWN
OF
HAMMONTON

Town of Hammonton Board of Education
Hammonton, New Jersey

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

Comprehensive Annual Financial Report

of the

Town of Hammonton Board of Education

Hammonton, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

Town of Hammonton Board of Education

Business Administration

TOWN OF HAMMONTON SCHOOL DISTRICT

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Introductory Section

Hammonton Board of Education

566 Old Forks Road + PO Box 308
Hammonton, NJ 08037
Phone 609-567-7000 + Fax 609-561-4420
Website: www.hammontonps.org

Dr. C. DAN BLACHFORD
Superintendent of Schools

BARBARA S. PRETTYMAN
Business Administrator/Board Secretary

November 10, 2011

Honorable President and
Members of the Board of Education
Town of Hammonton School District
Atlantic County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Town of Hammonton School District (District) for the fiscal 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 (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 financial position and results of operations of the various funds and account groups 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, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, management's discussion and analysis, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the US. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Town of Hammonton School District is an independent reporting entity as set forth in Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds and account groups of the District are included in this report. The Town of Hammonton Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through twelve. These include regular as well as special education for handicapped children. The District completed the 2010-2011 fiscal year with an average daily enrollment of 3,521 students, which is 101 students above the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2010-2011	3,521	2.95
2009-2010	3,420	1.72
2008-2009	3,362	2.97
2007-2008	3,265	(.88)
2006-2007	3,294	(2.17)
2005-2006	3,367	1.99
2004-2005	3,301	1.85
2003-2004	3,241	4.11
2002-2003	3,113	24.97
2001-2002	2,491	16.46

2) ECONOMIC CONDITION AND OUTLOOK:

The status of funding for our school district continues to be exceptionally difficult. For example, the New Jersey Department of Education has communicated that the state underfunds us by \$6,234,396.

During the 2009-2010 school year approximately \$1,000,000 of our reserve funds were taken back by the State and the State reduced our funding by approximately \$2,000,000. This reduction was not logical considering that we are at the bottom of spending per student in our group (K to 12 schools with over 3500 students).

In addition to the State's lack of logic in funding school districts, the climate in NJ is very pessimistic. Much of the pessimism is generated by the State government. Fortunately, the Hammonton Board was able to recommend a no tax increase budget which the voters approved.

Hammonton Public Schools will continue to use every possible technique to provide the students with an efficient education, as well as, a thorough education. For the 2011-2012 school year we are an approved NJ Department of Education Choice School for grades 9-10. This will bring in additional funding of about \$250,000 to our high school.

3) MAJOR INITIATIVES:

There are several new initiatives for 2011-2012 that are designed to improve student academic accomplishments. Hammonton will continue with staff development and monitoring in the areas of differentiated instruction, Sheltered Instruction Observation Protocol (SIOP), Collins Writing, and Kid Writing. This addresses all the CCCS. Other initiatives include the following:

- The faculties at the Warren E. Sooy School, Hammonton Middle School, and Hammonton High School have fully implemented a positive behavior approach that includes the Renaissance Program. This program has assisted the students in becoming more successful and recognizing their accomplishments. At the Early Childhood Education Center the faculty uses Be a Top Apple to reinforce positive behavior and promote respect.

- The Hammonton School District's initiative of Professional Learning Communities has gained state wide recognition and we have expanded it for 2011-2012. Our decision making flow chart starts with initiatives and ideas from classroom teachers. Department chairs in the schools focus on overseeing the curriculum/content areas in every grade and department (CCCS: 3.1,3.3, 3.4).
- For the 2011-2012 school year we will be participating in the Rowan University Math/Science Initiative in conjunction with the faculty from our two sending districts (Folsom and Waterford). Our teachers in these area will receive training that will increase their knowledge of the content of their discipline and their knowledge of instructional methodology. This addresses all the CCCS in math and science.
- We will continue to use formative and summative assessments to more clearly focus instruction on the areas of student needs. All our benchmarks have been improved and placed on our student data information system so our teachers can analyze class and individual student areas of performance.
- In 2010-2011 we implemented an extensive Writers Workshop program and for the 2011-2012 school year we have expanded it to grades K-12. All teachers have the students write in a mutually supportive community. The staff has received intensive in-service training. The program is in every grade level pre k to 12. (2010 English Language Arts Standard Writing)
- We have a mentoring program for students in 9th grade and an Academic Support Advisor for promoting peer-tutoring.
- Improving student academic accomplishments is partially dependent on improving the structure and delivery of instruction. We have new emphasis in this area with our Virtual High School. The students are able to take additional electives in about 130 areas. We are also increasing our Dual Credit program. For the 2011-2012 school year we have added CP Italian 3, CP Italian 4, CP Spanish 3, CP Spanish 4, CP German 3, and CP German 4.
- We started Walk-Throughs last year and will expand them this year. All administrators conduct walk-throughs to improve instruction and we graph the number of walk-throughs each administrator completes.
- The phonics program and sight words initiative for pre K to grade 2 has been greatly improved for the 2011-2012 school year. All teachers have received extensive in-service and are working as teams to develop their lessons (CCCS: 3.1, 3.2, 3.3, 3.4 and 2010 English Language Arts Standard Reading).
- We will increase the integration of technology into the curriculum. (CCCS: 8.1, 8.2)
- Teachers, upon request, will be allowed to attend one out-of-district professional development session that will enhance classroom instruction. PDO: 1-8)
- The Hammonton Middle School faculty has implemented an exceptional block schedule. This will give the students more background in algebra I and geometry (2010 Mathematics Standard Cluster of Number and Quantity, Algebra, functions, Modeling, Geometry, and Statistics/Probability). Additionally every other subject area will be able to go into more depth in their subjects (NJ Common Core Standards in Language Arts Literacy, Science, Health and PE).
- We continue to revise all our curricula to be consistent with NJ Department of Education guidelines and the "Understanding by Design" initiative.

- The faculty at the Warren E. Sooy School has implemented a modified block schedule for grades 4 and 5 that will enable them to more effectively address the NJ Common Core Standards in Mathematics and Language Arts Literacy.
- In the 2011-2012 school year we added more physics concepts to our 9th grade science program. We are considering implementing a 9th Grade Physics class in the 2012-2013 school year. In the 2011-2012 school year we are designing a new 12th grade math course titled Mathematical Analysis, Application and Connections for implementation in 2012-2013.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining internal controls 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 structure 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 structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting 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 the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated 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 Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) DEBT ADMINISTRATION: At June 30, 2011, the District's outstanding debt issues included \$32,544,000 of general obligation bonds. The proceeds of the bond issues were used to provide funds for the construction of the High School and Early Childhood Center and also for capital improvements to the Middle School and W.E.S. Elementary School. Capital leases outstanding at June 30, 2011 amounted to \$353,143. These leases were originally issued for the purchase of various equipment and school buses.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1 and 2. 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. 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 Hammonton Board of Education is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The program provides school districts with a long-term alternative to the conventional insurance market as a means of stabilizing the otherwise cyclical nature of insurance expenditures. The Fund provides its member districts with the following coverages:

1. Property
2. Equipment Breakdown;
3. General and Automobile Liability;
4. Worker's Compensation;
5. School Leaders Errors and Omissions Liability;

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 Nightlinger, Colavita & Volpa, PA was 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 of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Town of Hammonton Board of Education 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 our financial and accounting staff.

Respectfully submitted,

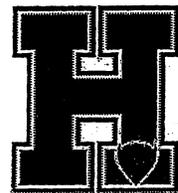
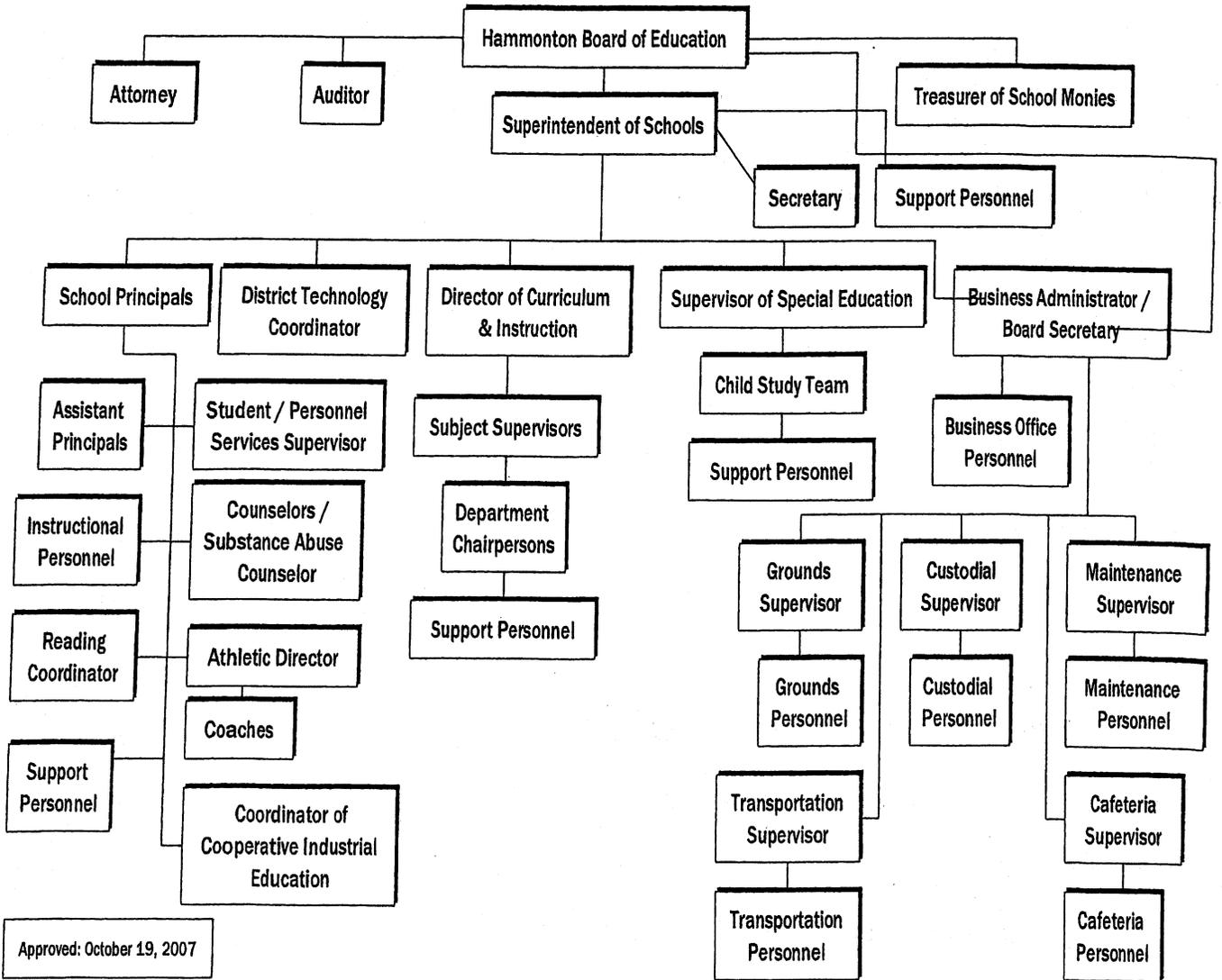


Dr. C. Dan Blachford
Superintendent



Barbara S. Prettyman
School Business Administrator/
Board Secretary

Hammonton Board of Education District Organizational Chart



TOWN OF HAMMONTON BOARD OF EDUCATION

**Roster of Officials
June 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph Giraldo, President	2014
Loretta Rehmann, Vice President	2012
Robert Bauers	2013
Barbara Berenato	2013
Manuel Bermudez	2014
John Lyons	2013
Sam Mento III	2014
Sal Velardi	2012
Eric Weiss	2012
Alphons Campbell - Waterford Representative	2012
Louis DeStefano - Folsom Representative	2012

Other Officials

Dr. C. Dan Blachford, Superintendent
Barbara S. Prettyman, Business Administrator/Board Secretary
William Donio, Esq., Solicitor

TOWN OF HAMMONTON BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Nightlinger, Colavita & Volpa, PA
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

Attorney

William S. Donio, Esq.
Cooper Levenson
1125 Atlantic Avenue
Atlantic City, NJ 08401

Bond Counsel

McManimon and Scotland, LLC
One Riverfront Plaza
Fourth Floor
Newark, NJ 07102-5408

Official Depository

Susquehanna Bank
240 South White Horse Pike
Hammonton, NJ 08037

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association
Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

November 10, 2011

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Town of Hammonton School District
County of Atlantic, New Jersey

Mesdames and Gentlemen:

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 Board of Education of the Town of Hammonton School District in the County of Atlantic, State of New Jersey, as of and for the fiscal 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 Town of Hammonton Board of Education'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; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards 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 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hammonton Board of Education in the County of Atlantic, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, thereof where applicable, 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 a report dated November 10, 2011 on our consideration of the Town of Hammonton Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standard and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 19 and 53 through 65 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hammonton Board of Education's, basic financial statements. The accompanying introductory section and other supplementary information such as the 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 procedure 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's 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, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information included in this comprehensive annual financial report designated as the Statistical Section in the table of contents, is presented for the purpose of additional analysis. This information has not been audited by us and accordingly, we express no opinion on this information.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

Required Supplementary Information
Part I

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Hammonton School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statement.

FINANCIAL HIGHLIGHTS

- The net assets of the District increased approximately \$1,560,000 as a result of unspent appropriations offset by a decrease in state aid.
- The State of New Jersey reimbursed the District \$2,728,369 during the fiscal year ended June 30, 2011 for the employer's share of social security contributions and pension contributions for TPAF members as calculated on their base salaries. This amount, which is not budgeted, is included as both a revenue and expenditure in the financial statements.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 2% of the total general fund expenditures. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the subsequent years' budget as budgeted fund balance. As of June 30, 2011 the District had \$0 excess surplus.
- During the fiscal year ended June 30, 2011, the District's revenue realized was approximately \$1.5 million more than total expenses. Depreciation on capital assets accounted for \$1.2 million of these expenses. There was an increase in the tax levy of \$119,000, increase in miscellaneous revenue of \$292,000, decrease in transportation fees of \$159,000 and decrease in state aid of \$618,000. Expenses decreased by \$322,000. During the prior fiscal year, revenues realized was approximately \$10.3 million less than total expenses for bond proceeds which were recognized in the prior year.
- In the District's business-type activities, net assets decreased approximately \$12,000 in the Latchkey Program and net assets increased approximately \$90,000 in the Food Service Fund. This increase in the Food Service Fund is a result of an increase in revenues and efficient expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the basic *financial statements, required supplementary information*, and an optional section that presents *combining statements for special revenue, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the District operates like businesses, such as the food service area and latchkey program.
 - *Fiduciary fund* statements provide information about the financial relationships – like the unemployment trust fund – in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

**Major Features of Town of Hammonton Board of Education's
Government-wide and Fund Financial Statements**

	Government wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as food service and student activities	Activities the District operates similar to private businesses; food service and latchkey	Instances in which the District is the trustee or agent for someone else's resources, such as payroll agency and student activities.
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short- term and long- term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term.

Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.
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Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of the District's facilities.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities* – most of the District's basic services are included here, such as instruction, transportation, administration, and plant operations. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – the District charges fees to customers to help it cover the costs of certain services it provides. The District's food service and latchkey programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for its employees' unemployment compensation plan. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's governmental activities net assets decreased between fiscal years 2010 and 2011 as a result of increased revenue and unspent appropriations. The business-type activities net assets increased due to an increase in revenue in the current year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	9,861,616	17,406,695	787,483	675,872	10,649,099	18,082,567
Capital assets	40,339,330	40,721,889	147,804	168,986	40,487,134	40,890,875
Total assets	50,200,946	58,128,584	935,287	844,858	51,136,233	58,973,442
Long-term liabilities	34,158,738	35,426,504	21,326	15,919	34,180,064	35,442,423
Other liabilities	3,588,346	11,730,635	55,659	48,809	3,644,005	11,779,444
Total liabilities	37,747,084	47,157,139	76,985	64,728	37,824,069	47,221,867
Net assets						
Invested in capital assets	8,417,262	8,040,999	147,804	168,986	8,565,066	8,209,985
Restricted	8,283,302	7,393,396			8,283,302	7,393,396
Unrestricted	(4,246,702)	(4,462,950)	710,498	611,144	(3,536,204)	(3,851,806)
Total net assets	12,453,862	10,971,445	858,302	780,130	13,312,164	11,751,575

Net assets of the District increased due to increased revenue and unspent appropriations. Included in long-term liabilities are amounts due to be paid on capital leases and compensated absences.

As required by New Jersey Statutes, the unrestricted net assets of the District are not permitted to exceed 2% of total general fund expenditures, after reductions for On-behalf TPAF pension and social security and assets acquired under capital leases. Any excess must be appropriated as budgeted fund balance in the subsequent years' budget. As of June 30, 2011 the District had \$0 excess surplus.

Changes in net assets. The total general fund revenue of the District decreased approximately \$300,000. There was an increase in the local tax levy of approximately \$119,000, increase in tuition revenue of approximately \$69,000 and increase in miscellaneous revenue of approximately \$292,000 offset by a decrease in state aid, federal aid and grants of approximately \$618,000 and decrease in transportation fees of \$159,000. This local tax levy is 37.25% of total revenues. The municipality levies this tax on properties located in the Town and remits the collections on a monthly basis to the District.

Approximately 25.78% of the District's revenue comes from the State of New Jersey in the form of non-restricted state aid. This aid is based on the District's enrollment as well as other factors such as legislative funding of the CEIFA formula. The District expenses are primarily related to instruction, administration, and plant operations.

	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property taxes	17,330,874	37.25%	17,211,528	36.75%
Unrestricted Federal and State aid	11,993,921	25.78%	12,612,680	26.93%
Tuition	11,004,932	23.65%	10,935,928	23.35%
Transportation fees from other LEA's	108,608	.23%	268,006	.57%
Operating grants and contributions	5,474,420	11.77%	5,484,198	11.71%
Other	611,773	1.31%	319,544	.68%
Totals	46,524,528	100.00%	46,831,884	100.00%

Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2011 and 2010 fiscal years.

Revenues	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program revenue						
Charges for services			848,817	861,663	848,817	861,663
Federal grants	2,118,677	4,015,534	633,990	585,363	2,752,667	4,600,897
State grants/entitlements	3,355,743	1,468,664	15,350	26,843	3,371,093	1,495,507
General revenues						
Property taxes	17,330,874	17,211,528			17,330,874	17,211,528
Tuition	11,004,932	10,935,928			11,004,932	10,935,928
Transportation Fees from other LEA's	108,608	268,006			108,608	268,006
State aid entitlements	11,993,921	12,612,680			11,993,921	12,612,680
Other	611,773	319,544	9,906	6,621	621,679	326,165
Total revenues	46,524,528	46,831,884	1,508,063	1,480,490	48,032,591	48,312,374
Expenses						
Instruction:						
Regular	21,995,805	21,833,680			21,995,805	21,833,680
Special Education	3,776,332	3,685,328			3,776,332	3,685,328
Other Instruction	1,126,267	1,338,591			1,126,267	1,338,591
Support services:						
Tuition	820,226	627,344			820,226	627,344
Student & instruction related services	5,065,316	5,467,848			5,065,316	5,467,848
School admin services	2,652,668	2,928,115			2,652,668	2,928,115
General admin services	872,481	970,211			872,481	970,211
Plant operations/maintenance	4,639,128	4,419,129			4,639,128	4,419,129
Pupil transportation	1,919,705	1,939,813			1,919,705	1,939,813
Business and other support services	870,618	1,175,899			870,618	1,175,899
Interest on long term debt	1,303,565	978,539			1,303,565	978,539
Business-type activities			1,429,891	1,350,979	1,429,891	1,350,979
Total expenses	45,042,111	45,364,497	1,429,891	1,350,979	46,472,002	46,715,476
Excess(deficiency) before special item	1,482,417	1,467,387	78,172	129,511	1,560,589	1,596,898
Increase (decrease) in net assets	1,482,417	(10,332,613)	78,172	129,511	1,560,589	(10,203,102)
Net assets – beginning	10,971,445	21,304,058	780,130	650,619	11,751,575	21,954,677
Net assets – ending	12,453,862	10,971,445	858,302	780,130	13,312,164	11,751,575

Business-type Activities

Operating revenues of the District's business-type activities increased approximately \$27,000 over the previous year and expenses increased by approximately \$79,000.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$12.9 million which is approximately \$2 million higher than the beginning of the year.

General Fund Budgetary Highlights

As further explained in the Footnotes to the Financial Statements, 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, as a Type II School District, are approved by the voters annually. Transfers of appropriations that do not exceed 10% on a cumulative basis may be made by Board resolution at any time during the fiscal year. Transfers of appropriations that exceed 10% on a cumulative basis must be approved by the Commissioner of Education. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

After adjusting total revenue reported on Exhibit C-1 for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, which are not budgeted, the District's actual revenue exceeded the budget by approximately \$101,000. Again, after adjusting for the Reimbursed TPAF Social Security Contribution and on-behalf TPAF Pension Contributions, actual expenditures were below the budgeted appropriations by approximately \$1.2 million. Audit exhibit C-1 does not include current year depreciation expense.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the District had invested \$40.4 million in a broad range of capital assets, including land, buildings, improvements, machinery and equipment.

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	324,908	324,908			324,908	324,908
Construction in progress	12,341,919	11,949,549			12,341,919	11,949,549
Site improvements	1,090,279	1,228,930			1,090,279	1,228,930
Bldgs and Bldg impr.	25,120,248	25,939,964			25,120,248	25,939,964
Machinery & equipment	1,461,976	1,278,538	147,804	168,986	1,609,780	1,447,524
Total	40,339,330	40,721,889	147,804	168,986	40,487,134	40,890,875

Detailed information about the District's capital assets is presented in Note 9 to the financial statements.

Long-term Debt

All bonds are authorized in accordance with State law by the voters of the District. At the end of the current fiscal year, the District had total bonded debt outstanding of \$32,544,000 and obligations under capital leases of \$353,143.

	Balance 6/30/10	Issued/ Refunded	Retired/ Adjusted	Balance 6/30/11
Governmental Activities				
Bonds payable	\$33,314,000		770,000	32,544,000
Obligations under Capital leases	341,965	151,700	140,522	353,143
Compensated absences Payable	2,701,137	172,572		2,873,709
Total Governmental Activities	<u>36,357,102</u>	<u>324,272</u>	<u>910,522</u>	<u>35,770,852</u>
Business-type Activities				
Compensated absences Payable	\$28,094		6,768	21,326
Total Business-type Activities	<u>28,094</u>		<u>6,738</u>	<u>21,326</u>

More detailed information about the District's long-term debt is presented in Note 10 to the financial statements.

The legal debt limit for the District is \$60,462,261, of which \$27,918,261 or 46% is available to be authorized by voter approval.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The student population in the District has increased approximately 60% over the past 10 years, resulting in a significant strain on the school district and the local taxpayers. The 2010-2011 state aid funding decreased approximately \$.6 million. Based on this economic factor, we are unable to predict what the future holds as far as future state aid allocations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 566 Old Forks Road, Hammonton, New Jersey 08037.

BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$7,138,535	\$733,897	\$7,872,432
Authorized bond proceeds receivable	1,349,877		1,349,877
Receivables, net	9,655	2,003	11,658
Deferred bond issue costs - net	214,237		214,237
Due from other governments	1,149,312	41,810	1,191,122
Inventory		9,773	9,773
Capital assets not being depreciated:			
Land	324,908		324,908
Construction in Progress	12,341,919		12,341,919
Capital assets, net of accumulated depreciation	<u>27,672,503</u>	<u>147,804</u>	<u>27,820,307</u>
Total Assets	<u>\$50,200,946</u>	<u>\$935,287</u>	<u>\$51,136,233</u>
LIABILITIES			
Accounts payable	\$1,044,948	\$39,965	\$1,084,913
Accrued interest payable	582,763		582,763
Intergovernmental payable	29,460		29,460
Deferred revenue	319,061	15,694	334,755
Noncurrent liabilities:			
Due within one year	1,612,114		1,612,114
Due beyond one year	<u>34,158,738</u>	<u>21,326</u>	<u>34,180,064</u>
Total liabilities	<u>\$37,747,084</u>	<u>\$76,985</u>	<u>\$37,824,069</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$8,417,262	\$147,804	\$8,565,066
Restricted for:			
Capital projects	1,543,422		1,543,422
Debt service	168,285		168,285
Other Purposes	6,571,595		6,571,595
Unrestricted	<u>(4,246,702)</u>	<u>710,498</u>	<u>(3,536,204)</u>
Total net assets	<u>\$12,453,862</u>	<u>\$858,302</u>	<u>\$13,312,164</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$16,666,072	5,329,733		3,735,026	(18,260,779)		(18,260,779)
Special education	2,907,161	869,171		268,834	(3,507,498)		(3,507,498)
Other instruction	871,266	255,001		78,872	(1,047,395)		(1,047,395)
Support services:							
Tuition	596,687	223,539		69,140	(751,086)		(751,086)
Student & instruction related services	4,129,295	936,021		570,072	(4,495,244)		(4,495,244)
School administrative services	1,966,647	686,021		428,118	(2,224,550)		(2,224,550)
General administrative services	767,235	105,246		32,552	(839,929)		(839,929)
Plant operations and maintenance	4,181,487	457,641		141,549	(4,497,579)		(4,497,579)
Pupil transportation	1,621,333	298,372		92,286	(1,827,419)		(1,827,419)
Business and other support services	683,193	187,425		57,971	(812,647)		(812,647)
Unallocated benefits	9,348,170	(9,348,170)					0
Interest on long-term debt	1,303,565				(1,303,565)		(1,303,565)
Total governmental activities	<u>45,042,111</u>	<u>0</u>		<u>5,474,420</u>	<u>(39,567,691)</u>	<u>0</u>	<u>(39,567,691)</u>
Business-type activities:							
Food Service	1,328,841		762,141	649,340		82,640	82,640
After School Program	101,050		86,676			(14,374)	(14,374)
Total business-type activities	<u>1,429,891</u>		<u>848,817</u>	<u>649,340</u>		<u>68,266</u>	<u>68,266</u>
Total primary government	<u>\$46,472,002</u>	<u>0</u>	<u>848,817</u>	<u>6,123,760</u>	<u>(39,567,691)</u>	<u>68,266</u>	<u>(39,499,425)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net				\$15,873,706			15,873,706
Taxes levied for debt service				1,457,168			1,457,168
Federal and State aid not restricted				11,993,921			11,993,921
Transportation fees from other LEAs				108,608			108,608
Tuition received				11,004,932			11,004,932
Investment Earnings				136,986		9,906	146,892
Miscellaneous Income				474,787			474,787
Total general revenues, special items, adjustments, extraordinary items and transfers				<u>41,050,108</u>		<u>9,906</u>	<u>41,060,014</u>
Change in Net Assets				<u>1,482,417</u>		<u>78,172</u>	<u>1,560,589</u>
Net Assets—beginning				<u>10,971,445</u>		<u>780,130</u>	<u>11,751,575</u>
Net Assets—ending				<u>\$12,453,862</u>		<u>858,302</u>	<u>13,312,164</u>

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

TOWN OF HAMMONTON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$2,247,775		212,815	168,285	2,628,875
Capital reserve cash	4,442,426				4,442,426
Interfund accounts receivable	335,606				335,606
Authorized bond proceeds receivable			1,349,877		1,349,877
Receivables, net	9,655				9,655
Receivables from other governments	591,657	557,655			1,149,312
Total assets	<u>7,627,119</u>	<u>557,655</u>	<u>1,562,692</u>	<u>168,285</u>	<u>9,915,751</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	921,454	104,224	19,270		1,044,948
Interfund payable		268,372			268,372
Due to other governments		29,460			29,460
Deferred revenue	115,430	203,631			319,061
Total liabilities	<u>1,036,884</u>	<u>605,687</u>	<u>19,270</u>	<u>0</u>	<u>1,661,841</u>
Fund Balances:					
Committed:					
Encumbrances	379,814		14,626		394,440
Restricted:					
Legally restricted -- designated for subsequent year's expenditures			1,528,796	168,285	1,697,081
Capital Reserve designated for subsequent year's expenditures	614,625				614,625
Tuition Reserve account designated for subsequent year's expenditures	500,000				500,000
Capital Reserve	3,827,801				3,827,801
Tuition Reserve	500,000				500,000
Maintenance Reserve	820,759				820,759
Emergency Reserve	308,410				308,410
Unassigned:					
General fund	(361,174)				(361,174)
Special revenue fund		(48,032)			(48,032)
Total Fund balances	<u>6,590,235</u>	<u>(48,032)</u>	<u>1,543,422</u>	<u>168,285</u>	<u>8,253,910</u>
Total liabilities and fund balances	<u>\$7,627,119</u>	<u>557,655</u>	<u>1,562,692</u>	<u>168,285</u>	

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. 40,339,330

The cost associated with the issues of various bonds are expensed in the governmental funds in the year the bonds are issued, but are capitalized in the Statement of Net Assets. 214,237

Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (582,763)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (35,770,852)

Net assets of governmental activities \$12,453,862

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local tax levy	\$15,873,706			1,457,168	17,330,874
Tuition charges	11,004,932				11,004,932
Transportation fees from other leas	108,608				108,608
Interest earned on capital reserves	38,259				38,259
Interest	78,290		20,437		98,727
Miscellaneous	474,787				474,787
Local sources		24,821			24,821
State sources	14,307,389	721,758		295,696	15,324,843
Federal sources	119,205	1,999,472			2,118,677
Total revenues	42,005,176	2,746,051	20,437	1,752,864	46,524,528
EXPENDITURES					
Current:					
Regular instruction	13,912,660	2,088,042			16,000,702
Special education instruction	2,775,736				2,775,736
Other instruction	832,708				832,708
Support services and undistributed costs:					
Tuition	562,886				562,886
Student & instruction related services	3,707,202	280,561			3,987,763
General administrative services	751,321				751,321
School administrative services	1,646,984	215,932			1,862,916
Plant operations and maintenance	3,143,460				3,143,460
Pupil transportation	1,576,219				1,576,219
Business and other support services	654,854				654,854
Unallocated Benefits	9,299,799	48,371			9,348,170
Debt service:					
Principal				1,270,000	1,270,000
Interest and other charges				1,139,830	1,139,830
Capital outlay	1,001,766	114,646	187,370		1,303,782
Total expenditures	39,865,595	2,747,552	187,370	2,409,830	45,210,347
Excess (Deficiency) of revenues over expenditures	2,139,581	(1,501)	(166,933)	(656,966)	1,314,181
OTHER FINANCING SOURCES (USES)					
Capital lease proceeds	151,700				151,700
Transfers in				818,799	818,799
Transfers out	(798,362)		(20,437)		(818,799)
Total other financing sources and uses	(646,662)		(20,437)	818,799	151,700
Net change in fund balances	1,492,919	(1,501)	(187,370)	161,833	1,465,881
Fund balance—July 1	5,097,316	(46,531)	1,730,792	6,452	6,788,029
Fund balance—June 30	<u>\$6,590,235</u>	<u>(48,032)</u>	<u>1,543,422</u>	<u>168,285</u>	<u>8,253,910</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

Total net change in fund balances - governmental funds (from B-2)	\$1,465,881
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 outlays in the period.	
Depreciation expense	(1,217,513)
Capital outlays	<u>834,954</u>
	(382,559)
Repayment of long term debt 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	770,000
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(151,700)
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is reported in the statement of activities.	140,522
Payment of accrued interest on long term debt is an expenditure in the governmental funds, but the payment reduces the liability in the statement of net assets and is not reported in the statement of activities.	(163,735)
Bond issue costs are reported in the governmental fund as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.	(23,420)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 to the reconciliation (+).	(172,572)
Change in net assets of governmental activities	<u><u>\$1,482,417</u></u>

PROPRIETARY FUNDS

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds		
	Food Service	Latchkey Program (Non Major Fund)	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$656,104	145,027	801,131
Accounts receivable	41,810		41,810
Other accounts receivable	349	1,654	2,003
Inventories	9,773		9,773
Total current assets	<u>708,036</u>	<u>146,681</u>	<u>854,717</u>
Noncurrent assets:			
Furniture, machinery & equipment	588,794	7,850	596,644
Less accumulated depreciation	(440,990)	(7,850)	(448,840)
Total noncurrent assets	<u>147,804</u>	<u>0</u>	<u>147,804</u>
Total assets	<u><u>855,840</u></u>	<u><u>146,681</u></u>	<u><u>1,002,521</u></u>
LIABILITIES			
Current liabilities:			
Interfund Accounts Payable	54,368	12,866	67,234
Accounts Payable	39,965	0	39,965
Deferred Revenue	8,592	7,102	15,694
Compensated absences	18,672	2,654	21,326
Total current liabilities	<u>121,597</u>	<u>22,622</u>	<u>144,219</u>
Total liabilities	<u>121,597</u>	<u>22,622</u>	<u>144,219</u>
NET ASSETS			
Invested in capital assets net of related debt	147,804		147,804
Unrestricted	586,439	124,059	710,498
Total net assets	<u><u>\$734,243</u></u>	<u><u>124,059</u></u>	<u><u>858,302</u></u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Fund		
	Food Service	Latchkey Program (Non Major Fund)	Total Enterprise
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$374,727		374,727
Daily sales - non-reimbursable programs	349,130		349,130
Special functions	37,170		37,170
Miscellaneous	1,114		1,114
Latchkey program revenue		86,676	86,676
Total operating revenues	762,141	86,676	848,817
Operating expenses:			
Cost of sales	661,595		661,595
Salaries	406,093	89,190	495,283
Employee benefits	138,446	7,958	146,404
General supplies & materials	56,006	3,902	59,908
Other costs	22,860		22,860
Depreciation	43,841		43,841
Total operating expenses	1,328,841	101,050	1,429,891
Operating (loss)	(566,700)	(14,374)	(581,074)
Nonoperating revenues:			
State sources:			
State school lunch program	15,350		15,350
Federal sources:			
National school lunch program	480,616		480,616
National school breakfast program	87,962		87,962
National school snack program	926		926
Food distribution program	64,486		64,486
Interest and investment revenue	7,918	1,988	9,906
Total nonoperating revenues	657,258	1,988	659,246
Change in net assets	90,558	(12,386)	78,172
Total net assets—beginning	643,685	136,445	780,130
Total net assets—ending	\$734,243	124,059	858,302

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds		
	Food Service	Latchkey Program (Non Major Fund)	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$761,767	94,965	856,732
Payments to employees	(499,806)	(83,149)	(582,955)
Payments to suppliers	(664,143)	(3,902)	(668,045)
Net cash provided/(used) by operating activities	<u>(402,182)</u>	<u>7,914</u>	<u>(394,268)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from state and federal reimbursements	576,892		576,892
Net cash provided by non-capital financing activities	<u>576,892</u>	<u>0</u>	<u>576,892</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(22,659)		(22,659)
Net cash (used) by capital and related financing activities	<u>(22,659)</u>	<u>0</u>	<u>(22,659)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	7,918	1,988	9,906
Net cash provided by investing activities	<u>7,918</u>	<u>1,988</u>	<u>9,906</u>
Net increase (decrease) in cash and cash equivalents	159,969	9,902	169,871
Balances—beginning of year	496,135	135,125	631,260
Balances—end of year	<u>\$656,104</u>	<u>145,027</u>	<u>801,131</u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:			
Operating income/(loss)	(\$566,700)	(\$14,374)	(581,074)
Adjustments to reconcile operating income(loss) to net cash provided/(used) by operating activities			
Depreciation and net amortization	43,841		43,841
Federal commodities	64,486		64,486
(Increase)/Decrease in accounts receivable, net	689	3,528	4,217
Decrease in inventories	(3,495)		(3,495)
(Decrease)/Increase in accounts payable	15,327		15,327
(Decrease)/Increase in interfund accounts payable	52,634	12,866	65,500
(Decrease)/Increase in deferred revenue	(1,063)	4,761	3,698
(Decrease)/Increase in compensated absences payable	(7,901)	1,133	(6,768)
Total adjustments	<u>164,518</u>	<u>22,288</u>	<u>186,806</u>
Net cash provided/(used) by operating activities	<u>(\$402,182)</u>	<u>7,914</u>	<u>(394,268)</u>

FIDUCIARY FUNDS

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$267,842	79,447	286,725
	<hr/>	<hr/>	<hr/>
Total assets	<u>267,842</u>	<u>79,447</u>	<u>286,725</u>
LIABILITIES			
Accounts payable	5,513		734
Payable to student groups			285,989
Payroll deductions and withholdings			2
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>5,513</u>	<u>0</u>	<u>286,725</u>
NET ASSETS			
Held in trust for unemployment claims and other purposes	<u>\$262,329</u>	<u>79,447</u>	

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan member	\$47,219	
Transfer in from general fund	50,000	
Donations		483
Total Contributions	<u>97,219</u>	<u>483</u>
Investment earnings:		
Interest	4,448	1,056
Net investment earnings	<u>4,448</u>	<u>1,056</u>
Total additions	<u>101,667</u>	<u>1,539</u>
DEDUCTIONS		
Unemployment claims	237,557	
Scholarships awarded		5,600
Total deductions	<u>237,557</u>	<u>5,600</u>
Change in net assets	(135,890)	(4,061)
Net assets—beginning of the year	<u>398,219</u>	<u>83,508</u>
Net assets—end of the year	<u>\$262,329</u>	<u>79,447</u>

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Hammonton School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Town of Hammonton School District (District) have been prepared in conformity with generally accepted accounting principles (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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (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. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

A. REPORTING ENTITY:

The Town of Hammonton School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. In addition, one member is appointed from the Folsom School District and the Waterford School District under a sending/receiving relationship, as required by the statutes. The purpose of the district is to educate students in grades K-12 as well as providing educational services for the Borough of Folsom students in grades 9-12 and the Township of Waterford students in grades 7-12. The Town of Hammonton School District had an approximate enrollment at June 30, 2011 of 3,534 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general, special revenue, capital projects and debt service activities are classified as governmental activities. The District's food service and latchkey program are classified as business-type activities. Fiduciary funds are excluded from the government-wide financial statements.

In the governmental-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The District's net assets are reported in three parts-invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service and latchkey). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, special education, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, bond issues costs, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2011**

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.
- d. **Debt service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2011**

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets which are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2011**

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For the purpose of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

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.

NJSA 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.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2011**

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized in the District's Debt Service Fund.

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first-out method. As of June 30, 2011, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$	7,442
Supplies		<u>2,331</u>
	\$	<u>9,773</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements. The amount of commodity food value on hand included above is \$3,076.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Infrastructure	10-20 years
Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years

GASBS No. 34 requires the District to report and depreciate infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes 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. In the proprietary funds, operating revenues consist of revenues that are a direct result of the operations of the program. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. 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 District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

8. Interfund Activity:

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. 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 for approval 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, except for the special revenue fund as described later. 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 referenced in N.J.A.C. 6:23-2 (g). The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. However, any transfer that cumulatively exceeds ten percent of the advertised budget category must receive the approval of the County Superintendent of Schools. The following material transfers were made to/ (from) budgetary line items:

<u>Account Name</u>	<u>Amount</u>
Regular Programs – Salaries of Teachers 1-5	(118,200)
Regular Programs –Other Purchased Services	196,165
Regular Programs - General Supplies	317,750
Tuition to CSSD & Regional Day Schools	119,900
Salaries of Secretarial and Clerical Assistants	200,300
Unallocated Benefits – Unemployment	(444,071)
Unallocated Benefits – Health Benefits	(680,120)
Equipment – Custodial Services	237,000

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

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 generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment 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. 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.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 41,813,926	2,760,857
Difference – budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year		1,237
Current Year		(14,542)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,229,438	46,531
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,038,188)</u>	<u>(48,032)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$ 42,005,176</u>	<u>2,746,051</u>

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2011**

Uses/outflows of resources

Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule

	\$ 39,865,595	2,760,857
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Differences – budget to GAAP:

Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.

Prior Year		1,237
Current Year		(14,542)

Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to capital project fund.

Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 39,865,595	2,747,552
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10. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

11. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

13. Allocation of Costs

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the actual salary and tuition expenditures by program.

F. RECENT ACCOUNTING PRONOUNCEMENTS

In July 2004, the Governmental Accounting Standards Board (GASB) adopted Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions." This statement will become effective for entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date for this entity is the fiscal year beginning July 1, 2008. This statement will require governmental entities to report the future cost of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The impact on the financial position or results of operations can not be readily determined at this time.

NOTE 2. - INVESTMENTS

As of June 30, 2011, the district had no investments.

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 18A:20-37 limits district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the district or the local units in which the district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

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

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

NOTE 3. – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. The district’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2011, the School District’s bank balance of \$8,892,415 was insured or collateralized as follows:

Insured	\$ 261,779
Uninsured and collateralized with Securities held by pledging financial institutions	8,630,636
Bank balance, June 30, 2011	<u>\$8,892,415</u>

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Town of Hammonton Board of Education in a prior year, which was certified for taxes, 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) and updated annually in the Quality Assurance Annual Report (QAAR). 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. 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 NJAC 6:23A-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	\$4,044,107
Interest Earnings	39,259
Deposits – Board Resolution June 23, 2011	1,590,000
Budgeted Withdrawal	<u>(1,230,940)</u>
Ending balance, June 30, 2011	<u>\$4,442,426</u>

The 2011-2012 Budget includes a withdrawal from the Capital Reserve Account in the amount of \$614,625.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

NOTE 5. EMERGENCY RESERVE

New Jersey Statute 18A:7F-41(c) permits school districts to establish a current expense emergency reserve in the general fund with deposits made to the account with voter approval, beginning in the fiscal year 2008 budget process, or at year end by board resolution. This reserve account is to be used to finance future unanticipated (reasonably unforeseeable) general fund expenditures required for a thorough and efficient education. The emergency reserve balance cannot exceed \$250,000 or one percent of the district's general fund budget (which amounts to \$401,177 for the 2011 fiscal year) up to a maximum of \$1 million, whichever is greater. Withdrawals require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent.

The activity in the emergency reserve for the 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$ 303,285
Interest Earnings	5,125
Ending balance, June 30, 2011	<u>\$ 308,410</u>

NOTE 6. MAINTENANCE RESERVE

New Jersey Statute 18A:7G-9 permits school districts to accumulate funds for the required maintenance of a facility in accordance with EFCFA. The balance may only be increased through an appropriation in the annual general fund budget certified for taxes. Upon completion of a school facilities projects, districts are required to submit a plan for maintenance of that facility.

The activity in the maintenance reserve for the 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$ 808,760
Interest Earnings	11,999
Ending balance, June 30, 2011	<u>\$ 820,759</u>

NOTE 7. TUITION RESERVE 2009-2010

New Jersey Statute permits school districts to accumulate funds for tuition adjustments. The district shall make full appropriation of the reserve for tuition adjustments in the second year following the contract year.

The activity in the tuition reserve for the 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$ 500,000
Budget Appropriation	
Ending balance, June 30, 2011	<u>\$ 500,000</u>

The 2011-2012 Budget includes a withdrawal from the Tuition Reserve Account in the amount of \$500,000.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

NOTE 8. TUITION RESERVE 2010-2011

New Jersey Statute permits school districts to accumulate funds for tuition adjustments. The district shall make full appropriation of the reserve for tuition adjustments in the second year following the contract year.

The activity in the tuition reserve for the 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$ 0
Board Resolution, dated June 23, 2011	500,000
Ending balance, June 30, 2011	<u>\$ 500,000</u>

NOTE 9. FIXED ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Disposals /</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 324,908			324,908
Construction in Progress	11,949,549	392,370		12,341,919
Total capital assets not being depreciated	<u>12,274,457</u>	<u>392,370</u>		<u>12,666,827</u>
Site improvements	3,088,791			3,088,791
Bldg and bldg improve	39,981,275	67,240		40,048,515
Machinery & equipment	4,683,246	376,856	(1,513)	5,058,589
Total at historical cost	<u>47,753,312</u>	<u>444,096</u>	<u>(1,513)</u>	<u>48,195,895</u>
Less accum depr for:				
Site improvements	(1,859,861)	(138,651)		(1,998,512)
Bldg and bldg improve	(14,041,311)	(886,956)		(14,928,267)
Machinery & equipment	(3,404,708)	(191,906)		(3,596,613)
Total accum deprec	<u>(19,305,880)</u>	<u>(1,217,513)</u>		<u>(20,523,392)</u>
Total capital assets being depr, net of accum depr	<u>28,447,432</u>	<u>(773,417)</u>	<u>(1,513)</u>	<u>27,672,503</u>
Governmental activities capital assets, net	<u>40,721,889</u>	<u>(381,047)</u>	<u>(1,513)</u>	<u>40,339,330</u>
Business-type activities:				
Equipment	573,985	22,659		596,644

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

Less accum depr for:

Equipment	(404,999)	(43,841)	(448,840)
Business-type activities capital assets, net	\$ 168,986	(21,182)	0

Depreciation expense as charged to governmental functions as follows:

Regular instruction	694,149
Special education	113,202
Other instruction	33,212
Tuition	29,114
Student & instruction related services	121,908
School administrative services	89,348
General administrative services	13,707
Plant operations and maintenance	59,604
Pupil transportation	38,859
Business and other support services	24,410
	\$ 1,217,513

NOTE 10. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Balance			Balance		Amounts
	6-30-10	Issued	Retired	6-30-11	Due Within	One year
Governmental Activities						
Bonds & loans payable:						
School bonds	\$ 33,314,000		770,000	32,544,000		1,205,000
Obligations under capital Leases	341,965	151,700	140,522	353,143		114,714
Other liabilities:						
Compensated absences Payable	2,701,137	172,572		2,873,709		292,400
Governmental activities long-term liabilities	36,357,102	324,272	910,522	35,770,852		1,612,114
Business-type Activities:						
Other liabilities:						
Compensated absences Payable	28,094		6,768	21,326		0
Business-type activities long-term liabilities	\$ 28,094		6,768	21,326		0

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

A. Bonds Payable:

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

Long-term debt as of June 30, 2011 consisted of the following:

\$21,611,000 School Bonds dated 10/15/2001 payable in annual installments through August 1, 2011. Interest is paid semiannually at a fixed rate of 4.75% per annum. The balance as of June 30, 2011 was \$535,000. \$7,385,000 of these bonds were refunded on 9/19/06. The net present value savings amounted to \$426,798. \$10,890,000 of these bonds were refunded on 3/23/10. The net present value savings amounted to \$449,777.

\$10,890,000 School Bonds dated 3/23/2010 payable in annual installments through August 1, 2025. Interest is paid semiannually at varying rates between 2.00% and 5.00% per annum. The balance as of June 30, 2011 was \$10,780,000.

\$7,385,000 School Bonds dated 9/19/2006 payable in annual installments through August 1, 2030. Interest is paid semiannually at varying rates between 3.00% and 4.20% per annum. The balance as of June 30, 2011 was \$7,365,000.

\$2,614,000 School Bonds dated 4/15/2006 payable in annual installments through July 15, 2021. Interest is paid semiannually at varying rates between 4.25% and 4.30% per annum. The balance as of June 30, 2011 was \$2,064,000.

\$11,800,000 School Bonds dated 6/24/2010 payable in annual installments through July 1, 2030. Interest is paid semiannually at varying rates between 3.25% and 4.125% per annum. The balance as of June 30, 2011 was \$11,800,000.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
2012	\$ 1,205,000	1,263,417	2,468,417
2013	1,235,000	1,222,267	2,457,267
2014	1,310,000	1,186,941	2,496,941
2015	1,330,000	1,150,211	2,480,211
2016	1,365,000	1,102,860	2,467,860
2017-2021	7,765,000	4,559,003	12,324,003
2022-2026	8,294,000	2,933,057	11,227,057
2027-2031	10,040,000	1,079,401	11,119,401
	<u>\$ 32,544,000</u>	<u>14,497,157</u>	<u>47,041,157</u>

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

B. Bonds Authorized But Not Issued:

As of June 30, 2011 the Board had authorized but not issued bonds in the amount of \$1,880,341.

C. Capital Leases Payable:

The District is leasing various equipment, textbooks, buses and has two energy conservation leases totaling \$353,143 under capital leases. Semiannual lease payments are made to Susquehanna Patriot Bank and John Deere Credit, and include interest at a rate of 4.50% to 5.75% per annum. Assets acquired under the leases are included in the general fixed assets of the District; but the District has not segregated those assets or the related depreciation expense. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2011.

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 114,714	15,429	130,143
2013	91,945	10,513	102,458
2014	96,167	6,290	102,457
2015	50,317	1,872	52,189
Total	<u>\$ 353,143</u>	<u>34,104</u>	<u>387,247</u>

NOTE 11. BOND ANTICIPATION NOTES

Bond Anticipation Notes in the amount of \$7,100,000 dated July 15, 2009 with a net interest cost of 1.5285% were due and payable on July 15, 2010. \$6,600,000 was repaid from bond proceeds and the remaining \$500,000 was paid from 2010-2011 Budget appropriations. The balance on June 31, 2011 was \$0.

NOTE 12. PENSION PLANS

Description of Plans

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund (TPAF) is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the district has been required over several preceding fiscal years.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the PERS were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>Of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/11	502,109	100	0
6/30/10	375,426	100	0
6/30/09	322,130	100	0

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>Of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/11	1,297,257	100	0
6/30/10	1,159,683	100	0
6/30/09	1,112,014	100	0

During the fiscal years ended June 30, 2011, 2010 and 2009, the State of New Jersey contributed \$1,297,257, \$1,159,683 and \$1,112,014 respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$1,431,112, \$1,476,105 and \$1,400,049 during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

The Board's total payroll for the years ended June 30, 2011, 2010 and 2009 was \$25,438,460, \$26,760,288 and \$23,182,980 and covered payroll was \$18,688,353, \$19,074,803 and \$17,984,202 for TPAF; and \$4,398,336, \$4,595,183 and \$4,427,476 for PERS.

NOTE 13. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the 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, c.103 amended 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 prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

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.

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits 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:

Ameriprise
American Century
TPAF Supplemental Annuity
Putnam
Lincoln Investment Planning
Syracusa Benefits Program
Vanguard
Catania
Equitable

NOTE 15. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and 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.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. Sick leave benefits provide for ordinary sick pay and is capped based on the various employee contracts.

In the district-wide Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

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 Food Service Program and the Latchkey Program in the amounts of \$18,672 and \$2,654, respectively.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

NOTE 16. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$361,174 in the General fund and \$48,032 in the Special Revenue Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the General and Special Revenue Fund balance deficits do not alone indicate that the district is facing financial difficulties.

NOTE 17. FUND BALANCES

Committed

General Fund – As of June 30, 2011, \$379,814 is for year-end encumbrances.

Capital Projects Fund – As of June 30, 2011, \$14,626 is for year-end encumbrances.

Restricted

General Fund – As of June 30, 2011, \$4,442,426 has been reserved in the Capital Reserve Account (\$614,625 of the total Capital Reserve has been appropriated and included as anticipated revenue for the year ending June 30, 2012); \$820,759 has been reserved in the Maintenance Reserve Account; \$308,410 has been reserved in the Emergency Reserve Account; \$500,000 has been reserved in the 2009/2010 Tuition Reserve Account designated for subsequent year's expenditures and \$500,000 has been reserved in the 2010-2011 Tuition Reserve Account.

Capital Projects Fund – On June 24, 2010, the School District issued \$11,800,000 of general obligation bonds. The bonds were authorized by a proposal adopted by the Board and approved by the voters of the school district at a special election held on December 9, 2008. The bond issue was approved by the voters for renovations to the Warren E. Sooy Elementary School. As of June 30, 2011, the legally restricted amount was \$1,528,796.

Debt Service Fund – As of June 30, 2011, \$168,285 has been legally restricted for future debt service payments.

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2011**

Unassigned

General Fund – As of June 30, 2011, the unassigned fund balance of the general fund was a deficit of \$361,174. The deficit is a result from the delay in the payment of state aid until the following fiscal year.

Special Revenue Fund – As of June 30, 2011, the fund balance of the special revenue fund was a deficit of \$48,032. The deficit is a result from the delay in the payment of state aid until the following fiscal year.

NOTE 18. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). 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 is \$0.

NOTE 19. 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 and Liability Insurance – The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2011 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending (deficit) balance of the District’s expendable trust fund for the current and prior two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$50,000	47,219	4,448	(237,557)	262,329
2009-2010	258,919	64,911	1,613	(75,060)	398,219
2008-2009	0	50,992	1,276	(42,362)	147,836

Town of Hammonton School District
Notes to Financial Statements
June 30, 2011

NOTE 20. ECONOMIC DEPENDENCY

The District is heavily reliant on local property taxation to fund the District operations and debt service. Property taxes funded 37.25% of the Districts 2010-2011 governmental operations.

NOTE 21. DEFERRED BOND ISSUE COSTS

The costs associated with the issues of various bonds are expensed in the governmental funds in the year the bonds are issued, but are capitalized in the Statement of Net Assets. The bond issuance costs are \$248,962 and the accumulated amortization is \$34,725 resulting in an unamortized balance of \$214,237.

NOTE 22. RESTATEMENT OF BALANCES

Certain accounts have been restated in the prior year to conform to categories established in the current year. The amounts are immaterial to the financial statements.

NOTE 23. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 335,606	
Special Revenue Fund		\$ 268,372
Latchkey Fund		12,866
Food Service Fund		54,368
	\$ 335,606	\$ 335,606
	\$ 335,606	\$ 335,606

NOTE 24. FOOD SERVICE ENTERPRISE FUND

Approximately \$50,000 will be needed from the Food Service Enterprise Fund to replace cafeteria equipment for the 2011-2012 school year.

End of Notes to Financial Statements

Required Supplementary Information
Part II

TOWN OF HAMMONTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$15,873,706	0	15,873,706	15,873,706	0
Tuition	11,110,134	0	11,110,134	11,004,932	(105,202)
Transportation Fees from Other LEA's	300,000	0	300,000	108,608	(191,392)
Interest earned on Capital Reserves		0	0	38,259	38,259
Interest earned				78,290	78,290
Miscellaneous		0	0	474,787	474,787
Total - Local Sources	27,283,840	0	27,283,840	27,578,582	294,742
State Sources:					
Equalization Aid	10,013,456		10,013,456	10,013,456	0
Categorical Special Education Aid	1,263,188		1,263,188	1,263,188	0
Special Education Extraordinary Aid	129,363		129,363	101,974	(27,389)
Non Public Transportation Aid				5,220	5,220
TPAF Wage Freeze Allocation				3,932	3,932
On-behalf TPAF Non-Contributory Insurance				58,330	58,330
On-Behalf TPAF Pension Contributions-Post Retirement					
Medical Contributions (non-budgeted)				1,238,927	1,238,927
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,431,112	1,431,112
Total - State Sources	11,406,007	0	11,406,007	14,116,139	2,710,132
Federal Sources:					
Medicaid Reimbursement and unrestricted federal funds	55,538		55,538	46,635	(8,903)
Education Jobs Fund	441,411		441,411	72,570	(368,841)
	496,949	0	496,949	119,205	(377,744)
Total Revenues	39,186,796	0	39,186,796	41,813,926	2,627,130

TOWN OF HAMMONTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	155,353	(40,000)	115,353	113,583	1,770
Kindergarten	829,653	(98,500)	731,153	730,600	553
Grades 1-5	3,614,875	(118,200)	3,496,675	3,484,389	12,286
Grades 6-8	3,259,384	(95,550)	3,163,834	3,157,191	6,643
Grades 9-12	5,278,993	29,150	5,308,143	5,308,097	46
Regular Programs - Home Instruction:					
Salaries of Teachers	58,000	16,450	74,450	74,168	282
Purchased Professional-Educational Services	48,000	54,850	102,850	102,149	701
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services		1,450	1,450	1,159	291
Purchased Technical Services		3,000	3,000	3,000	0
Other Purchased Services		2,200	2,200	1,464	736
General Supplies	477,098	196,165	673,263	631,274	41,989
Textbooks	95,500	317,750	413,250	287,512	125,738
Other Objects	26,900	(15,200)	11,700	7,668	4,032
Total Regular Programs	13,843,756	253,565	14,097,321	13,902,254	195,067
Special Education - Instruction:					
Learning and/or Language Disabilities					
Salaries of Teachers	215,281	(38,100)	177,181	162,208	14,973
Other Salaries for Instruction	47,086	0	47,086	45,632	1,454
General Supplies		100	100	58	42
Total Learning and/or Language Disabilities	262,367	(38,000)	224,367	207,898	16,469
Behavioral Disabilities					
Salaries of Teachers	358,429	(22,000)	336,429	336,288	141
Other Salaries for Instruction	67,277	1,000	68,277	67,562	715
General Supplies	6,170	(2,020)	4,150	3,031	1,119
Textbooks	4,900	(580)	4,320	0	4,320
Total Behavioral Disabilities	436,776	(23,600)	413,176	406,881	6,295
Multiple Disabilities					
Salaries of Teachers	61,281	131,600	192,881	192,015	866
Other Salaries for Instruction	117,208	15,300	132,508	132,143	365
General Supplies	8,700	0	8,700	7,754	946
Textbooks	10,200	(4,600)	5,600	861	4,739
Total Multiple Disabilities	197,389	142,300	339,689	332,773	6,916

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Resource Room/Resource Center					
Salaries of Teachers	1,520,587	(129,000)	1,391,587	1,379,923	11,664
Other Salaries for Instruction	136,088	(54,400)	81,688	80,696	992
General Supplies	11,400	(1,300)	10,100	6,989	3,111
Textbooks	12,900	(9,000)	3,900	2,787	1,113
Total Resource Room/Resource Center	1,680,975	(193,700)	1,487,275	1,470,395	16,880
Autism					
Salaries of Teachers	202,528	(70,900)	131,628	130,650	978
Other Salaries for Instruction	208,487	(12,000)	196,487	166,757	29,730
General Supplies	6,800	0	6,800	5,021	1,779
Textbooks	500	0	500	0	500
Total Autism	418,315	(82,900)	335,415	302,428	32,987
Preschool Disabilities - Part-Time					
Salaries of Teachers	9,000	0	9,000	8,951	49
Other Salaries for Instruction	9,000	37,350	46,350	46,307	43
General Supplies		150	150	103	47
	18,000	37,500	55,500	55,361	139
Total Special Education - Instruction	3,013,822	(158,400)	2,855,422	2,775,736	79,686
Bilingual Education - Instruction:					
Salaries of Teachers	334,867	(38,700)	296,167	296,058	109
Other Salaries for Instruction	45,943	25,000	70,943	70,703	240
General Supplies	6,600	612	7,212	5,651	1,561
Total Bilingual Education - Instruction	387,410	(13,088)	374,322	372,412	1,910
School Sponsored Cocurricular Activities - Instruction:					
Salaries	102,461	50,000	152,461	150,415	2,046
Purchased Services		19,200	19,200	3,850	15,350
Supplies and Materials	75,200	(47,800)	27,400	6,114	21,286
Other Objects		16,100	16,100	1,525	14,575
Total School Sponsored Cocurricular Activities - Instruction	177,661	37,500	215,161	161,904	53,257
School-Sponsored Athletics - Instruction					
Salaries	202,500	0	202,500	189,984	12,516
Purchased Services		15,500	15,500	12,534	2,966
Supplies and Materials	130,000	(15,500)	114,500	95,874	18,626
Total School-Sponsored Athletics - Instruction	332,500	0	332,500	298,392	34,108
Total Instruction	17,755,149	119,577	17,874,726	17,510,698	364,028

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	24,000	(9,600)	14,400	674	13,726
Tuition to Other LEAs Within the State - Special		15,000	15,000	14,622	378
Tuition to Co. Voc. School District - Regular	51,122	8,600	59,722	59,672	50
Tuition to CSSD & Regional Day Schools	239,000	119,900	358,900	358,838	62
Tuition to Private Schools for the Disabled - Within State	190,000	(60,000)	130,000	75,559	54,441
Tuition - State Facilities	53,521	0	53,521	53,521	0
Total Undistributed Expenditures - Instruction	557,643	73,900	631,543	562,886	68,657
Undistributed Expenditures - Attendance and Social Work:					
Salaries	68,943	16,200	85,143	85,032	111
Purchased Professional & Technical Services		30,000	30,000	29,309	691
Other Purchased Services		3,300	3,300	0	3,300
Supplies and Materials	2,800	0	2,800	1,196	1,604
Total Undistributed Expenditures - Attendance and Social Work	71,743	49,500	121,243	115,537	5,706
Undistributed Expenditures - Health Services:					
Salaries	226,462	800	227,262	227,193	69
Purchased Professional and Technical Services	22,000	5,100	27,100	25,818	1,282
Other Purchased Services	400	738	1,138	757	381
Supplies and Materials	14,085	(2,138)	11,947	11,260	687
Total Undistributed Expenditures - Health Services	262,947	4,500	267,447	265,028	2,419
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	210,141	(51,000)	159,141	155,499	3,642
Purchased Professional-Educational Services	40,000	28,700	68,700	58,240	10,460
Supplies and Materials		300	300	194	106
Total Undistributed Expenditures - Other Support Services - Students - Related Services	250,141	(22,000)	228,141	213,933	14,208
Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:					
Salaries	283,764	15,000	298,764	297,129	1,635
Purchased Professional Educational Services		85,680	85,680	79,055	6,625
Supplies and Materials	1,000	5,000	6,000	5,001	999
Other Objects		2,720	2,720	2,716	4
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:	284,764	108,400	393,164	383,901	9,263

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services -					
Students - Regular					
Salaries of Other Professional Staff	654,828	(86,000)	568,828	563,463	5,365
Salaries of Secretarial and Clerical Assistants	148,287	23,700	171,987	164,029	7,958
Other Purchased Professional & Technical Services		1,725	1,725	1,725	0
Other Purchased Services		1,270	1,270	1,203	67
Supplies and Materials	38,400	(6,070)	32,330	18,309	14,021
Total Undistributed Expenditures - Other Support Services -					
Regular	841,515	(65,375)	776,140	748,729	27,411
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	1,001,352	(72,000)	929,352	885,839	43,513
Salaries of Secretarial and Clerical Assistants	92,904	0	92,904	79,281	13,623
Purchased Professional Educational Services	80,000	20,000	100,000	91,057	8,943
Other Purchased Professional and Technical Services		40,970	40,970	28,201	12,769
Miscellaneous Purchased Services		700	700	510	190
Supplies and Materials	25,600	(8,825)	16,775	15,945	830
Other Objects		975	975	674	301
Total Undistributed Expenditures - Other Support Services -					
Students - Special	1,199,856	(18,180)	1,181,676	1,101,507	80,169
Undistributed Expenditures - Other Support Services -					
Improvement of Instructional Services					
Purchased Professional Educational Services		24,000	24,000	23,690	310
Supplies and Materials		6,300	6,300	5,841	459
Total Undistributed Expenditures - Other Support Services -					
Improvement of Instructional Services	0	30,300	30,300	29,531	769
Undistributed Expenditures - Educational Media Services -					
School Library					
Salaries	237,259	(86,700)	150,559	150,522	37
Purchased Professional & Technical Services		19,500	19,500	19,386	114
Supplies and Materials	49,500	17,148	66,648	57,532	9,116
Other Objects		6,500	6,500	6,500	0
Total Undistributed Expenditures - Educational Media Services -					
School Library	286,759	(43,552)	243,207	233,940	9,267
Undistributed Expenditures - Instructional Staff Training Services					
Salaries of Supervisors of Instruction	483,434	97,370	580,804	565,571	15,233
Salaries of Secretarial and Clerical Assistants	43,993	0	43,993	43,993	0
Other Salaries		630	630	630	0
Purchased Professional-Educational Services	3,500	(700)	2,800	2,280	520
Other Purchased Services		700	700	300	400
Supplies and Materials	1,500	800	2,300	1,577	723
Other Objects		800	800	745	55
Total Undistributed Expenditures - Instructional Staff Training Svc	532,427	99,600	632,027	615,096	16,931

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Under/(Over) Final to Actual</u>
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	272,107	6,000	278,107	265,017	13,090
Legal Services	230,000	37,000	267,000	196,606	70,394
Audit Fees	20,000	0	20,000	19,280	720
Architectural/Engineering Services		51,400	51,400	49,104	2,296
Other Purchased Professional Services	18,000	(10,900)	7,100	468	6,632
Communications/Telephone	74,000	49,675	123,675	115,633	8,042
BOE Other Purchased Services	1,100	(1,000)	100	0	100
Other Purchased Services	144,500	(64,425)	80,075	77,416	2,659
General Supplies		4,300	4,300	4,040	260
Miscellaneous Expenditures	16,500	(9,754)	6,746	3,631	3,115
Membership Dues and Fees	24,000	(3,000)	21,000	20,126	874
Total Undistributed Expenditures - Support Services - Gen. Admin.	800,207	59,296	859,503	751,321	108,182
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	1,085,822	(90,000)	995,822	971,124	24,698
Salaries of Secretarial and Clerical Assistants	340,234	200,300	540,534	540,389	145
Purchased Professional and Technical Services	10,000	8,700	18,700	0	18,700
Other Purchased Services	132,500	3,300	135,800	73,991	61,809
Supplies and Materials	66,400	1,824	68,224	51,414	16,810
Other Objects	13,100	(200)	12,900	10,066	2,834
Total Undistributed Expenditures - Support Serv. - School Admin.	1,648,056	123,924	1,771,980	1,646,984	124,996
Undistributed Expenditures - Central Services					
Salaries	300,230	9,500	309,730	293,802	15,928
Purchased Professional Services	25,000	(2,000)	23,000	19,943	3,057
Purchased Technical Services	15,000	8,700	23,700	23,396	304
Misc. Purchased Services (400-500 series)	7,000	1,000	8,000	6,260	1,740
Supplies and Materials	30,500	7,188	37,688	12,924	24,764
Interest on Lease Purchased Agreements	22,800	6,000	28,800	527	28,273
Miscellaneous Expenditures	3,000	0	3,000	1,345	1,655
Total Undistributed Expenditures - Central Services	403,530	30,388	433,918	358,197	75,721

TOWN OF HAMMONTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Admin. Info Technology					
Salaries	141,239	45,000	186,239	178,145	8,094
Purchased Technical Services	43,500	12,900	56,400	56,451	(51)
Other Purchased Services (400-500 series)	20,000	(200)	19,800	3,220	16,580
Supplies and Materials	181,860	(20,000)	161,860	58,841	103,019
Total Undistributed Expenditures - Admin. Info Technology	386,599	37,700	424,299	296,657	127,642
Undistributed Expenditures - Required Maint for School Facilities					
Interest Earned on Maintenance Reserve	1,000	(1,000)		0	0
Salaries	559,170	1,500	560,670	193,003	367,667
Cleaning, Repair, and Maintenance Services	136,000	850,100	986,100	249,712	736,388
General Supplies	30,500	151,300	181,800	66,484	115,316
Total Undistributed Expenditures - Required Maint for School Facilities	726,670	1,001,900	1,728,570	509,199	1,219,371
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	644,993	(19,500)	625,493	609,216	16,277
Salaries of Non-Instructional Aides	167,335	4,000	171,335	162,728	8,607
Purchased Professional and Technical Services	6,000	(2,600)	3,400	0	3,400
Cleaning, Repair, and Maintenance Services	36,200	36,700	72,900	59,222	13,678
Other Purchased Property Services	190,884	(94,675)	96,209	40,958	55,251
Insurance	163,000	(30,000)	133,000	126,804	6,196
Miscellaneous Purchased Services	400	13,090	13,490	10,945	2,545
General Supplies	213,000	7,690	220,690	159,735	60,955
Energy (Natural Gas)	445,000	(82,000)	363,000	238,840	124,160
Energy (Electricity)	935,000	5,100	940,100	789,421	150,679
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	2,801,812	(162,195)	2,639,617	2,197,869	441,748
Undistributed Expenditures - Care and Upkeep of Grounds					
Salaries	188,350	(900)	187,450	187,422	28
Cleaning, Repair, and Maintenance Services		16,000	16,000	15,699	301
General Supplies	75,000	(8,230)	66,770	40,317	26,453
Other Objects		2,090	2,090	1,381	709
Total Undistributed Expenditures - Care and Upkeep of Grounds	263,350	8,960	272,310	244,819	27,491

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Security					
Purchased Professional & Technical Services	165,000	28,000	193,000	190,481	2,519
Cleaning, Repair, & Maintenance Services	4,000	(300)	3,700	0	3,700
General Supplies	1,000	900	1,900	1,092	808
Total Undistributed Expenditures - Security	170,000	28,600	198,600	191,573	7,027
Total Operation & Maintenance Services	3,961,832	877,265	4,839,097	3,143,460	1,695,637
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	153,284	2,500	155,784	155,718	66
Sal for Pupil Transp (Between Home and School)-Reg.	637,460	(22,300)	615,160	574,141	41,019
Sal for Pupil Transp (Between Home and School)-Sp Ed	246,130	(28,300)	217,830	175,089	42,741
Sal for Pupil Transp (Other than Between Home & School)	3,000	0	3,000	2,087	913
Other Purchased Professional and Technical Services	4,000	0	4,000	3,851	149
Cleaning, Repair, and Maintenance Services	25,000	8,000	33,000	31,717	1,283
Lease Purchase Payments - School Buses	101,282	28,929	130,211	130,211	0
Contracted Services - (Between Home and School) - Vendors	12,000	(6,000)	6,000	0	6,000
Contracted Services - (Other than Betw Home/Sch) - Vendors	8,000	10,400	18,400	15,225	3,175
Contracted Services - (Between Home and School) - Joint Agr		23,000	23,000	22,868	132
Contracted Services - (Special Education) - Joint Agr		22,000	22,000	21,222	778
Contracted Services - Aid in Lieu of Payments-Non Pub Sch	39,000	(8,884)	30,116	26,901	3,215
Contracted Services - Aid in Lieu of Payments-Charter		884	884	884	0
Miscellaneous Purchased Services	95,000	1,295	96,295	92,775	3,520
Supplies and Materials	355,850	(2,735)	353,115	323,380	29,735
Other Objects	3,000	0	3,000	150	2,850
Total Undistributed Expenditures - Student Transportation Serv.	1,683,006	28,789	1,711,795	1,576,219	135,576
Interest Earned on Current Expense Emergency Reserves	1,000	(1,000)		0	0
Unallocated Benefits:					
Social Security Contributions	488,000	(54,100)	433,900	433,691	209
Other Retirement Contributions - Regular	450,000	90,500	540,500	539,912	588
Unemployment Compensation	500,000	(444,071)	55,929	51,145	4,784
Workmen's Compensation	494,000	0	494,000	476,341	17,659
Health Benefits	5,890,460	(680,120)	5,210,340	4,999,257	211,083
Tuition Reimbursement	62,300	(2,000)	60,300	32,080	28,220
Other Employee Benefits	194,020	(90,000)	104,020	39,004	65,016
Total Unallocated Benefits	8,078,780	(1,179,791)	6,898,989	6,571,430	327,559

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
On-behalf TPAF Non-Contributory Insurance				58,330	(58,330)
On-Behalf TPAF Pension Contributions-Post Retirement Medical Contributions (non-budgeted)				1,238,927	(1,238,927)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,431,112	(1,431,112)
Total On-behalf Contributions	0	0	0	2,728,369	(2,728,369)
Total Undistributed Expenditures	21,250,805	193,664	21,444,469	21,342,725	101,744
Total Current Expense	39,005,954	313,241	39,319,195	38,853,423	465,772
Capital Outlay:					
Interest Deposit to Capital Reserve	1,000	(1,000)			0
Equipment					
Grades 1-5	25,000	(23,600)	1,400	0	1,400
Grades 6-8	10,000	(5,000)	5,000	0	5,000
Grades 9-12	10,000	22,325	32,325	32,008	317
Special Education		2,475	2,475	2,475	0
Undistributed Expenditures:					
Instruction		38,500	38,500	14,595	23,905
Support Services - Instructional Staff		14,087	14,087	13,117	970
Admin. Information Technology		40,216	40,216	38,950	1,266
Required Maintenance for School Facilities	16,100	(16,100)		0	0
Undistr. Expenditures - Custodial Services		237,000	237,000	0	237,000
Undistr. Expenditures - Care and Upkeep of Grounds	13,400	21,700	35,100	35,067	33
Undistr. Expenditures - Security	40,358	(30,000)	10,358	0	10,358
Total Equipment	114,858	301,603	416,461	136,212	280,249
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		533,671	533,671	533,671	0
Construction Services	50,000	0	50,000	47,605	2,395
Other Objects	132,578	0	132,578	132,578	0
Total Facilities Acquisition and Construction Services	182,578	533,671	716,249	713,854	2,395
Total Assets Acquired under Capital Leases (Non-Budgeted)				151,700	(151,700)
Total Capital Outlay	298,436	834,274	1,132,710	1,001,766	130,944

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Transfers to Charter Schools	14,983	0	14,983	10,406	4,577
Total Expenditures	39,319,373	1,147,515	40,466,888	39,865,595	601,293
Other Financing Sources (Uses):					
Capital Reserve Transfer to Debt Service	(798,362)	0	(798,362)	(798,362)	0
Capital lease proceeds				151,700	151,700
Total Other Financing Sources (Uses)	(798,362)	0	(798,362)	(646,662)	151,700
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(930,939)	(1,147,515)	(2,078,454)	1,301,669	3,380,123
Fund Balances, July 1	6,326,754	0	6,326,754	6,326,754	0
Fund Balances, June 30	<u>\$5,395,815</u>	<u>(1,147,515)</u>	<u>4,248,300</u>	<u>7,628,423</u>	<u>3,380,123</u>

Recapitulation of Fund Balance:

Committed Fund Balance:	
Year End Encumbrances	379,814
Restricted Fund Balance:	
Tuition Reserve-2009/10 Designated for Subsequent Yr's Expend.	500,000
Tuition Reserve-2010/2011	500,000
Maintenance Reserve	820,759
Emergency Reserve	308,410
Capital Reserve Designated for Subsequent Year's Expenditures	614,625
Capital Reserve	3,827,801
Unassigned Fund Balance	<u>677,014</u>
	7,628,423
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis:	<u>(1,038,188)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$6,590,235</u></u>

TOWN OF HAMMONTON SCHOOL DISTRICT

Budgetary Comparison Schedule

Education Jobs Fund

For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Federal Sources:					
Education Jobs Fund	441,411		441,411	72,570	(368,841)
Total Revenues	441,411	0	441,411	72,570	(368,841)
EXPENDITURES:					
Undistributed Expenditures - Other Support Services - Students - Special:					
Salaries of Other Professional Staff	41,151	0	41,151	41,151	0
Total Undistributed Expenditures - Other Support Services - Students - Special	41,151	0	41,151	41,151	0
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	389,778	0	389,778	23,268	366,510
Total Undistributed Expenditures - Required Maint for School Facilities	389,778	0	389,778	23,268	366,510
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	10,482	0	10,482	8,151	2,331
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	10,482	0	10,482	8,151	2,331
Total Expenditures	\$441,411	0	441,411	72,570	368,841

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Under/(Over) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Programs		39,931	39,931	24,776	(15,155)
Total - Local Sources	0	39,931	39,931	24,776	(15,155)
State Sources:					
Preschool Education Aid	480,320	0	480,320	340,510	(139,810)
Nonpublic aid	456,694	(45,124)	411,570	382,749	(28,821)
Total - State Sources	937,014	(45,124)	891,890	723,259	(168,631)
Federal Sources:					
Title I	512,407	424,162	936,569	698,694	(237,875)
I.D.E.A., Part B	554,924	661,490	1,216,414	1,136,119	(80,295)
Vocational Education	41,683	10,201	51,884	51,884	0
Other	129,809	36,744	166,553	126,125	(40,428)
Total - Federal Sources	1,238,823	1,132,597	2,371,420	2,012,822	(358,598)
Total Revenues	2,175,837	1,127,404	3,303,241	2,760,857	(542,384)
EXPENDITURES:					
Instruction					
Salaries of Teachers	379,066	113,115	492,181	335,223	156,958
Other Salaries for Instruction	386,351	7,561	393,912	329,774	64,138
Purchased Professional, Technical and Educational Services	839,589	537,027	1,376,616	1,229,907	146,709
General Supplies	293,900	(80,715)	213,185	153,355	59,830
Textbooks	55,140	(12,737)	42,403	41,192	1,211
Other Objects		6,357	6,357	3,269	3,088
Total instruction	1,954,046	570,608	2,524,654	2,092,720	431,934
EXPENDITURES (CONT'D):					
Support Services					

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TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Salaries of Program Directors		0		0	0
Salaries of Other Professional Staff		227,434	227,434	215,932	11,502
Salaries of Secretaries and Clerical Assistants	28,326	(3,817)	24,509	0	24,509
Personal Services - Employee Benefits	12,000	48,868	60,868	48,371	12,497
Purchased Professional and Technical Services	82,427	160,567	242,994	222,381	20,613
Other Purchased Services	14,038	78,426	92,464	58,531	33,933
Supplies and Materials	85,000	(73,367)	11,633	8,237	3,396
Travel		39	39	39	0
Total support services	<u>221,791</u>	<u>438,150</u>	<u>659,941</u>	<u>553,491</u>	<u>106,450</u>
Facilities acquisition and construction services					
Instructional equipment		114,646	114,646	114,646	0
Non-Instructional equipment		4,000	4,000	0	4,000
Total facilities acquisition and construction services	<u>0</u>	<u>118,646</u>	<u>118,646</u>	<u>114,646</u>	<u>4,000</u>
Total expenditures	<u>2,175,837</u>	<u>1,127,404</u>	<u>3,303,241</u>	<u>2,760,857</u>	<u>542,384</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Required Supplemental Information

TOWN OF HAMMONTON SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2011

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

	General Fund	Special Revenue
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$41,813,926	2,760,857
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		
Prior year		1,237
Current year		(14,542)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,229,438	46,531
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(1,038,188)	(48,032)
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	42,005,176	2,746,051
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	39,865,595	2,760,857
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Prior year		1,237
Current year		(14,542)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$39,865,595	2,747,552

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2011

	Walmart Teacher of the Year Grant	HSA Calculator Grant	Music Program Donation	Walmart Instructional Supplies	HEF Dimension to Education Grant	HEF Traveling Art Supply Grant	HEF Wii Are Fit Grant	HEF Literacy Magazine Grant	HEF One Book Author Grant
REVENUES:									
Local Sources	\$648	3,172	1,410	500	3,120	1,292	692	1,815	1,039
State Sources									
Federal Sources									
Total revenues	648	3,172	1,410	500	3,120	1,292	692	1,815	1,039
EXPENDITURES:									
Instruction:									
Salaries of teachers									
Other salaries of instruction									
Purchased professional, technical and educational svcs					800			1,815	1,000
General supplies	648	3,172	1,410	500	2,320	1,292	692		
Textbooks									
Other objects									
Total instruction	648	3,172	1,410	500	3,120	1,292	692	1,815	1,000
Support services:									
Salaries of program directors									
Salaries of other professional staff									
Salaries secretaries / clerical									
Personal services- employee benefits									
Purchased professional and technical services									
Other purchased services									
Supplies and materials									
Travel									39
Total support services	0	0	0	0	0	0	0	0	39
Facilities acquisition and construction services									
Instructional equipment									
Total facilities acquisition and construction services	0	0	0	0	0	0	0	0	0
Total expenditures	\$648	3,172	1,410	500	3,120	1,292	692	1,815	1,039

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TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2011

	HEF	HEF	HEF	HEF	HEF	Total Local Funds	Nonpublic Textbooks	Nonpublic Auxiliary Aid	
	Solidwork Supply Grant	Graphic Design Grant	Video Physics Grant	Control Mill Grant	Hammonton Brass Grant			Compensatory Education	Transportation
REVENUES:									
Local Sources									
State Sources	3,325	1,648	568	3,569	1,978	24,776			
Federal Sources							41,192	160,756	25,979
Total revenues	<u>3,325</u>	<u>1,648</u>	<u>568</u>	<u>3,569</u>	<u>1,978</u>	<u>24,776</u>	<u>41,192</u>	<u>160,756</u>	<u>25,979</u>
EXPENDITURES:									
Instruction:									
Salaries of teachers									
Other salaries of instruction									
Purchased professional, technical and educational svcs						3,615		160,756	
General supplies	2,825	1,648	568		1,978	17,053			
Textbooks							41,192		
Other objects									
Total instruction	<u>2,825</u>	<u>1,648</u>	<u>568</u>	<u>0</u>	<u>1,978</u>	<u>20,668</u>	<u>41,192</u>	<u>160,756</u>	<u>0</u>
Support services:									
Salaries of program directors									
Salaries of other professional staff									
Salaries secretaries / clerical									
Personal services- employee benefits									
Purchased professional and technical services	500					500			25,979
Other purchased services									
Supplies and materials									
Travel						39			
Total support services	<u>500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>539</u>	<u>0</u>	<u>0</u>	<u>25,979</u>
Facilities acquisition and construction services									
Instructional equipment				3,569		3,569			
Total facilities acquisition and construction services	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,569</u>	<u>0</u>	<u>3,569</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>3,325</u>	<u>1,648</u>	<u>568</u>	<u>3,569</u>	<u>1,978</u>	<u>24,776</u>	<u>41,192</u>	<u>160,756</u>	<u>25,979</u>

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TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2011

Exhibit E-1
Page 3

	Nonpublic Handicapped Aid			Nonpublic Nursing	Nonpublic ESL	Nonpublic Home Instruction	Preschool Education Aid	Total State Funds	Title I Part A	Caryover Title I Part A	Title I Part A ARRA
	Examination & Classification	Corrective Speech	Supplemental Instruction								
REVENUES:											
Local Sources											
State Sources	\$48,967	24,252	29,878	50,243	768	714	340,510	723,259	491,813	111,507	89,475
Federal Sources											
Total revenues	48,967	24,252	29,878	50,243	768	714	340,510	723,259	491,813	111,507	89,475
EXPENDITURES:											
Instruction:											
Salaries of teachers							217,028	217,028		2,040	50,390
Other salaries of instruction							123,482	123,482	183,628		3,381
Purchased professional, technical and educational svcs	48,967	24,252	29,878		768	714		265,335	93,702	51,199	
General supplies								0	11,161	18,824	6,321
Textbooks								41,192			
Other objects								0	747	2,522	
Total instruction	48,967	24,252	29,878	0	768	714	340,510	647,037	289,238	74,585	60,092
Support services:											
Salaries of program directors								0			
Salaries of other professional staff								0	118,516	1,749	22,893
Salaries secretaries / clerical								0			
Personal services- employee benefits								0	23,113	290	5,865
Purchased professional and technical services				50,243				76,222	47,027		
Other purchased services								0	12,754	31,333	625
Supplies and materials								0	1,165	3,550	
Travel								0			
Total support services	0	0	0	50,243	0	0	0	76,222	202,575	36,922	29,383
Facilities acquisition and construction services											
Instructional equipment											
Total facilities acquisition and construction services	0	0	0	0	0	0	0	0	0	0	0
Total expenditures	48,967	24,252	29,878	50,243	768	714	340,510	723,259	491,813	111,507	89,475

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(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2011

	Title I School Improvement	Carryover Title I School Improvement	Title I School Improvement ARRA	Title III English Language Enhancement	Carryover Title III English Language Enhanc.	I.D.E.A. Part - B ARRA	I.D.E.A. Part - B Basic	Carryover I.D.E.A. Part - B Basic	I.D.E.A. Part - B Preschool	Carryover I.D.E.A. Part - B Preschool	I.D.E.A. Part - B Preschool ARRA
REVENUES:											
Local Sources											
State Sources											
Federal Sources		\$5,446	453	25,531	2,827	402,832	564,255	126,290	22,924		19,818
Total revenues	0	5,446	453	25,531	2,827	402,832	564,255	126,290	22,924	0	19,818
EXPENDITURES:											
Instruction:											
Salaries of teachers											
Other salaries of instruction				19,283							
Purchased professional, technical and educational svcs						154,909	507,383	126,284	22,924		
General supplies		5,446		3,542	1,323	25,346		6			16,676
Textbooks											
Other objects											
Total instruction	0	5,446	0	22,825	1,323	180,255	507,383	126,290	22,924	0	16,676
Support services:											
Salaries of program directors											
Salaries of other professional staff			420	1,143	744	70,467					
Salaries secretaries / clerical											
Personal services- employee benefits			33	1,563	44	7,835					
Purchased professional and technical services						40,325	56,872				
Other purchased services											
Supplies and materials					716						
Travel											
Total support services	0	0	453	2,706	1,504	118,627	56,872	0	0	0	0
Facilities acquisition and construction services											
Instructional equipment						103,950					3,142
Total facilities acquisition and construction services	0	0	0	0	0	103,950	0	0	0	0	3,142
Total expenditures	0	5,446	453	25,531	2,827	402,832	564,255	126,290	22,924	0	19,818

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TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2011

Exhibit E-1
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	Title II Part A	Carryover Title II Part A	Title II Part D	Carryover Title II Part D	Perkins Vocational	Carryover Title IV, Part A Drug Free Schools	Total Federal Funds	Totals
REVENUES:								
Local Sources								24,776
State Sources								723,259
Federal Sources	89,212	2,198	286	1,515	51,884	4,556	2,012,822	2,012,822
Total revenues	89,212	2,198	286	1,515	51,884	4,556	2,012,822	2,760,857
EXPENDITURES:								
Instruction:								
Salaries of teachers	65,765						118,195	335,223
Other salaries of instruction							206,292	329,774
Purchased professional, technical and educational svcs						4,556	960,957	1,229,907
General supplies				787	46,870		136,302	153,355
Textbooks							0	41,192
Other objects							3,269	3,269
Total instruction	65,765	0	0	787	46,870	4,556	1,425,015	2,092,720
Support services:								
Salaries of program directors							0	0
Salaries of other professional staff							215,932	215,932
Salaries secretaries / clerical							0	0
Personal services- employee benefits	9,628						48,371	48,371
Purchased professional and technical services		1,149	286				145,659	222,381
Other purchased services	13,819						58,531	58,531
Supplies and materials		1,049		728	1,029		8,237	8,237
Travel							0	39
Total support services	23,447	2,198	286	728	1,029	0	476,730	553,491
Facilities acquisition and construction services								
Instructional equipment					3,985		111,077	114,646
Total facilities acquisition and construction services	0	0	0	0	3,985	0	111,077	114,646
Total expenditures	89,212	2,198	286	1,515	51,884	4,556	2,012,822	2,760,857

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TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$317,066	217,028	100,038
Other Salaries for Instruction	<u>138,745</u>	<u>123,482</u>	<u>15,263</u>
Total instruction	<u>455,811</u>	<u>340,510</u>	<u>115,301</u>
Support services:			
Salaries of Program Directors		0	0
Salaries of Secretarial/Clerical Assistants	<u>24,509</u>	<u>0</u>	<u>24,509</u>
Total support services	<u>24,509</u>	<u>0</u>	<u>24,509</u>
Total expenditures	<u><u>\$480,320</u></u>	<u><u>340,510</u></u>	<u><u>139,810</u></u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2010-11 Preschool Education Aid Allocation	\$480,320
Add: Actual ECPA Carryover (June 30, 2010)	0
Add: Budgeted Transfer from the General Fund 2010-11	<u>0</u>
Total Preschool Education Aid Funds Available for 2010-11 Budget	480,320
Less: 2010-11 Budgeted Preschool Education Aid(Including prior year budgeted carryover)	<u>(480,320)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2011	0
Add: June 30, 2011 Unexpended Preschool Education Aid	139,810
2010-11 Carryover - Preschool Education Aid/Preschool	<u><u>\$139,810</u></u>
2010-11 Preschool Education Aid Carryover Budgeted for Preschool Programs 2011-12	<u><u>\$0</u></u>

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

TOWN OF HAMMONTON SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Project Expenditures
Year Ended June 30, 2011

<u>Number</u>	<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures and Other Financing Uses to Date</u>		<u>Unexpended Balance</u>
				<u>Prior Years</u>	<u>Current Year</u>	
	WES Elementary Renovations/Alterations		\$13,680,341	11,949,549	187,370	1,543,422
Totals			<u>\$13,680,341</u>	<u>11,949,549</u>	<u>187,370</u>	<u>1,543,422</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2011

Revenues and Other Financing Sources:	
Interest earned	20,437
	<hr/>
Total revenues and other financing sources	<u>20,437</u>
Expenditures and Other Financing Uses:	
Purchased professional & technical services	34,942
Construction services	152,428
Transfer to debt service fund	20,437
	<hr/>
Total expenditures and other financing uses	<u>207,807</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(187,370)
Fund balance - beginning	1,730,792
Fund balance - ending	<u><u>\$1,543,422</u></u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Basis
Warren E. Sooy School Renovations and Alterations
For the Fiscal Year Ended June 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources-EDA Grant			-	-
Bond proceeds and transfers	13,680,341		13,680,341	13,680,341
Interest earned	6,451	20,437	26,888	
Premium on BANs	86,725		86,725	
	<u>13,773,517</u>	<u>20,437</u>	<u>13,793,954</u>	<u>13,680,341</u>
Total revenues and other financing sources				
Expenditures and Other Financing Uses:				
Purchased professional & technical services	989,282	34,942	1,024,224	1,005,000
Land and Improvements			-	-
Construction services	10,960,267	152,428	11,112,695	12,675,341
Equipment purchases			-	-
Transfer to debt service fund	6,451	20,437	26,888	
Transfer to general fund	86,725		86,725	
	<u>12,042,725</u>	<u>207,807</u>	<u>12,250,532</u>	<u>13,680,341</u>
Total expenditures and other financing uses				
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$1,730,792</u>	<u>(187,370)</u>	<u>1,543,422</u>	<u>0</u>

Additional project information:

Project number	1960-055-09-1000
Grant Date	N/A
Bond Authorization Date	12/9/08
Bonds Authorized	\$13,680,341
Bonds Issued	\$11,800,000
Original Authorized Cost	\$13,680,341
Additional Authorized Cost	\$0
Revised Authorized Cost	\$13,680,341
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	89.55%
Original target completion date	9/30/10
Revised target completion date	9/30/10

PROPRIETARY FUNDS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in all schools within the school district.

Latchkey Child Care Fund – This fund provides for the operation of school child supervision.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

TOWN OF HAMMONTON SCHOOL DISTRICT

Enterprise Funds
Combining Balance Sheet
June 30, 2011

	Food Service	Latchkey Program	2011
ASSETS:			
Cash and cash equivalents	\$656,104	145,027	801,131
Accounts Receivable:			
State	1,769		1,769
Federal	40,041		40,041
Other	349	1,654	2,003
Inventories	9,773		9,773
Total Current Assets	<u>708,036</u>	<u>146,681</u>	<u>854,717</u>
Fixed Assets:			
Equipment	588,794	7,850	596,644
Accumulated depreciation	(440,990)	(7,850)	(448,840)
Total fixed assets	<u>147,804</u>	<u>0</u>	<u>147,804</u>
Total assets	<u><u>855,840</u></u>	<u><u>146,681</u></u>	<u><u>1,002,521</u></u>
LIABILITIES AND FUND EQUITY:			
Current liabilities:			
Interfund accounts payable	54,368	12,866	67,234
Accounts payable	39,965		39,965
Deferred revenue	8,592	7,102	15,694
Compensated absences payable	18,672	2,654	21,326
Total current liabilities	<u>121,597</u>	<u>22,622</u>	<u>144,219</u>
Unreserved retained earnings	586,439	124,059	710,498
Investment in fixed assets	147,804		147,804
Total fund equity	<u>734,243</u>	<u>124,059</u>	<u>858,302</u>
Total liabilities and fund equity	<u><u>\$855,840</u></u>	<u><u>146,681</u></u>	<u><u>1,002,521</u></u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Enterprise Funds
Combining Statement of Revenues, Expenses
and Changes in Retained Earnings/Fund Balance
For the Fiscal Year ended June 30, 2011

	<u>Food Service</u>	<u>Latchkey</u>	<u>2011</u>
OPERATING REVENUES:			
Local Sources:			
Daily sales- reimbursable programs			
School lunch, breakfast, snack program	\$374,727		374,727
Daily sales non- reimbursable programs	349,130		349,130
Latchkey program revenue		86,676	86,676
Miscellaneous	1,114		1,114
Special Functions	37,170		37,170
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	762,141	86,676	848,817
OPERATING EXPENSES:			
Salaries	406,093	89,190	495,283
Employee benefits	138,446	7,958	146,404
Supplies & Materials	56,006	3,902	59,908
Depreciation	43,841		43,841
Cost of sales	661,595		661,595
Other	22,860		22,860
	<hr/>	<hr/>	<hr/>
Total operating expenses	1,328,841	101,050	1,429,891
Operating income (loss)	<u>(566,700)</u>	<u>(14,374)</u>	<u>(581,074)</u>
Nonoperating revenues:			
State sources			
State school lunch program	15,350		15,350
Federal sources			
National school lunch program	480,616		480,616
National school breakfast program	87,962		87,962
National school snack program	926		926
Food Distribution Program	64,486		64,486
Interest revenue	7,918	1,988	9,906
Total nonoperating revenues	<u>657,258</u>	<u>1,988</u>	<u>659,246</u>
Net income	90,558	(12,386)	78,172
Retained earnings, July 1	643,685	136,445	780,130
	<hr/>	<hr/>	<hr/>
Retained earnings, June 30	<u>\$734,243</u>	<u>124,059</u>	<u>858,302</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Combining Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Funds
For the Fiscal Year ended June 30, 2011

	Food Service	Latchkey	2011
Cash flows from operating activities:			
Cash received from customers	\$761,767	94,965	856,732
Cash payments to employees for services	(499,806)	(83,149)	(582,955)
Cash payments to suppliers for goods and services	(664,143)	(3,902)	(668,045)
Net cash provided/(used) by operating activities	<u>(402,182)</u>	<u>7,914</u>	<u>(394,268)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements	576,892		576,892
Net cash provided by noncapital financing activities	<u>576,892</u>	<u>0</u>	<u>576,892</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(22,659)		(22,659)
Net cash (used) by capital and related financing activities	<u>(22,659)</u>	<u>0</u>	<u>(22,659)</u>
Cash flows from investing activities:			
Interest on investments	7,918	1,988	9,906
Net cash provided by investing activities	<u>7,918</u>	<u>1,988</u>	<u>9,906</u>
Net increase (decrease) in cash and cash equivalents	159,969	9,902	169,871
Cash and cash equivalents, July 1	<u>496,135</u>	<u>135,125</u>	<u>631,260</u>
Cash and cash equivalents, June 30	<u>\$656,104</u>	<u>145,027</u>	<u>801,131</u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:			
Operating income/(loss)	(\$566,700)	(14,374)	(581,074)
Adjustments to reconcile operating income/(loss) to cash provided (used) by operating activities:			
Depreciation	43,841		43,841
Federal Commodities	64,486		64,486
Change in assets and liabilities:			
Decrease/(Increase) in accounts receivable	689	3,528	4,217
Decrease/(Increase) in inventory	(3,495)		(3,495)
(Decrease)/Increase in accounts payable	15,327		15,327
(Decrease)/Increase in interfund accounts payable	52,634	12,866	65,500
(Decrease)/Increase in deferred revenue	(1,063)	4,761	3,698
(Decrease)/Increase in compensated absence payable	(7,901)	1,133	(6,768)
Net cash provided/(used) by operating activities	<u>(402,182)</u>	<u>7,914</u>	<u>(394,268)</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

TOWN OF HAMMONTON SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Fiduciary Net Assets
June 30, 2011

	Expendable Trusts		Agency		Total
	Scholarship	Unemployment	Student Activity	Payroll	
ASSETS:					
Cash and cash equivalents	\$79,447	267,842	286,723	2	634,014
Total Assets	<u>79,447</u>	<u>267,842</u>	<u>286,723</u>	<u>2</u>	<u>634,014</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable		5,513	734		6,247
Payroll deductions and withholdings				2	2
Due to student groups			285,989		285,989
Total Liabilities	<u>0</u>	<u>5,513</u>	<u>286,723</u>	<u>2</u>	<u>292,238</u>
Fund balances:					
Reserved - Expendable Trust					
Unemployment		262,329			262,329
Scholarship	79,447				79,447
Total fund balances	<u>79,447</u>	<u>262,329</u>	<u>0</u>	<u>0</u>	<u>341,776</u>
Total liabilities and fund balances	<u>\$79,447</u>	<u>267,842</u>	<u>286,723</u>	<u>2</u>	<u>634,014</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Student Activity Agency Fund
Statement of Changes in Assets and Liabilities

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
ASSETS:				
Cash and cash equivalents	\$272,717	698,136	684,130	286,723
Total assets	<u>272,717</u>	<u>698,136</u>	<u>684,130</u>	<u>286,723</u>
LIABILITIES:				
Accounts payable	482	734	482	734
Due to student groups	272,235	697,402	683,648	285,989
Total liabilities	<u>\$272,717</u>	<u>698,136</u>	<u>684,130</u>	<u>286,723</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Scholarship Expendable Trust Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
for the Fiscal Year ended June 30, 2011

	2011
OPERATING REVENUES:	
Local sources:	
Interest on investments	\$1,056
Donations	483
Total operating revenues	1,539
OPERATING EXPENSES:	
Scholarship payments	5,600
Total operating expenses	5,600
Operating (loss)	(4,061)
Net (Loss)	(4,061)
Fund balance, July 1	83,508
Fund balance, June 30	\$79,447

TOWN OF HAMMONTON SCHOOL DISTRICT
Unemployment Expendable Trust Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance
for the Fiscal Year ended June 30, 2011

	2011
OPERATING REVENUES:	
Local sources:	
Interest on investments	\$4,448
Transfer in from general fund	50,000
Contributions	47,219
Total operating revenues	101,667
 OPERATING EXPENSES:	
Payments of unemployment claims	237,557
Total operating expenses	237,557
Operating Income	(135,890)
Net Income	(135,890)
Fund balance, July 1	398,219
Fund balance, June 30	\$262,329

TOWN OF HAMMONTON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2011

	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2011</u>
ECEC	\$20,368	19,844	21,964	18,248
Elementary School	36,484	58,677	59,664	35,497
Middle School	63,604	122,129	120,695	65,038
Middle School Athletics	983	13	37	959
High School Students	149,714	411,602	397,209	164,107
High School Athletics	1,082	85,871	84,079	2,874
Total all schools	<u>\$272,235</u>	<u>698,136</u>	<u>683,648</u>	<u>286,723</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS:				
Cash and cash equivalents	\$3,722	11,094,658	11,098,378	2
Total assets	<u>3,722</u>	<u>11,094,658</u>	<u>11,098,378</u>	<u>2</u>
LIABILITIES:				
Payroll deductions and withholdings	3,722	11,094,658	11,098,378	2
Total liabilities	<u>\$3,722</u>	<u>11,094,658</u>	<u>11,098,378</u>	<u>2</u>

LONG-TERM DEBT

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

TOWN OF HAMMONTON SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
June 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2010	Issued	Retired	Balance June 30, 2011				
			Date	Amount									
Various Improvements to District Facilities	10/15/01	\$21,611,000	8/1/11	535,000	4.750%	\$1,045,000		510,000	535,000				
Refunding School Bonds	9/19/06	7,385,000	8/1/11	20,000	3.000%								
			8/1/12	20,000	3.250%								
			8/1/13-16	25,000	3.250%								
			8/1/17	25,000	4.200%								
			8/1-18-22	30,000	4.200%								
			8/1/23-24	35,000	4.200%								
			8/1/25	540,000	4.200%								
			8/1/26	1,185,000	4.200%								
			8/1/27	1,235,000	4.200%								
			8/1/28	1,290,000	4.200%								
			8/1/29	1,345,000	4.200%								
			8/1/30	1,385,000	4.200%								
										7,370,000		5,000	7,365,000
			Refunding School Bonds	3/23/10	10,890,000					8/1/11	45,000	2.000%	
8/1/12	605,000	2.000%											
8/1/13	620,000	2.000%											
8/1/14	635,000	2.000%											
8/1/15	660,000	5.000%											
8/1/16	695,000	5.000%											
8/1/17	735,000	5.000%											
8/1/18	770,000	5.000%											
8/1/19	810,000	4.250%											
8/1/20	250,000	4.500%											
8/1/20	605,000	5.000%											
8/1/21	890,000	3.125%											
8/1/22	925,000	3.250%											
8/1/23	965,000	5.000%											
8/1/24	1,015,000	4.250%											
8/1/25	555,000	4.000%											
			10,890,000		110,000	10,780,000							
Reroofing & addition alterations to the Middle School	4/15/06	2,614,000	7/15/11	155,000	4.250%								
			7/15/12	160,000	4.250%								
			7/15/13	165,000	4.250%								
			7/15/14	170,000	4.250%								
			7/15/15	180,000	4.250%								
			7/15/16	185,000	4.250%								
			7/15/17	195,000	4.250%								
			7/15/18	200,000	4.250%								
			7/15/19	210,000	4.250%								
			7/15/20	220,000	4.300%								
			7/15/21	224,000	4.300%								
										2,209,000		145,000	2,064,000
			Various Improvements to W.E.S. Elementary School	6/24/10	11,800,000					7/1/11	450,000	3.250%	
7/1/12	450,000	3.250%											
7/1/13-15	500,000	3.250%											
7/1/16-20	550,000	3.500%											
7/1/21-23	600,000	3.750%											
7/1/24	600,000	4.000%											
7/1/25-26	650,000	4.000%											
7/1/27-28	700,000	4.000%											
7/1/29	750,000	4.125%											
7/1/30	800,000	4.125%											
						11,800,000			11,800,000				
			<u>\$33,314,000</u>	<u>0</u>	<u>770,000</u>	<u>32,544,000</u>							

TOWN OF HAMMONTON SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations under Capital Leases
June 30, 2011

Series	Interest Rate Payable	Amount of Original Issue	Amount Outstanding July 1, 2010	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2011
Chevy Minibus	4.970%	\$ 43,800	\$ 5,195		\$ 5,195	\$ -
Five Buses Refinanced	4.890%	294,269	60,164		39,164	21,000
John Deere Mower	5.750%	28,550	11,873		6,067	5,806
Two Buses	4.500%	154,718	120,992		28,281	92,711
One Bus	4.500%	75,895	59,351		13,873	45,478
Five Copiers	5.472%	84,390	84,390		15,086	69,304
Two Buses	4.150%	151,700		\$ 151,700	32,856	118,844
			<u>\$341,965</u>	<u>151,700</u>	<u>140,522</u>	<u>353,143</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$1,457,168		1,457,168	1,457,168	0
	<u>1,457,168</u>		<u>1,457,168</u>	<u>1,457,168</u>	<u>0</u>
State Sources:					
Debt Service Aid Type II	295,696		295,696	295,696	0
Total - State Sources	<u>295,696</u>		<u>295,696</u>	<u>295,696</u>	<u>0</u>
Total Revenues	<u>1,752,864</u>		<u>1,752,864</u>	<u>1,752,864</u>	<u>0</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	1,281,226		1,281,226	1,139,830	(141,396)
Redemption of Principal	1,270,000		1,270,000	1,270,000	0
Total Regular Debt Service	<u>2,551,226</u>		<u>2,551,226</u>	<u>2,409,830</u>	<u>(141,396)</u>
Total expenditures	<u>2,551,226</u>		<u>2,551,226</u>	<u>2,409,830</u>	<u>(141,396)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(798,362)		(798,362)	(656,966)	141,396
OTHER FINANCING SOURCES (USES)					
Transfers in	798,362		798,362	818,799	20,437
Total other financing sources (uses)	<u>798,362</u>		<u>798,362</u>	<u>818,799</u>	<u>20,437</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	0		0	161,833	161,833
Fund Balance, July 1				6,452	6,452
Fund Balance, June 30	<u>\$0</u>		<u>0</u>	<u>168,285</u>	<u>168,285</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$0</u>		<u>0</u>	<u>0</u>	<u>0</u>

Statistical Section

Governmental Accounting Standards Board (GASB) requires 10 years of statistical information to be included in the CAFR. However due to the change in the statistical requirements information was unavailable for all 10 years.

TOWN OF HAMMONTON SCHOOL DISTRICT
Net Assets by Component,
Last Nine Fiscal Years
Unaudited

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	8,451,542	7,288,800	8,170,291	5,376,561	8,686,694	8,695,671	19,768,759	8,040,999	8,417,262
Restricted	65,898	81,211	26,491	1,708,420	104,355	501,350	6,098,093	7,393,396	8,283,302
Unrestricted	<u>(2,344,417)</u>	<u>(2,775,512)</u>	<u>(3,919,716)</u>	<u>(5,449,789)</u>	<u>(5,025,182)</u>	<u>(3,248,442)</u>	<u>(4,562,794)</u>	<u>(4,462,950)</u>	<u>(4,246,702)</u>
Total governmental activities net assets	<u><u>6,173,023</u></u>	<u><u>4,594,499</u></u>	<u><u>4,277,066</u></u>	<u><u>1,635,192</u></u>	<u><u>3,765,867</u></u>	<u><u>5,948,579</u></u>	<u><u>21,304,058</u></u>	<u><u>10,971,445</u></u>	<u><u>12,453,862</u></u>
Business-type activities									
Invested in capital assets, net of related debt	324,677	286,989	264,520	290,695	274,464	257,926	212,338	168,986	147,804
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	<u>119,329</u>	<u>199,334</u>	<u>187,577</u>	<u>291,602</u>	<u>258,018</u>	<u>307,763</u>	<u>438,281</u>	<u>611,144</u>	<u>710,498</u>
Total business-type activities net assets	<u><u>444,006</u></u>	<u><u>486,323</u></u>	<u><u>452,097</u></u>	<u><u>582,297</u></u>	<u><u>532,482</u></u>	<u><u>565,689</u></u>	<u><u>650,619</u></u>	<u><u>780,130</u></u>	<u><u>858,302</u></u>
District-wide									
Invested in capital assets, net of related debt	8,776,219	7,575,789	8,434,811	5,667,256	8,961,158	8,953,597	19,981,097	8,209,985	8,565,066
Restricted	65,898	81,211	26,491	1,708,420	104,355	501,350	6,098,093	7,393,396	8,283,302
Unrestricted	<u>(2,225,088)</u>	<u>(2,576,178)</u>	<u>(3,732,139)</u>	<u>(5,158,187)</u>	<u>(4,767,164)</u>	<u>(2,940,679)</u>	<u>(4,124,513)</u>	<u>(3,851,806)</u>	<u>(3,536,204)</u>
Total district net assets	<u><u>6,617,029</u></u>	<u><u>5,080,822</u></u>	<u><u>4,729,163</u></u>	<u><u>2,217,489</u></u>	<u><u>4,298,349</u></u>	<u><u>6,514,268</u></u>	<u><u>21,954,677</u></u>	<u><u>11,751,575</u></u>	<u><u>13,312,164</u></u>

The District converted to GASB 34 in 2003, therefore only nine years are presented

Source: CAFR Schedule A-1

TOWN OF HAMMONTON SCHOOL DISTRICT
Changes in Net Assets, Last Nine Fiscal Years
Unaudited

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities									
Instruction									
Regular	14,860,674	15,842,897	16,287,798	18,343,345	17,826,984	19,897,236	20,399,302	21,833,680	21,995,805
Special education	2,769,398	2,725,604	3,336,335	3,465,175	3,895,199	3,515,516	3,616,097	3,685,328	3,776,332
Other special education									
Vocational									
Other instruction	893,617	783,862	769,597	1,020,856	1,032,040	1,064,603	1,237,852	1,338,591	1,126,267
Nonpublic school programs									
Adult/continuing education programs									
Support Services:									
Tuition	1,415,031	1,335,375	1,012,112	497,036	657,085	783,618	689,630	627,344	820,226
Student & instruction related services	3,083,693	3,567,119	3,771,839	4,706,695	4,191,705	4,723,057	4,896,573	5,467,848	5,065,316
General administrative services	898,367	940,462	875,809	798,109	908,488	971,266	1,060,889	970,211	872,481
School administrative services	1,946,151	1,826,194	1,919,068	1,853,699	2,486,401	2,947,349	2,635,498	2,928,115	2,652,668
Business administrative services	631,894	594,284	1,853,622	1,870,688	1,159,896	1,161,158	1,294,613	1,175,899	870,618
Plant operations and maintenance	3,023,223	3,007,972	3,435,967	3,376,479	3,219,932	3,515,188	4,464,788	4,419,129	4,639,128
Pupil transportation	1,438,876	1,428,715	1,286,976	1,701,429	1,067,345	1,856,207	1,899,215	1,939,813	1,919,705
Capital Outlay		250,000							
Interest on long-term debt	1,355,965	1,951,180	633,543	955,730	1,439,113	1,031,095	984,436	978,539	1,303,565
Unallocated depreciation	57,814	96,984	97,402	-	-	-	-	-	-
Total governmental activities expenses	<u>32,374,703</u>	<u>34,350,648</u>	<u>35,280,068</u>	<u>38,589,241</u>	<u>37,884,188</u>	<u>41,466,293</u>	<u>43,178,893</u>	<u>45,364,497</u>	<u>45,042,111</u>
Business-type activities:									
Food service	894,354	918,751	1,014,823	1,016,873	1,243,655	1,154,383	1,217,002	1,263,475	1,328,841
Child Care	127,989	127,768	132,900	63,271	63,514	80,793	69,604	87,504	101,050
Total business-type activities expense	<u>1,022,343</u>	<u>1,046,519</u>	<u>1,147,723</u>	<u>1,080,144</u>	<u>1,307,169</u>	<u>1,235,176</u>	<u>1,286,606</u>	<u>1,350,979</u>	<u>1,429,891</u>
Total district expenses	<u>33,397,046</u>	<u>35,397,167</u>	<u>36,427,791</u>	<u>39,669,385</u>	<u>39,191,357</u>	<u>42,701,469</u>	<u>44,465,499</u>	<u>46,715,476</u>	<u>46,472,002</u>
Program Revenues									
Governmental activities:									
Charges for services:									
Business and other support services									
Operating grants and contributions	4,782,749	5,216,201	5,611,866	6,002,675	7,211,854	7,729,233	4,879,173	5,484,198	5,474,420
Capital grants and contributions									
Total governmental activities program revenues	<u>4,782,749</u>	<u>5,216,201</u>	<u>5,611,866</u>	<u>6,002,675</u>	<u>7,211,854</u>	<u>7,729,233</u>	<u>4,879,173</u>	<u>5,484,198</u>	<u>5,474,420</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Changes in Net Assets, Last Nine Fiscal Years
Unaudited

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charges for services									
Food service	571,816	615,213	618,046	680,439	717,065	704,928	737,605	775,789	762,141
Child care	111,976	124,740	120,148	95,027	109,467	90,284	95,832	85,874	86,676
Operating grants and contributions	316,384	346,901	368,528	421,445	416,430	462,285	534,146	612,206	649,340
Capital grants and contributions									
Total business type activities program revenues	<u>1,000,176</u>	<u>1,086,854</u>	<u>1,106,722</u>	<u>1,196,911</u>	<u>1,242,962</u>	<u>1,257,497</u>	<u>1,367,583</u>	<u>1,473,869</u>	<u>1,498,157</u>
Total district program revenues	<u>5,782,925</u>	<u>6,303,055</u>	<u>6,718,588</u>	<u>7,199,586</u>	<u>8,454,816</u>	<u>8,986,729</u>	<u>6,246,756</u>	<u>6,958,067</u>	<u>6,972,577</u>
Net (Expense)/Revenue									
Governmental activities	(27,591,954)	(29,134,447)	(29,668,202)	(32,586,566)	(30,672,334)	(33,737,060)	(38,299,720)	(39,880,299)	(39,567,691)
Business-type activities	(22,167)	40,335	(41,001)	116,767	(64,207)	22,321	80,977	122,890	68,266
Total district-wide net expense	<u>(27,614,121)</u>	<u>(29,094,112)</u>	<u>(29,709,203)</u>	<u>(32,469,799)</u>	<u>(30,736,541)</u>	<u>(33,714,740)</u>	<u>(38,218,743)</u>	<u>(39,757,409)</u>	<u>(39,499,425)</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes levied for general purposes, net	9,718,506	10,832,490	12,187,484	13,457,287	14,521,766	15,286,742	15,551,044	15,754,360	15,873,706
Taxes levied for debt service	1,266,455	1,326,184	1,426,713	1,424,331	1,531,726	1,355,828	1,472,365	1,457,168	1,457,168
Unrestricted grants and contributions	6,370,132	6,885,518	7,460,826	7,222,920	7,301,497	9,018,736	11,953,996	12,612,680	11,993,921
Tuition Received	7,894,502	8,458,423	8,147,795	7,581,076	6,734,504	9,673,374	10,332,988	10,935,928	11,004,932
Authorized bond proceeds							13,680,341	(11,800,000)	
Transportation fees from other LEA's	-	-	-	96,898	-	372,546	374,232	268,006	108,608
Premium on BANS								86,725	
Investment earnings	6,143	19,337	38,461	90,020	176,431	104,908	29,673	82,818	136,986
Miscellaneous income	1,404,450	33,971	89,490	72,160	1,568,078	107,638	555,375	148,088	474,787
Canceled accounts payable prior year								1,913	
Prior year tuition adjustment							(294,815)		
Prior year depreciation adjustment					968,961	-			
Total governmental activities	<u>26,660,188</u>	<u>27,555,923</u>	<u>29,350,769</u>	<u>29,944,692</u>	<u>32,802,963</u>	<u>35,919,772</u>	<u>53,655,199</u>	<u>29,547,686</u>	<u>41,050,108</u>
Business-type activities:									
Investment earnings	2,209	2,012	6,775	13,433	14,392	10,886	3,953	6,621	9,906
Transfers									
Total business-type activities	<u>2,209</u>	<u>2,012</u>	<u>6,775</u>	<u>13,433</u>	<u>14,392</u>	<u>10,886</u>	<u>3,953</u>	<u>6,621</u>	<u>9,906</u>
Total district-wide	<u>26,662,397</u>	<u>27,557,935</u>	<u>29,357,544</u>	<u>29,958,125</u>	<u>32,817,355</u>	<u>35,930,658</u>	<u>53,659,152</u>	<u>29,554,307</u>	<u>41,060,014</u>
Change in Net Assets									
Governmental activities	(931,766)	(1,578,524)	(317,433)	(2,641,874)	2,130,629	2,182,712	15,355,479	(10,332,613)	1,482,417
Business-type activities	(19,958)	42,347	(34,226)	130,200	(49,815)	33,207	84,930	129,511	78,172
Total district	<u>(951,724)</u>	<u>(1,536,177)</u>	<u>(351,659)</u>	<u>(2,511,674)</u>	<u>2,080,814</u>	<u>2,215,919</u>	<u>15,440,409</u>	<u>(10,203,102)</u>	<u>1,560,589</u>

The District converted to GASB 34 in 2003, therefore only nine years are presented

Source: CAFR Schedule A-2

TOWN OF HAMMONTON SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Nine Fiscal Years
Unaudited

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	1,072	15,570	57,506	1,147	48,638	623,123	3,884,621	5,706,667	6,951,409
Unreserved	127,376	(129,824)	(796,362)	(2,527,337)	(1,475,707)	318,301	(775,524)	(609,351)	(361,174)
Total general fund	<u>128,448</u>	<u>(114,254)</u>	<u>(738,856)</u>	<u>(2,526,190)</u>	<u>(1,427,069)</u>	<u>941,424</u>	<u>3,109,097</u>	<u>5,097,316</u>	<u>6,590,235</u>
All Other Governmental Funds									
Reserved	141,908	65,641	43,839	1,707,273	257,409	72,632	2,232,790	1,737,244	1,711,707
Unreserved, reported in:									
Special revenue fund	(94,012)	(89,166)	(89,166)	(89,166)	(89,166)	(110,054)	(45,752)	(46,531)	(48,032)
Capital projects fund									
Debt service fund	16,930	18,495	(9,717)	18,835	34,288	53,763			
Permanent fund									
Total all other governmental funds	<u>64,826</u>	<u>(5,030)</u>	<u>(55,044)</u>	<u>1,636,942</u>	<u>202,531</u>	<u>16,341</u>	<u>2,187,038</u>	<u>1,690,713</u>	<u>1,663,675</u>

The District converted to GASB 34 in 2003, therefore only nine years are presented

Source: CAFR Schedule B-1

TOWN OF HAMMONTON SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Nine Fiscal Years
Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Tax levy	10,984,961	12,158,674	13,614,197	14,881,618	16,053,492	16,642,570	17,023,409	17,211,528	17,330,874
Tuition charges	7,894,502	8,458,423	8,147,795	7,581,076	6,734,504	9,673,374	10,332,988	10,935,928	11,004,932
Transportation fees from other LEA's	-	-	-	96,898	-	372,546	374,232	268,006	108,608
Authorized bond proceeds	-	-	-	-	-	-	13,680,341	-	-
Premium on BANS	-	-	-	-	-	-	-	86,725	-
Interest earnings	17,473	19,337	38,461	90,020	176,431	104,908	29,673	82,818	136,986
Miscellaneous	554,569	34,772	89,490	72,160	1,568,078	107,638	555,375	148,088	474,787
Local sources	-	-	-	-	-	-	845	15,090	24,821
State sources	10,082,827	10,820,115	11,616,328	11,775,958	12,999,729	15,296,007	15,495,103	14,066,255	15,324,843
Federal sources	1,058,724	1,280,934	1,456,364	1,449,637	1,513,622	1,451,962	1,337,221	4,015,534	2,118,677
Total revenue	30,593,056	32,772,255	34,962,635	35,947,367	39,045,856	43,649,005	58,829,187	46,829,972	46,524,528
Expenditures									
Instruction									
Regular Instruction	11,291,159	11,053,740	12,155,534	13,578,326	13,632,222	14,263,014	14,514,741	15,737,602	16,000,702
Special education instruction	2,190,418	2,054,334	2,346,714	2,397,677	2,641,398	2,411,048	2,715,445	2,768,922	2,775,736
Other instruction	751,219	623,794	610,208	755,111	737,417	789,801	917,775	984,650	832,708
Support Services:									
Tuition	1,415,031	1,085,108	739,690	343,318	444,086	530,869	480,244	430,965	562,886
Student & instruction related services	2,537,508	2,786,728	2,857,850	3,432,870	3,012,741	3,454,749	3,855,442	4,288,327	3,987,763
General administrative services	719,063	681,934	606,880	705,599	803,757	858,373	940,582	838,312	751,321
School Administrative services	1,587,246	1,417,330	1,439,817	1,335,520	1,742,670	2,048,926	1,884,748	2,055,120	1,862,916
Plant operations and maintenance	2,587,102	2,427,919	2,805,954	2,942,269	2,844,734	3,096,687	3,981,895	3,868,452	3,143,460
Pupil transportation	1,393,376	1,209,841	1,092,639	1,397,610	844,777	1,428,176	1,480,764	1,571,381	1,576,219
Business administrative services	547,250	511,688	1,718,256	1,674,694	936,446	916,767	1,044,682	907,958	654,854
Unallocated employee benefits	5,050,907	6,245,165	7,307,014	7,626,474	8,526,050	9,270,248	8,526,385	9,598,786	9,348,170
Capital outlay	920,322	1,579,184	509,985	1,018,824	1,791,581	1,240,699	12,198,110	983,768	1,303,782
Debt service:									
Principal	13,953	368,953	424,953	444,953	464,953	624,953	649,953	643,953	1,270,000
Interest and other charges	1,355,965	1,039,095	1,021,757	1,003,470	986,860	1,032,392	1,005,236	976,798	1,139,830
Total expenditures	32,360,519	33,084,813	35,637,251	38,656,715	39,409,692	41,966,702	54,196,002	45,654,994	45,210,347
Excess (Deficiency) of revenues over (under) expenditures	(1,767,463)	(312,558)	(674,616)	(2,709,348)	(363,836)	1,682,303	4,633,185	1,174,978	1,314,181
Other Financing sources (uses)									
Prior year tuition adjustment	-	-	-	-	-	-	(294,815)	-	-
Canceled accounts payable prior year	-	-	-	-	-	-	-	1,913	-
Capital leases (non-budgeted)	173,930	-	-	-	28,500	-	-	315,003	151,700
Increase in Maintenance Reserve	-	-	-	-	-	500,000	-	-	-
Sale of Assets	599,881	-	-	-	-	-	-	-	-
Sale Leaseback of Textbooks	925,000	-	-	-	-	-	-	-	-
Bond proceeds	250,000	-	-	2,614,000	-	-	-	-	-
Transfers in	6,130	1,565	4,683	28,552	84,287	92,107	-	93,176	818,799
Transfers out	(6,130)	(1,565)	(4,683)	(28,552)	(84,287)	(92,107)	-	(93,176)	(818,799)
Total other financing sources (uses)	1,948,811	-	-	2,614,000	28,500	500,000	(294,815)	316,916	151,700
Net change in fund balances	181,348	(312,558)	(674,616)	(95,348)	(335,336)	2,182,303	4,338,370	1,491,894	1,465,881
Debt service as a percentage of noncapital expenditures	4.36%	4.47%	4.12%	3.85%	3.86%	4.07%	3.94%	3.63%	5.49%

The District converted to GASB 34 in 2003, therefore only nine years are presented

Source: CAFR Schedule B-2

TOWN OF HAMMONTON SCHOOL DISTRICT
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Transportation Fees from other LEA's	Misc.	Total
2002	30,158	3,066,240		144,870	3,241,268
2003	19,975	7,894,502		428,917	8,343,394
2004	17,772	8,458,423		34,102	8,510,297
2005	38,461	8,147,795		89,490	8,275,746
2006	90,020	7,581,076	96,898	72,160	7,840,154
2007	176,431	6,734,504		1,568,078	8,479,013
2008	104,908	9,673,374	372,546	107,638	10,258,466
2009	29,673	10,332,988	374,232	556,220	11,293,113
2010	82,818	10,935,928	268,006	148,088	11,434,840
2011	136,986	11,004,932	108,608	474,787	11,725,313

Source: District Records

TOWN OF HAMMONTON SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2002	20,998,600	463,866,100	23,272,600	5,925,600	126,982,900	21,455,100	8,382,600	670,883,500	1,785,300	6,404,009	675,502,209	1.626	707,776,833
2003	22,368,400	484,670,600	23,451,400	5,926,000	130,540,600	21,094,800	7,685,100	695,736,900	-	6,646,577	702,383,477	1.731	740,052,130
2004	27,054,400	500,554,400	22,584,100	5,867,000	142,115,200	21,001,100	7,692,700	726,868,900	7,442,300	6,133,153	725,559,753	1.876	825,343,821
2005	23,939,500	533,381,500	22,279,600	5,764,500	142,374,700	21,007,300	7,708,100	756,455,200	5,254,100	5,426,724	756,627,824	1.967	924,294,923
2006	21,518,400	567,908,100	22,690,900	5,980,700	140,103,800	21,031,700	7,708,100	786,941,700	3,573,400	4,280,750	787,649,050	2.038	1,162,989,293
2007	19,674,500	590,584,400	23,686,300	5,889,800	145,483,600	21,031,700	7,732,900	814,083,200	1,332,300	3,778,874	816,529,774	2.039	1,363,394,393
2008	19,334,600	607,801,900	23,043,600	5,842,900	147,236,700	23,512,800	7,732,900	834,505,400	2,879,100	3,605,816	835,232,116	2.038	1,493,581,717
2009	18,665,200	614,622,900	23,667,400	5,821,900	153,108,200	20,219,400	7,732,900	843,837,900	2,686,000	3,310,989	844,462,889	2.038	1,560,289,186
2010	18,359,200	617,744,600	23,051,900	5,877,300	156,430,100	20,219,400	7,732,900	849,415,400	2,592,500	3,490,780	850,313,680	2.038	1,485,264,070
2011	18,128,500	620,302,800	21,771,600	5,726,000	155,236,500	20,290,700	7,732,900	849,189,000	2,228,800	3,086,138	850,046,338	2.038	1,528,585,395

Source: District records Tax list summary & Municipal Tax Assessor

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 ordered by the County Board of Taxation

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

b Tax rates are per \$100

TOWN OF HAMMONTON SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Rate per \$100 of Assessed Value
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Town of Hammonton Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General		Town of Hammon- ton	Atlantic County	
		Obligation Debt Service ^b	Total Direct			
2002	1.439	0.187	1.626	0.700	0.530	2.856
2003	1.542	0.189	1.731	0.730	0.540	3.001
2004	1.680	0.197	1.876	0.740	0.510	3.126
2005	1.779	0.188	1.967	0.740	0.510	3.217
2006	1.844	0.194	2.038	0.751	0.539	3.328
2007	1.873	0.166	2.039	0.755	0.513	3.307
2008	1.872	0.166	2.038	0.760	0.519	3.317
2009	1.865	0.173	2.038	0.761	0.559	3.358
2010	1.867	0.171	2.038	0.765	0.562	3.365
2011	1.867	0.171	2.038	0.769	0.656	3.463

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

- 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.

TOWN OF HAMMONTON
Principal Property Tax Payers,
Current Year and Nine Years Ago
Unaudited

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Kramer Beverage RE LLC	6,500,000	1	0.76%			
FR Grand Ave LLC	6,500,000	2	0.76%			
Alanlitt Exchange Hammonton LLC	6,200,000	3	0.73%			
Rt 206 Inc.	6,065,300	4	0.71%			
1001 Grand St Investors LLC	5,254,600	5	0.62%			
Hammonton Realty Associates LLC	5,186,100	6	0.61%			
Wal-Mart RE Bus Trst	4,764,700	7	0.56%			
Peachtree LLC	3,440,600	8	0.40%			
Wm B Kessler Memorial Hospital	2,640,000	9	0.31%			
Bellevue Prop Group LLC	2,457,500	10	0.29%			
Zirbser - Greenbriar Inc				6,601,600	1	1.01%
999 Grand Ave Assoc				6,056,700	2	0.92%
Rt 206 Inc				5,614,000	3	0.86%
Gladstone Corporation				5,186,100	4	0.79%
1001 Grand Ave Assoc				4,673,700	5	0.71%
Wal-mart Stores Inc				4,553,200	6	0.69%
Peachtree LLC				3,353,100	7	0.51%
Rucha Corp				2,429,700	8	0.37%
Blueberry Crossing Vision Properties				2,194,200	9	0.33%
Hammonton 1 LLC				2,429,700	10	0.37%
Total	<u><u>49,008,800</u></u>		<u><u>5.77%</u></u>	<u><u>43,092,000</u></u>		<u><u>6.56%</u></u>

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Source: District CAFR & Municipal Tax Assessor
 District Total Taxable Value

TOWN OF HAMMONTON
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	9,961,945	9,961,945	100%	
2003	10,984,961	10,984,961	100%	
2004	12,158,674	12,158,674	100%	
2005	13,614,197	13,614,197	100%	
2006	14,881,618	14,881,618	100%	
2007	16,053,492	16,053,492	100%	
2008	16,642,570	16,642,570	100%	
2009	17,023,409	17,023,409	100%	
2010	17,211,528	17,211,528	100%	
2011	17,330,874	17,330,874	100%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: 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, which is the amount voted upon or certified prior to the end of the school year.

TOWN OF HAMMONTON SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2002	21,722,624		6,422,648			28,145,272	0.117%	32,851
2003	21,736,577		6,683,531			28,420,108	0.118%	33,623
2004	21,519,718		5,338,330			26,858,048	0.129%	34,671
2005	21,094,765		3,905,935			25,000,700	0.143%	35,826
2006	23,263,812		2,483,303			25,747,115	0.144%	37,194
2007	23,287,859		1,246,554			24,534,413	0.157%	38,553
2008	22,662,906		372,816			23,035,722	0.173%	39,923
2009	22,012,953		125,214			22,138,167	0.177%	39,156
2010	33,314,000		341,965	7,100,000		40,755,965	0.096%	39,156
2011	32,544,000		353,143			32,897,143	0.119%	39,156

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding. Also includes funds in the amount of \$6,600,000 used to retire Bond Anticipation Notes.

TOWN OF HAMMONTON
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2002	21,722,624	-	21,722,624	3.22%	1,701
2003	21,736,577	-	21,736,577	3.09%	1,685
2004	21,256,000	-	21,256,000	2.93%	1,618
2005	20,881,000	-	20,881,000	2.76%	1,554
2006	23,100,000	-	23,100,000	2.93%	1,716
2007	23,174,000	-	23,174,000	2.84%	1,721
2008	22,599,000	-	22,599,000	2.71%	1,683
2009	21,999,000	-	21,999,000	2.61%	1,639
2010	33,314,000	-	33,314,000	3.92%	2,643
2011	32,544,000	-	32,544,000	3.83%	2,582

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

TOWN OF HAMMONTON
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2011
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Town of Hammonton	25,846,498	100.00%	25,846,498
Other debt			
Atlantic County	137,077,871	3.10%	<u>4,249,414</u>
Subtotal, overlapping debt			30,095,912
Town of Hammonton School District Direct Debt		100.00%	<u>32,897,143</u>
Total direct and overlapping debt			<u><u>62,993,055</u></u>

Sources: Town of Hammonton Finance Officer, Atlantic County Finance Office and Utility Authorities

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 Hammonton. 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.

TOWN OF HAMMONTON SCHOOL DISTRICT
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2010	1,522,788,887
2009	1,469,260,961
2008	1,542,619,737
[A]	<u><u>4,534,669,585</u></u>

Average equalized valuation of taxable property	[A/3]	1,511,556,528
Debt limit (4 % of average	[B]	60,462,261 ^a
Net bonded school debt	[C]	<u>32,544,000</u>
Legal debt margin	[B-C]	<u><u>27,918,261</u></u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	26,355,485	27,080,671	28,654,197	31,437,254	36,632,790	31,904,554	51,366,979	57,358,013	59,620,835	60,462,261
Total net debt applicable to limit	<u>21,722,624</u>	<u>21,708,671</u>	<u>21,256,000</u>	<u>20,881,000</u>	<u>23,100,000</u>	<u>23,174,000</u>	<u>22,599,000</u>	<u>21,999,000</u>	<u>33,314,000</u>	<u>32,544,000</u>
Legal debt margin	<u><u>4,632,861</u></u>	<u><u>5,372,000</u></u>	<u><u>7,398,197</u></u>	<u><u>10,556,254</u></u>	<u><u>13,532,790</u></u>	<u><u>8,730,554</u></u>	<u><u>28,767,979</u></u>	<u><u>35,359,013</u></u>	<u><u>26,306,835</u></u>	<u><u>27,918,261</u></u>
Total net debt applicable to the limit as a percentage of debt limit	82.42%	80.16%	74.18%	66.42%	63.06%	72.64%	44.00%	38.35%	55.88%	53.83%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

TOWN OF HAMMONTON SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2002	12,666	416,091	32,851	5.60%
2003	12,769	429,332	33,623	5.90%
2004	12,897	447,152	34,671	5.10%
2005	13,138	470,682	35,826	6.50%
2006	13,441	499,925	37,194	6.50%
2007	13,458	518,846	38,553	7.20%
2008	13,466	537,603	39,923	7.20%
2009	13,424	525,630	39,156	8.90%
2010	12,604	493,522	39,156	15.60%
2011	12,604	493,522	39,156	16.00%

Source:

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

b Personal income is calculated by multiplying per capita income by the population

c Per Capita Income US Department of Commerce, Bureau of Economic Analysis

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

TOWN OF HAMMONTON SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction										
Regular	184.6	168.7	170.0	186.6	186.6	202.0	206.0	213.0	213.0	208.0
Special education	38.2	40.0	47.0	48.8	48.8	64.0	81.0	95.0	96.0	86.0
Other special education										
Vocational	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition										
Student & instruction related services			43.0	43.0	57.0	49.5	36.0	42.0	45.0	42.0
General administrative services			4.0	4.0	4.5	4.0	4.0	6.5	6.0	4.8
School administrative services			23.0	23.0	22.5	22.5	31.0	32.5	33.0	24.0
Business administrative services			9.0	10.0	11.0	9.0	9.0	11.5	10.0	8.0
Plant operations and maintenance			33.5	33.5	33.5	28.0	42.5	47.5	45.5	44.0
Pupil transportation			50.0	50.0	50.0	37.0	37.5	36.5	41.0	39.0
Special Schools										
Food Service			17	17	17	18	17	18.5	19.5	19.5
Child Care			1	1	1	1	1	4	4	4
Total	<u>224</u>	<u>210</u>	<u>399</u>	<u>418</u>	<u>433</u>	<u>436</u>	<u>466</u>	<u>508</u>	<u>514</u>	<u>481</u>

Source: District Personnel Records

Information for support services for 2002 and 2003 was not available.

TOWN OF HAMMONTON SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2002	2,491	9,686,033	3,888		224	1:16	1:10	1:11	2,491	2,341	16.46%	93.98%
2003	3,113	31,018,738	9,964	156.26%	210	1:15	1:13	1:13	3,113	2,908	24.97%	93.41%
2004	3,254	32,149,468	9,880	-0.85%	399	1:21	1:13	1:11	3,241	3,035	4.11%	93.64%
2005	3,305	34,646,525	10,483	6.10%	418	1:15	1:12	1:14	3,301	3,069	1.85%	92.97%
2006	3,362	37,633,511	11,194	6.78%	433	1:15	1:12	1:14	3,367	3,133	2.00%	93.05%
2007	3,284	36,445,075	11,098	-0.86%	436	1:15	1:12	1:14	3,294	3,071	-2.16%	93.22%
2008	3,266	40,435,198	12,381	11.56%	466	1:15	1:12	1:14	3,265	3,057	-3.03%	93.63%
2009	3,395	42,194,457	12,428	11.99%	508	1:15	1:12	1:14	3,362	3,143	2.06%	93.49%
2010	3,434	44,385,958	12,925	4.40%	514	1:15	1:12	1:14	3,420	3,179	4.75%	92.95%
2011	3,534	43,738,546	12,376	-0.03%	481	1:15	1:12	1:14	3,521	3,280	7.84%	93.16%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-2
- 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).

TOWN OF HAMMONTON SCHOOL DISTRICT
School Building Information
Last Six Fiscal Years
Unaudited

	2006	2007	2008	2009	2010	2011
<u>District Building</u>						
<u>Early Childhood Learning Center</u>						
(2001)						
Square Feet	35,365	35,365	35,365	35,365	35,365	35,365
Capacity (students)	500	500	500	500	500	500
Enrollment	492	497	499	418	432	424
<u>Elementary</u>						
(1973)						
Square Feet	97,240	97,240	97,240	97,240	97,240	97,240
Capacity (students)	1,464	1,464	1,464	1,464	1,464	1,464
Enrollment	875	846	648	809	840	908
<u>Middle School</u>						
(1965)						
Square Feet	109,950	109,950	109,950	109,950	109,950	109,950
Capacity (students)	1,604	1,604	1,604	1,604	1,604	1,604
Enrollment	643	648	816	849	827	815
<u>High School</u>						
(2002)						
Square Feet	190,641	190,641	190,641	190,641	190,641	190,641
Capacity (students)	1,850	1,850	1,850	1,850	1,850	1,850
Enrollment	1,355	1,293	1,303	1,319	1,335	1,387
<u>Other</u>						
Transportation						
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000

Number of Schools at June 30, 2011

Early Learning Center = 1
Elementary = 1
Middle School = 1
High School = 1
Other = 3

Source: District records, ASSA

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.

Information for years 2002 through 2005 was not available.

TOWN OF HAMMONTON SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-XXX

School Facilities	Project # (s)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
High School	SP99341L	85,071	0	73,057	139,242	111,121	99,644	134,785	330,661	147,195	286,799
Middle School	N/A	0	87,360	42,134	80,305	65,948	59,132	79,985	196,224	94,181	110,111
Elementary School	N/A	72,126	74,066	35,347	67,370	55,171	49,470	66,916	164,161	56,446	74,101
Early Childhood Center	SP99343	27,741	28,487	13,553	25,831	21,298	19,097	25,832	63,370	37,553	38,188
Total School Facilities		<u>184,938</u>	<u>189,913</u>	<u>164,091</u>	<u>312,748</u>	<u>253,538</u>	<u>227,342</u>	<u>307,518</u>	<u>754,416</u>	<u>335,375</u>	<u>509,199</u>
Other Facilities											
Grand Total		<u>184,938</u>	<u>189,913</u>	<u>164,091</u>	<u>312,748</u>	<u>253,538</u>	<u>227,342</u>	<u>307,518</u>	<u>754,416</u>	<u>335,375</u>	<u>509,199</u>

TOWN OF HAMMONTON SCHOOL DISTRICT

Insurance Schedule

June 30, 2011

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Assoc. Insurance Group - Cape May Atlantic Insurance Pool		
Property Package	95,093,156	5,000
Environmental Package	1,000,000	10,000
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Business Income/Tuition	10,700,000	5,000
EDP	500,000	1,000
Equipment Breakdown	100,000,000	5,000
General Liability	11,000,000	0
Automobile Liability	11,000,000	0
Auto Phys. Damage	ACV Basis	1,000
Auto Phys. Damage	Replacement Cost	0
Workers' Compensation and Supplemental Indemnity		0
Workers' Compensation Part #1	Statutory	
Employers' Liability Part #2		
Each Accident/Each Employee/Limit by Disease	2,000,000	
School Leaders Errors and Omissions Liability		
Coverage A	6,000,000	5,000
Coverage B	100,000/300,000	5,000
Surety Bond - RLI Insurance Company	25,000	
Business Administrator - Barbara S. Prettyman		

Source: District Records.

Single Audit Section

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

November 10, 2011

**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**

The Honorable President and
Members of the Board of Education
Town of Hammonton School District
County of Atlantic, New Jersey

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 Town of Hammonton School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education of the Town of Hammonton's basic financial statements and have issued our report thereon dated November 10, 2011. We conducted our audit 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; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Hammonton Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hammonton Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Hammonton Board of Education'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 a 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 Town of Hammonton Board of Education'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 audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the Town of Hammonton Board of Education, the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

November 10, 2011

**INDEPENDENT AUDITOR'S 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**

The Honorable President and
Members of the Board of Education
Town of Hammonton School District
County of Atlantic, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, 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 State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011. The Town of Hammonton Board of Education's major federal and state programs are identified in the summary of auditor's 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 Town of Hammonton Board of Education's management. Our responsibility is to express an opinion on the Town of Hammonton Board of Education'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 Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's 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's 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Town of Hammonton Board of Education'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 of the Town of Hammonton Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Management of the Board of Education of the Town of Hammonton School 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 Town of Hammonton Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or 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 NJ 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 Town of Hammonton Board of Education's internal control over compliance.

A deficiency in internal control over compliance 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 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 the 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 deficiency in internal control over compliance that we consider to be a material weakness, as defined above.

This report is intended for the information and use of the audit committee, management, the Town of Hammonton Board of Education, the New Jersey State Department of Education, and other 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. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

TOWN OF HAMMONTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance 6/30/10	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments for Prior Year Cancelled Encumbrances	Deferred Revenue 6/30/11	(Accounts Receivable) 6/30/11	Due to Grantor at 6/30/11
U.S. Department of Education												
General Fund:												
Education Jobs Fund	84.410A	ARRA 11	441,411	08/10/10-09/30/12			64,572	(72,570)			(7,998)	
Medical Assistance Program	93.778	N/A	55,538	07/01/10-06/30/11			31,357	(46,635)			(15,278)	
Medical Assistance Program	93.778	N/A	50,246	07/01/09-06/30/10	(10,285)		10,285					
Total General Fund					(10,285)	-	106,214	(119,205)	-	-	(23,276)	-
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Enterprise Fund:												
Food Distribution Program	10.550	N/A	\$64,930	07/01/10-06/30/11		2,632	64,930	(64,486)		3,076		
Food Distribution Program	10.550	N/A	79,493	07/01/09-06/30/10	\$2,632	(2,632)						
National School Lunch Program	10.555	N/A	480,616	07/01/10-06/30/11			447,818	(480,616)			(32,798)	
National School Lunch Program	10.555	N/A	419,092	07/01/09-06/30/10	(26,277)		26,277					
School Snack Program	10.555	N/A	926	07/01/10-06/30/11			926	(926)				
School Snack Program	10.555	N/A	2,430	07/01/09-06/30/10	(65)		65					
School Breakfast Program	10.553	N/A	87,962	07/01/10-06/30/11			80,719	(87,962)			(7,243)	
School Breakfast Program	10.553	N/A	78,877	07/01/09-06/30/10	(5,810)		5810					
Total Enterprise Fund					(29,520)	-	626,545	(633,990)	-	3,076	(40,041)	-
U.S. Department of Education												
Passed-through State Department of Education:												
Special Revenue Fund:												
No Child Left Behind (N.C.L.B.)												
Title I	84.010	NCLB-1960-11	658,665	09/01/10-08/31/11			269,263	(491,813)			(222,550)	
Title I, Carryover	84.010	NCLB-1960-10	602,832	09/01/09-08/31/10	(236,938)		331,942	(111,507)			(16,503)	
ARRA - Title I, Part A	84.389	ARRA-1960-10	189,307	09/01/09-08/31/11	(19,140)		93,815	(89,475)			(14,800)	
Title I, School Improvement Act, Carryover	84.010	NCLB-1960-10	20,319	09/01/09-08/31/10	(24,670)		29,673	(5,446)			(443)	
ARRA - Title I, School Improvement Act	84.389	ARRA-1960-10	8,285	09/01/09-08/31/11	-		453	(453)				
Title II, Part A	84.367	NCLB-1960-11	95,918	09/01/10-08/31/11			57,666	(89,212)			(31,546)	
Title II, Part A, Carryover	84.367	NCLB-1960-10	92,222	09/01/09-08/31/10	(36,176)		36,752	(2,198)			(1,622)	
Title II, Part D	84.318	NCLB-1960-11	1,734	09/01/10-08/31/11			585	(286)				
Title II, Part D, Carryover	84.318	NCLB-1960-10	6,006	09/01/09-08/31/10	(4,918)		5,932	(1,515)	(49)	299	(550)	
Title III, English Lang Enhancement	84.365A	NCLB-1960-11	54,381	09/01/10-08/31/11			14,843	(25,531)			(10,688)	
Title III, Eng Lang Enhance, Carryover	84.365A	NCLB-1960-10	42,616	09/01/09-08/31/10	(18,663)		20,470	(2,827)			(1,020)	
Title IV, Carryover	84.186	NCLB-1960-10	11,873	09/01/09-08/31/10	(8,735)		8,804	(4,556)			(4,556)	
Title V, Carryover	84.298A	NCLB-1960-09	4,675	09/01/07-08/31/08	621				(621)			
IDEA Part B, Basic Regular	84.027A	FT-1960-11	644,550	09/01/10-08/31/11			395,572	(564,255)			(168,683)	
IDEA Part B, Basic Reg, Carryover	84.027A	FT-1960-10	631,143	09/01/09-08/31/10	(261,189)		344,087	(126,290)			(43,392)	
ARRA - IDEA Part B, Basic	84.391A	ARRA-1960-10	758,169	09/01/09-08/31/11	(206,069)		591,406	(402,832)			(17,495)	
IDEA Part B, Preschool	84.173	FT-1960-11	22,924	09/01/10-08/31/11			16,046	(22,924)			(6,878)	
IDEA Part B, Preschool, Carryover	84.173	FT-1960-10	21,709	09/01/09-08/31/10	(6,905)		12,673	-	(5,129)			639
ARRA - IDEA Part B, Preschool	84.392A	ARRA-1960-10	27,334	09/01/09-08/31/11	(3,757)		19,560	(19,818)			(4,015)	
Carl D. Perkins, Secondary	84.048	PERK-1960-11	51,884	07/01/10-06/30/11			39,684	(51,884)			(12,200)	
Carl D. Perkins, Secondary	84.048	PERK-1960-10	49,039	07/01/09-06/30/10	(15,817)		15,817					
Total Special Revenue Fund					(842,356)	0	2,305,043	(2,012,822)	(5,868)	299	(556,941)	639
Total Federal Financial Assistance					(882,161)	-	3,037,802	(2,766,017)	(5,868)	3,375	(620,258)	639

TOWN OF HAMMONTON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance 6/30/10	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments for Prior Year Cancelled Encumbrances	Balance at June 30, 2011			MEMO		
									(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund:														
Equalization Aid	11-495-034-5120-078	\$10,013,456	07/01/10-06/30/11			10,013,456	(10,013,456)						921,892	10,013,456
Special Education Aid	11-495-034-5120-089	1,263,188	07/01/10-06/30/11			1,263,188	(1,263,188)						116,296	1,263,188
Special Education Extraordinary Aid	11-100-034-5120-473	101,974	07/01/10-06/30/11				(101,974)		(101,974)					101,974
Special Education Extraordinary Aid	10-100-034-5120-473	129,363	07/01/09-06/30/10	(\$129,363)		129,363								
Nonpublic Transportation Aid	11-495-034-5120-044	5,220	07/01/10-06/30/11				(5,220)		(5,220)					5,220
Nonpublic Transportation Aid	10-495-034-5120-044	5,356	07/01/09-06/30/10	(5,356)		5,356								0
TPAF Wage Freeze Allocation	11-495-034-5095-002	3,932	07/01/10-06/30/11				(3,932)		(3,932)					3,932
On-Behalf TPAF Non-Contrib. Insurance	11-495-034-5095-006	58,330	07/01/10-06/30/11			58,330	(58,330)							58,330
On-Behalf TPAF Pension Contributions														
Post Retirement Medical Reimbursed TPAF	11-495-034-5095-001	1,238,927	07/01/10-06/30/11			1,238,927	(1,238,927)							1,238,927
Social Security Contributions Reimbursed TPAF	11-495-034-5095-002	1,431,112	07/01/10-06/30/11			1,361,159	(1,431,112)		(69,953)					1,431,112
Social Security Contributions	10-495-034-5095-002	1,476,105	07/01/09-06/30/10	(72,826)		72,826								
Total General Fund				(207,545)	0	14,142,605	(14,116,139)	0	(181,079)	0	0	1,038,188	14,116,139	
Special Revenue Fund:														
Preschool Education Aid	11-495-034-5120-086	480,320	07/01/10-06/30/11			480,320	(340,510)			139,810			48,032	340,510
N.J. Nonpublic Aid:														
Textbook Aid	11-100-034-5120-064	42,403	07/01/10-06/30/11			42,403	(41,192)				1,211			41,192
Textbook Aid	10-100-034-5120-064	55,140	07/01/09-06/30/10	1,478				(1,478)						
Nursing Aid	11-100-034-5120-070	50,243	07/01/10-06/30/11			50,243	(50,243)					0		50,243
Auxiliary Services:														
Compensatory Education	11-100-034-5120-067	166,617	07/01/10-06/30/11			166,617	(160,756)				5,861			160,756
Compensatory Education	10-100-034-5120-067	174,665	07/01/09-06/30/10	6,717				(6,717)						
Transportation	11-100-034-5120-068	25,980	07/01/10-06/30/11			25,980	(25,979)					1		25,979
Transportation	10-100-034-5120-068	34,462	07/01/09-06/30/10	3				(3)						
Home Instruction	11-100-034-5120-067	714	07/01/10-06/30/11			0	(714)		(714)					714
Home Instruction	10-100-034-5120-067	435	07/01/09-06/30/10	(435)		435								
English as a Second Language	11-100-034-5120-067	768	07/01/10-06/30/11			768	(768)							768
Handicapped Services:														
Examination & Classification	11-100-034-5120-066	66,979	07/01/10-06/30/11			66,979	(48,967)					18,012		48,967
Examination & Classification	10-100-034-5120-066	49,196	07/01/09-06/30/10	755				(755)						
Corrective Speech	11-100-034-5120-066	26,599	07/01/10-06/30/11			26,599	(24,252)					2,347		24,252
Corrective Speech	10-100-034-5120-066	48,422	07/01/09-06/30/10	19,718				(19,718)						
Supplemental Instruction	11-100-034-5120-066	31,267	07/01/10-06/30/11			31,267	(29,878)					1,389		29,878
Supplemental Instruction	10-100-034-5120-066	29,787	07/01/09-06/30/10	17				(17)						
Total Special Revenue Fund				28,253	0	891,611	(723,259)	(28,688)	(714)	139,810	28,821	48,032	723,259	
State Department of Education														
Debt Service Fund	11-495-034-5120-017	295,696	07/01/10-06/30/11			295,696	(295,696)							295,696
State Department of Agriculture														
Enterprise Fund:														
State Breakfast Program	10-100-010-3360-021	5,864	07/01/09-06/30/10	(417)		417								
State School Lunch Program	11-100-010-3360-023	15,350	07/01/10-06/30/11			13,581	(15,350)		(1,769)					15,350
State School Lunch Program	10-100-010-3360-023	20,979	07/01/09-06/30/10	(1,279)		1,279								
Total State Financial Assistance				(\$180,988)	0	15,345,189	(15,150,444)	(28,688)	(183,562)	139,810	28,821	1,086,220	15,150,444	

The Accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

Town of Hammonton School District
Notes to the Schedules of Financial Assistance
June 30, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Town of Hammonton School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and 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 Board's basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or 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 audit 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 with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from budgetary basis to GAAP basis is \$191,250 for the general fund and \$(14,851) for the special revenue fund. See the following schedules and Note 1(E)9 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. There are no differences in the reporting of the food service or debt service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

Town of Hammonton School District
Notes to the Schedules of Financial Assistance
June 30, 2011

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
State Assistance:			
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance	\$14,116,139	723,259	14,839,398
 Difference – budget to “GAAP” Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
 The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	191,250	(1,501)	189,749
 Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$14,307,389</u>	<u>721,758</u>	<u>15,029,147</u>

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 119,205	14,307,389	14,426,594
Special Revenue Fund	\$1,999,472	721,758	2,721,230
Debt Service Fund		295,696	295,696
Food Service Fund	633,990	15,350	649,340
 Total Awards and Financial Assistance	<u>\$2,752,667</u>	<u>15,340,193</u>	<u>18,092,860</u>

**Town of Hammonton School District
Notes to the Schedules of Financial Assistance
June 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Federal Assistance:			
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of Federal Awards	\$119,205	2,012,822	2,132,027
Difference – budget to “GAAP” Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(13,350)	(13,350)
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	<u>\$119,205</u>	<u>1,999,472</u>	<u>2,118,677</u>

NOTE 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.

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amounts reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2011.

NOTE 6. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate Federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditure of Federal Awards. The district does not operate any schoolwide programs.

**TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified Opinion

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? _____ yes X no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027	IDEA
10.555	National School Lunch
84.553	National School Breakfast Program
84.389	ARRA Title I
84.391	ARRA IDEA
84.392	ARRA IDEA Preschool
84.173	IDEA Preschool

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00
 Auditee qualified as low-risk auditee? X yes _____ no

**TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 415,596

Auditee qualified as low-risk auditee? X yes _____ no

Internal control over major programs:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified that
are not considered to be material
weaknesses? _____ yes X no

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

Any audit findings disclosed that are required to
be reported in accordance with NJOMB
Circular Letter 04-04 _____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
11-495-034-5120-078	Equalization Aid
11-495-034-5095-002	TPAF Wage Freeze Allocation
11-495-034-5095-002	Reimbursement TPAF Social Security
11-495-034-5120-089	Special Education Categorical Aid

TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

Finding: NONE

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs: None

Context:

Effect:

Cause:

Recommendation:

Management's response:

**TOWN OF HAMMONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

STATE FINANCIAL ASSISTANCE

Finding: NONE

Program

Criteria or specific requirement:

Condition:

Questioned Costs: None

Context:

Effect:

Cause:

Recommendation:

Management's response:

**TOWN OF HAMMONTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, U.S. OMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR - YEAR FINDINGS

Financial Statement Findings:

None