

Comprehensive Annual Financial Report

of the

Hamilton Township Board of Education

Mays Landing, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

Hamilton Township Board of Education

Finance Department

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Introductory Section



Hamilton Township School District

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November 16, 2016

Honorable President and
Members of the Board of Education
Hamilton Township Public Schools
County of Atlantic, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Hamilton Township School District for the fiscal year ended June 30, 2016, 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 are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds 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 general-purpose financial statements and schedules, 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 U.S. Office of Management and Budget Circular Uniform Guidance Revised, "Audits of States, Local Governments, and Non-Profit Organizations," and the State Treasury OMB Circular Letter 15-08, "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, is included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Hamilton Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Hamilton Township Board of Education and all its schools constitute the District's reporting entity.

All Children Can Learn!  **All Children Can Succeed!**

The District provides a full range of educational services and programs appropriate to grade levels pre-kindergarten (three and four year olds) through eight. These include general education, bilingual and ESL, gifted and talented, basic skills, and special education for special needs youngsters. The following details the changes in the student enrollment of the District over the last six years:

Annual October 15 Student Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	3,023	-0.30%
2014-2015	3,034	-0.90%
2013-2014	3,114	-2.04%
2012-2013	3,179	0.01%
2011-2012	3,147	-1.52%
2010-2011	3,200	-2.63%

2. ECONOMIC CONDITION AND OUTLOOK:

Hamilton Township is the largest geographical municipality in the State, with room for growth. In addition to this large geographic area, several areas of the Township have been designated as high-density growth areas, thereby contributing further to growth and development. Student enrollment has begun to trend downward. Charter schools, school choice, and the continuing economic impact of the shrinking gaming industry has had an impact on Hamilton Township's school population.

Again in 2015-2016 the district operated three school facilities. The Shaner School housing full day pre-school, kindergarten and grade one students; the Hess School housing grades two through five; and the Davies Middle School housing grades six, seven and eight. The Duberson School remains vacant and unable to be utilized for any purpose.

The Municipality of Hamilton Township, as other surrounding areas, has in recent years experienced budget cuts across the board, operating with less funding than previous years. 2016 saw a reversal in this trend, with an uptick in revenue. Over the years the township has accumulated several tax ratables inclusive of shopping plazas, a movie theatre, a variety of retail stores, the Atlantic City Race Track, the Hamilton Mall, Festival Mall at Hamilton, and a Wal-Mart store. The Township completed a revaluation of properties in 2010-2011.

During 2015-2016 the declining amount of visitors to the Atlantic City casinos caused a decrease in jobs and/or job loss felt by many families in Hamilton Township. This continues to be a concern and a probable cause for the amount of students transferring in and out of the district. Although we receive no funding benefits from the casinos, they help to bring about residential and industrial growth for Hamilton Township through employment to many of our families. The impact of the declining casino industry has been felt throughout the County.

3. MAJOR INITIATIVES:

The vision of this educational institution:

“We are the Hamilton Township School Community
committed to learning, growing, and achieving together.”

The spirit of our vision statement is reflected and reinforced in the district's goals and initiatives. Administrators and teachers work to use several sources of data to drive instruction. These sources of data, in the area of English language arts and mathematics, differ slightly according to student age. The New Jersey Core Content Curriculum Standards are the basis for the district's curriculum, and New Jersey has joined 46 other states in adopting new standards, known as the Common Core Standards for English language arts and mathematics now in place. The curriculum is monitored and updated as required by the Department of Education.

Our primary and elementary grades implement a workshop model for instruction aligned with Lucy Caulkin's instructional workshop model. Our district partnered with Columbia University to gain knowledge and expertise in perfecting Lucy Caulkin's Readers/Writers Workshop Model. The district has expanded its use of this model, as it is implemented in Social Studies and Science in grades one through five. The primary and elementary schools (K-5) operate on trimesters with the idea of giving students ample time for instructional and independent practice and use a standards-based interim progress report and report card for reporting grades to families. A one to one technology initiative coupled with a BYOD (Bring Your Own Device) program is an integral component of all aspects of our middle school (grades 6, 7 and 8) curriculums, instruction and programs. Additionally, READ180 and System 44 classrooms infuse the use of iPads. Every classroom in the Davies School is equipped with an Epson Smart Projector, while every teacher is equipped with a PC and laptop or chrome book. The Davies School IMC has been updated to a technology rich instructional environment with the addition of two MAC computers, iPads, chrome books and a green screen.

CURRICULUM MATERIALS:

English Language Arts:

The Readers/Writers Workshop model is used in kindergarten through grade five for the instruction of English language arts. In this model, teachers follow the *Four Kinds of Reading/Writing* which are designed for independent and instructional levels. Libraries of leveled readers in every classroom support reading development using skills and effective strategies for processing texts at increasingly challenging levels of difficulty. Students are instructed in guided writing through interactive writing techniques to build fluency through repeated exposure. The Holt Company's reading series is utilized in grades six, seven and eight as well as Houghton-Mifflin Harcourt's (HMH) READ 180 and Reading Inventory (RI). Supplemental materials were added to each grade level to support the students and staff with both reading and writing. All fiction and non-fiction books (classroom sets and in the library) were leveled to be in alignment with HMHRI Lexile Levels.

Mathematics:

The *GO MATH series* by Harcourt is the math program utilized in grades kindergarten through grade five. "Big Ideas" and "Math in Context" are utilized in the same manner in grades six, seven and eight. Supplemental materials were added to each grade level as appropriate to the written curriculum.

Science:

Students in kindergarten through grade four are instructed with leveled readers with some use of texts beginning at grade four. Grades six through eight the Pearson, Science Fusion Series newly aligned to the Next Generation Science Standards (NGSS) science series to support the integrated written curriculum.

Social Studies:

The Harcourt series for social studies instruction for grades kindergarten through six is used by all classroom teachers. Students are instructed from both leveled readers and traditional textbooks to support the written curriculum. While grade seven is instructed from the Glencoe Series, grade eight utilizes the Pearson series for both history and civics instruction to support the written curriculum.

World Languages:

Spanish is the selected World Language program implemented in our school district. The program now spans kindergarten through grade eight with formal instruction in grades six through eight and informal instruction in kindergarten through grade five.

Visual and Performing Arts:

Art and music instruction is provided to students in kindergarten through grade five on a weekly basis. In the middle school, the courses focus on art projects, humanities, art appreciation, critique, and technology integration in grades six, seven and eight. A computer lab has been added to provide instruction in graphic arts and internet-based art projects.

Health:

The Great Body Workshop is the resource used for instruction in kindergarten through grade five. This program is presented to students as a consumable, "take home" booklet that is updated each year to provide current health information for the duration of this program. These are purchased new each year. The text *Healthy Teens* is utilized for instruction in grades six, seven and eight.

STAFF TRAINING AND PROFESSIONAL DEVELOPMENT:

Staff training and professional development is designed and implemented based on teacher/administrative surveys and district needs. All training and professional development is directly linked to the Board of Education Goals, Superintendent Goals, the District & School Professional Development Plans, as well as each school's Title One School-Wide Plan. Some of the highlights relative to the district's professional development and staff training are as follows:

- Curriculum writing in all subject areas
- BYOD Initiative
- Technology – Integration, Student Data Base Systems, Web Page, Smart Boards, iPads
- Classroom management and student support
- Student achievement (academic/behavioral/social)
- Student Growth Objectives (SGO) development
- School Wide Enrichment Program (SWEP)
- English Language Learners
- Review of I.E.P. and Strategies
- Data Driven Decision Making
- Readers/Writers Workshop Model via Professional Learning Communities

- iObservation and its function as an evaluation tool
- Workshops/Vendors (ETTC, EIRC, Richard Stockton College, Rowan University) - Ongoing workshops in mathematics, language arts literacy and data analysis, as well as, speakers and presenters on a wide range of topics such as inclusion for Special Education students, character education, crisis and emergency management, and other topics. Special emphasis was placed on the content areas (language arts literacy & mathematics) related to statewide standardized testing in grades three through eight.
- Creative Curriculum and other professional development through the Preschool Expansion Grant

PROGRAMS:

Character Education:

Hamilton Township School District's Character Education initiative originally began in September of the 2000–2001 school year. The district continues to implement this initiative with much emphasis on the following areas:

- “Word of the Month” program and related student recognition programs
- Assemblies for Character Education
- Student of the Month awards
- “Character Kids” programs
- CARE Club activities
- No-More Bullies Programs in each school building
- Safe Zones at the Hess School
- The Student Bill of Rights – adopted in 2005-2006 district-wide.
- Manners Matter Most

Early Childhood Education:

Hamilton Township School District's Pre-K program is a combined in-district and out of district program housed at the George L. Hess Educational Complex, the Joseph C. Shaner School and Gateway Headstart. In addition to the Preschool Education Aid (PEA) that the district has been receiving for many years, the district qualified a few years back to receive funds via the Preschool Expansion Grant (PEG), effectually allowing the district to expand its preschool program. Creative Curriculum is our current program of instruction.

A full day kindergarten program provides materials purchased for mathematics, language arts literacy, science, social studies and related arts subjects to support a full day curriculum for all recommended academic and developmental areas.

Gifted and Talented:

The Gifted & Talented Program is comprised of four components as follows:

Talents

1. **School-Wide Enrichment Program (SWEP) Gr. K-5**
2. **Extended Related Arts Gr. 6-8**

Gifted

3. In-Class Support and Pull-Out Program Gr. 2-5

4. Core Content (ELA & Math) Acceleration/Advancement Gr. 5-8

School-Wide Enrichment Program (SWEP) Gr. K-5

The curriculum is a literature-based program exposing students to a broad selection of literature, stimulating critical thinking, and developing problem-solving skills. Materials chosen reflect the New Jersey (NJ) Common Core Standards and the NJ Core Curriculum Content Standards. It provides a focus on talents through Project-Based Enrichment Modules (PBEM) for all students. PBEM are high-interest based and meet the needs and capitalize on the talents of children who come from diverse backgrounds. The modules will allow for organizing qualitatively differentiated learning experiences for all students including the students on either end of the spectrum, the gifted students and the special education students.

Related Arts Talents Choice (Extended Related Arts) Gr. 6-8

The “Related Arts’ Talents Choice” otherwise known as “extended related arts” is offered to seventh and eighth grade middle school students. Sixth graders are eligible for two of the eight extended related arts courses, as we believe sixth graders should experience all of the available related arts’ courses during their first year at the middle school.

In-Class Support and Pull-Out Program Gr. 2-5

The in-class support and pull-out program components, provides each child the opportunity to demonstrate characteristic behaviors of convergent and divergent or inventive thinking.

In-Class Support (ICS)

The gifted teacher will support grade 3-5 students in math and literacy classes as defined in each student’s Gifted Student Education Plan (GSEP). Students are clustered in one to three classes per grade level; contingent upon the number of identified students requiring services from year to year. Recommended push-in services may include but are not limited to:

- 80 minutes for math; once every 6 days
- 80 minutes for literacy; once every 6 days

Note this: the identification process for grade 2 students will take place during the first semester of the school year (September thru January); therefore, ICS services will start in grade 3 due to the need to cluster the identified students into homerooms at the onset of the school year.

Pull-Out

The gifted teacher will support grade 2-5 students via pull-out services as defined in each student’s Gifted Student Education Plan (GSEP). Students may be clustered across grade levels for these services; contingent upon the number of identified students requiring services from year to year. Recommended pull-out services may include but are not limited to 80 minutes; once every 6 days. Students will be responsible to make-up all work missed during the time they are pulled out. This will be written into their GSEP.

Core Content (English Language Arts & Math) Acceleration/Advancement Gr. 5-8
Accelerated English Language Arts (ELA) – Gr. 5-8

Accelerated English Language Arts (ELA) is a challenging literature-based program for students who demonstrate above average reading and/or writing skills, as well as, the motivation and ability to work independently. The purpose is to expose students to a broad selection of world literature, expand and enhance vocabulary, stimulate critical thinking,

and refine writing skills. Materials chosen are aligned with the district ELA curriculum and, therefore, reflect the Core Content Standards. The accelerated and advanced math programs are for students who demonstrate above grade level mathematics skills as well as, the motivation and the ability to work independently. The purpose of these programs is to enhance math concepts and problem solving. Emphasis will be placed on opportunities for students to build their math skills through participation in activities which require higher level thinking skills. Resources utilized are aligned with the district mathematics curriculum and therefore, reflect the Core Content Standards for mathematics.

Basic Skills:

The Basic Skills Improvement (BSI) Program is a hybrid program inclusive of primarily in-class support, team-teaching classes coupled with targeted pullout classes. Both classroom settings are designed to provide instruction to students experiencing difficulty in English language arts and/or mathematics in grades one through eight. Working cooperatively with the New Jersey State Department of Education's minimum level of proficiency mandates and Title I, supplemental instruction materials and teacher resources are available for students. The goal of the Basic Skills Program is to prepare students to meet with success in achieving mastery of the New Jersey Core Curriculum Standards as measured by the mandatory statewide standardized assessments.

The Basic Skills Improvement Program goals are as follows:

1. To develop the basic skills necessary to function successfully in everyday life according to each student's individual ability level.
2. To develop and implement a Basic Skills Improvement Program which would provide a variety of experiences to meet the needs of students with a deficiency in basic functional reading, language, and mathematical skills.
3. To assist the student in developing a positive attitude toward himself/herself, school, and the community.
4. To insure a continual means of communication between parents, teachers, students, and the community.

Technology:

Hamilton Township School District has provided the following additions in accordance with our approved three-year technology program:

Shaner School

- Replaced all teacher workstations - yes
- Added interactive projectors in eight classrooms - yes
- Added a presentation cart for building use - yes

Davies School

- Added one grade level of Chromebooks for student use - yes
- Added Chromebooks for staff use - yes
- High speed Internet services from Comcast upgraded - yes
- Added Apple iPads in READ180 and SYS44 classrooms - yes
- Converted analog security cameras to digital – yes

Hess School

- Replaced one grade level of teacher workstations – (replaced a full wing)
- Add workstation for Sys44 – Yes Chromebooks
- Replaced entire network infrastructure - yes
- Install new OM3 and single fiber - yes
- Additional wireless notebook carts added - yes
- Document cameras, interactive projectors, iPads - yes

4. INTERNAL ACCOUNTING CONTROLS:

Management of the Township of Hamilton School District is responsible for establishing and maintaining an internal control structure 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 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 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, 2016.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect accounting principles generally accepted in the United States of America, 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, 2016, the District's bond proceeds continue to be used to offset debt service.

8. CASH MANAGEMENT:

The investment policy of the Township of Hamilton School District is guided by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

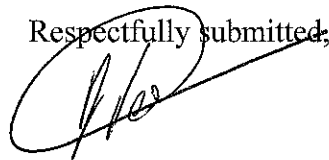
9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott, and Associates, L.L.C. was appointed 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 1984, and the related Office of Management and Budget Circular Uniform Guidance and New Jersey OMB Circular Letter 15-08. The auditor's report on the general-purpose 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.

10. ACKNOWLEDGMENTS:

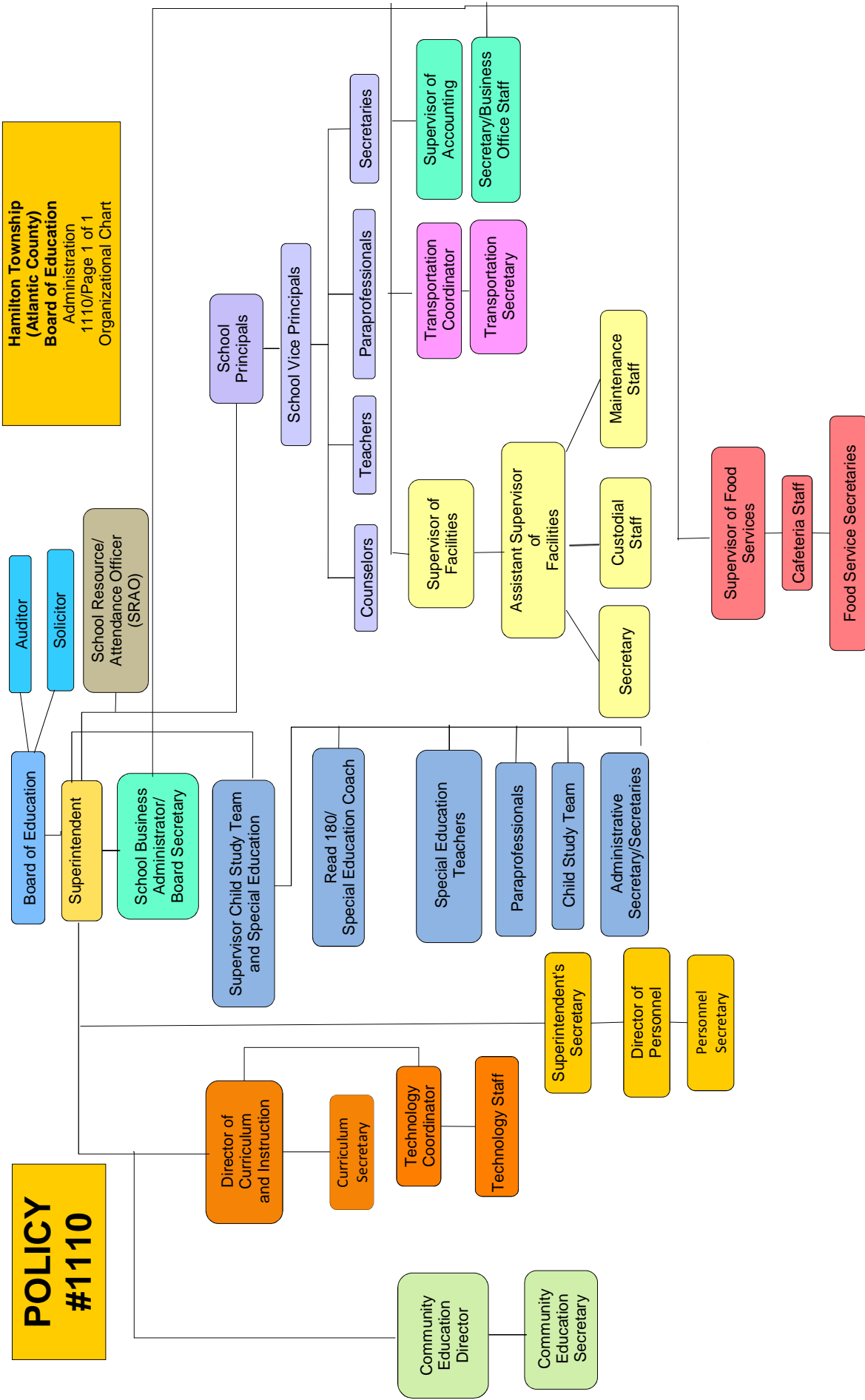
I would like to express my appreciation to the members of the Hamilton Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district, and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Frank Vogel
Superintendent

cc: Anne-Marie Fala, Business Administrator



**HAMILTON TOWNSHIP SCHOOL DISTRICT
COUNTY OF ATLANTIC, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2016

MEMBERS OF THE BOARD	TERM EXPIRES
Eric Aiken, President	2017
Kim Melton, Vice-President	2016
Stephanie Buchanan	2016
Margaret Erickson	2018
Greg Ciambrone	2016
Amy Hassa	2018
Derek Haye	2017
Barbara Kupp	2017
James Higbee	2018

OTHER OFFICIALS

Michelle M. Cappelluti, Ed.D., Superintendent of Schools – 7/1/15 through 12/31/15

Maryann Banks, Interim Superintendent of Schools – 1/1/16 through 6/30/16

Frank Vogel, Superintendent of Schools – Effective 7/1/16

Mark Ritter, Board Secretary/Business Administrator

Anne-Marie Fala Board Secretary/Business Administrator - Effective 10/17/16

Eric Goldstein, Esq., Solicitor

**HAMILTON TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

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Trenton, NJ 08628

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Ocean City, NJ 08226-0538

ATTORNEY

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Nehmad, Perillo & Davis
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Egg Harbor Township, NJ 08234

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ACCASBOJIF
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Hammonton, NJ 08037

Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Honorable President and
Members of the Board of Education
Hamilton Township School District
County of Atlantic, New Jersey

Report on the Financial Statements

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 Hamilton Township School District, County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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, 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 Office of School Finance, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hamilton Township School District, Hamilton Township, County of Atlantic, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information identified in the table of contents be presented to supplement the basic financial statements. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hamilton Township School District's basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB Circular 15-08, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining statements, and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB Circular 15-08, and statistical information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of state financial assistance as required by NJ OMB's Circulars 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016 on our consideration of the Hamilton Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hamilton Township School District's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

November 16, 2016

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Required Supplemental Information
Part I

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Township of Hamilton 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, 2016. 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 position of the District increased compared to the prior year as a result of an excess of revenues over expenses.
- The State of New Jersey reimbursed the District \$1,385,646 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions. The State of New Jersey also paid \$3,261,815 in pension contributions and retiree health coverage for TPAF members as calculated on their base salaries on behalf of the District. This amount, which is not budgeted, is included as both a revenue and appropriation 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 or \$250,000, whichever is greater. Any excess is required to be designated as Reserved Fund Balance – Excess Surplus and included in the next year's budget as budgeted fund balance. As of June 30, 2016 the District had excess surplus of \$3,006,373, of which \$1,397,131 was required to be budgeted as a revenue for the year ending June 30, 2017 and \$1,609,242 is designated for subsequent year budgets.
- During the fiscal year ended June 30, 2016, the District's revenues were approximately \$161,000 more than total expenses in the fund financial statements.

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 milk 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 Township of Hamilton Board of Education's
Government-wide and Fund Financial Statements

	Government wide 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	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 position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
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.

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 position 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 position* and how they have changed. Net position – 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 position 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 Township'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.

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 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 position and a statement of changes in fiduciary net position. 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 position - The District's governmental activities net position increased between fiscal years 2016 and 2015 as a result of an excess of revenues over expenses. The business-type activities net position increased due to an excess of revenues over costs.

	Governmental Activities		Business-type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 3,435,527	2,936,206	667,801	680,756	4,103,328	3,616,962
Capital assets	49,939,255	51,514,816	104,780	114,061	50,044,035	51,628,877
Total assets	<u>53,374,782</u>	<u>54,451,022</u>	<u>772,581</u>	<u>794,817</u>	<u>54,147,363</u>	<u>55,245,839</u>
Deferred outflows of resources	2,498,287	913,279	-	-	2,498,287	913,279
Long-term liabilities	28,946,486	29,276,550	49,272	49,494	28,995,758	29,326,044
Other liabilities	732,307	424,062	13,750	20,022	746,057	444,084
Total liabilities	<u>29,678,793</u>	<u>29,700,612</u>	<u>63,022</u>	<u>69,516</u>	<u>29,741,815</u>	<u>29,770,128</u>
Deferred inflows of resources	466,022	992,343	-	-	466,022	992,343
Net position						
Invested in capital assets	38,315,255	36,460,816	104,780	114,061	38,420,035	36,574,877
Restricted	596,292	785,258	-	-	596,292	785,258
Unrestricted	(13,183,293)	(12,574,728)	604,779	611,240	(12,578,514)	(11,963,488)
Total net position	<u>\$ 25,728,254</u>	<u>24,671,346</u>	<u>709,559</u>	<u>725,301</u>	<u>26,437,813</u>	<u>25,396,647</u>

Net position of the District increased slightly due to an excess of revenues over expenses. Also, included in long-term liabilities are amounts due to be paid on compensated absences.

Changes in net position - The total general fund revenue of the District increased approximately \$1,324,501 due to an increase in state and federal sources and property taxes.

Approximately 40% of the District's governmental funds revenue comes from the State of New Jersey in the form of non-restricted federal and state aid. This aid is based on the District's enrollment as well as other factors related to the District's formula aid which is a relationship of the adequacy budget and the Township's property values and income of the residents. The District expenses are primarily related to instruction, administration, and plant operations.

		<u>2016</u>		<u>2015</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property taxes	\$	20,116,473	34.77%	19,625,352	36.26%
Unrestricted Federal and State aid		23,001,703	39.76%	23,053,103	42.60%
Tuition		80,880	0.14%	3,500	0.01%
Operating grants and contributions		14,410,059	24.91%	11,137,363	20.58%
Other		248,084	0.43%	301,410	0.56%
Totals	\$	<u>57,857,199</u>	<u>100.00%</u>	<u>54,120,728</u>	<u>100.00%</u>

Governmental Activities

The following schedule summarizes the governmental and business-type activities of the District during the 2016 and 2015 fiscal years:

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenue						
Charges for services	\$ 80,880	2,495,094	990,089	1,001,102	1,070,969	3,496,196
Grants and entitlements	13,578,322	9,811,929	1,085,433	1,084,759	14,663,755	10,896,688
General revenues						
Property taxes	20,116,473	19,625,352	-	-	20,116,473	19,625,352
State aid entitlements	23,833,440	21,886,943	-	-	23,833,440	21,886,943
Other	248,084	301,410	777	728	248,861	302,138
Total revenues	57,857,199	54,120,728	2,076,299	2,086,589	59,933,498	56,207,317
Expenses						
Instruction:						
Regular	26,476,044	21,879,556	-	-	26,476,044	21,879,556
Special Education	6,898,766	7,224,479	-	-	6,898,766	7,224,479
Other Instruction	2,607,968	2,963,721	-	-	2,607,968	2,963,721
Support services:						
Tuition	821,090	810,923	-	-	821,090	810,923
Student & instruction related	7,969,942	7,383,844	-	-	7,969,942	7,383,844
School administration services	2,307,562	2,165,870	-	-	2,307,562	2,165,870
General & business admin	1,704,729	1,945,156	-	-	1,704,729	1,945,156
Plant operations & maintenance	4,360,663	4,534,636	-	-	4,360,663	4,534,636
Pupil transportation	3,160,197	2,919,775	-	-	3,160,197	2,919,775
Capital Outlay	-	-	-	-	-	-
Interest on long-term debt	484,275	657,212	-	-	484,275	657,212
Business-type activities			2,092,041	2,066,018	2,092,041	2,066,018
Total expenses	56,791,236	52,485,172	2,092,041	2,066,018	58,883,277	54,551,190
Special Items:						
Cancellation of Receivables	(9,055)	(14,244)	-	-	(9,055)	
Loss on disposal of fixed assets	-	-	-	(9,065)	-	(9,065)
Increase/(Decrease) in net position	1,056,908	1,621,312	(15,742)	11,506	1,041,166	1,647,062

Business-type Activities

Operating and non-operating revenues of the District's business-type activities decreased \$10,290 from the previous year and expenses increased by \$26,023.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year end, the governmental funds reported a combined fund balance of \$26,437,813 which is approximately \$1,041,166 higher than the beginning of the year.

General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and, as a Type II School District, are approved by the voters annually if the District exceeds the statutory CAP limitations. Effective with the 2012-2013 school year, if the District stays within the statutory limitations, there is no vote on the budget by the District voters and Board Members are elected at the time of the general election in November. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. 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 budgeted revenue by approximately \$449,000. This is a result of excess unbudgeted miscellaneous revenue and federal and state aid. 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 \$1,233,273.

CAPITAL ASSET

Capital Assets

At the end of 2016, the District had invested \$50,047,695 million in a broad range of capital assets, including land, buildings, vehicles and machinery.

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 1,423,600	\$ 1,423,600			1,423,600	1,423,600
Construction in Progress	-	344,309			-	344,309
Buildings and Bldg improvements	48,169,930	49,118,245			48,169,930	49,118,245
Machinery & equipment	345,725	628,662	108,440	114,061	454,165	742,723
Total	\$ 49,939,255	51,514,816	108,440	114,061	50,047,695	51,628,877

Long-term Debt

	Balance June 30, 2015	Issued	Retired/ Adjusted	Balance June 30, 2016
Governmental Activities:				
Bonds Payable	\$ 15,054,000		3,430,000	11,624,000
Compensated Absences Payable	2,122,396	189,967	205,906	2,106,457
Net Pension Liability	12,100,154	4,164,653	1,048,778	15,216,029
Total Governmental Activities	\$ 29,276,550	4,354,620	4,684,684	28,946,486
Business-Type Activities:				
Compensated Absences Payable	\$ 49,494	4,685	4,907	49,272
Business-Type Activities	\$ 49,494	4,685	4,907	49,272

More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Hamilton Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

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 1876 Dr. Dennis Foreman Drive, Mays Landing, New Jersey 08330.

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BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

HAMILTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,721,315	591,610	2,312,925
Restricted cash	521,451		521,451
Receivables, net	2,045		2,045
Internal balances	-	-	-
Due from other governments	1,190,716	61,827	1,252,543
Inventory		14,364	14,364
Capital assets not being depreciated			
Land	1,423,600		1,423,600
Capital assets, net	48,515,655	104,780	48,620,435
Total Assets	<u>53,374,782</u>	<u>772,581</u>	<u>54,147,363</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	2,498,287	-	2,498,287
Total Deferred Outflows of Resources	<u>2,498,287</u>	<u>-</u>	<u>2,498,287</u>
LIABILITIES			
Accounts payable	439,156	13,750	452,906
Contracts Payable	69,570	-	69,570
Other liabilities	202,330		202,330
Payable to state government	122		122
Unearned revenue	17,537	-	17,537
Due to Grantor	3,592		3,592
Noncurrent liabilities:			
Due beyond one year	13,730,457	49,272	13,779,729
Net Pension Liability	15,216,029		15,216,029
Total liabilities	<u>29,678,793</u>	<u>63,022</u>	<u>29,741,815</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	466,022	-	466,022
NET POSITION			
Net investment in capital assets	38,315,255	104,780	38,420,035
Restricted for:			
Debt service	-		-
Capital projects	596,292		596,292
Other purposes	-		-
Unrestricted	(13,183,293)	604,779	(12,578,514)
Total net position	<u>\$ 25,728,254</u>	<u>709,559</u>	<u>26,437,813</u>

The accompanying notes are an integral part of these financial statements

HAMILTON TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

**Net (Expense) Revenue and
 Changes in Net Position**

Functions/Programs	Expenses	Program Revenues				Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities				
Governmental activities:									
Instruction:									
Regular	\$ 20,778,922	5,697,122	80,880	9,884,100	(16,511,064)			(16,511,064)	
Special education	4,688,058	2,210,708		817,242	(6,081,524)			(6,081,524)	
Other special instruction	1,640,276	836,877		309,372	(2,167,781)			(2,167,781)	
Support services:	130,815				(130,815)			(130,815)	
Tuition	821,090				(821,090)			(821,090)	
Student & instruction related services	5,862,673	2,107,269		1,909,761	(6,060,181)			(6,060,181)	
School administrative services	1,594,338	713,224		263,661	(2,043,901)			(2,043,901)	
General and business administrative services	1,550,134	154,595		79,233	(1,625,496)			(1,625,496)	
Plant operations and maintenance	3,531,008	829,655		306,702	(4,053,961)			(4,053,961)	
Pupil transportation	3,137,877	22,320		8,251	(3,151,946)			(3,151,946)	
Unallocated benefits	12,571,770	(12,571,770)							
Interest on long-term debt	484,275				(484,275)			(484,275)	
Total governmental activities	56,791,236	-	80,880	13,578,322	(43,132,034)			(43,132,034)	
Business-type activities:									
Food Service	1,631,865		486,480	1,085,433	(59,952)			(59,952)	
Kids Corner	216,305		274,640		58,334			58,334	
Community Education	243,870		228,969		(14,902)			(14,902)	
Total business-type activities	2,092,041		990,089	1,085,433	(16,519)			(16,519)	
Total primary government	58,883,277		1,070,969	14,663,755	(43,148,553)			(43,148,553)	

General revenues:

Taxes:

Property taxes, levied for general purposes, net	17,183,705
Taxes levied for debt service	2,932,768
Federal and State aid not restricted	23,001,703
Federal and State aid restricted	831,737
Investment Earnings	258
Miscellaneous Income	777
Special items:	
Cancellation of Receivables	(9,055)
Loss on disposal of fixed assets	-

Total general revenues, special items, extraordinary items and transfers

Change in Net Position

Net Position—beginning

Net Position—ending

	44,188,942	777	44,189,719
	1,056,908	(15,742)	1,041,166
	24,671,346	725,301	25,396,647
\$	25,728,254	709,559	26,437,813

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

HAMILTON TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,499,868		221,447		1,721,315
Restricted cash	521,451				521,451
Receivables, net	2,045				2,045
Due from other funds	132,904				132,904
Receivables from other governments	344,004	471,867	374,845		1,190,716
Total assets	2,500,272	471,867	596,292	-	3,568,431
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	173,907	265,249			439,156
Contracts Payable		69,570			69,570
Due to other governments		122			122
Interfund payable		132,904			132,904
Unearned revenue		17,537			17,537
Due to Grantor		3,592			3,592
Total liabilities	173,907	488,974	-	-	662,881
Fund Balances:					
Restricted for:					
Excess Surplus	1,608,984				1,608,984
Excess Surplus - Designated for Subsequent Year's Expenditures	1,397,131				1,397,131
Capital Projects			596,292		596,292
Committed for:					
Capital Reserve Fund	171,451				171,451
Maintenance Reserve Fund	350,000				350,000
Designated for subsequent year's expenditures	-				-
Assigned to:					
Encumbrances					
Unreserved, reported in:					
General fund	(1,201,201)				(1,201,201)
Special revenue fund		(17,107)			(17,107)
Total Fund balances	2,326,365	(17,107)	596,292	-	2,905,550
Total liabilities and fund balances	\$ 2,500,272	471,867	596,292	-	3,568,431

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.	49,939,255
Pension Liabilities Net of Deferred Outflows & Inflows	(13,183,764)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bond payable	(11,624,000)
Accrued interest payable	(202,330)
Compensated absences	(2,106,457)
Net assets of governmental activities	25,728,254

HAMILTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local tax levy	\$ 17,183,705			2,932,768	20,116,473
Tuition Charges	80,880				80,880
Interest	258				258
Miscellaneous	247,826		-		247,826
State sources	27,553,327	430,479		831,737	28,815,543
Federal sources	95,836	2,621,604			2,717,440
Total revenues	<u>45,161,832</u>	<u>3,052,083</u>	<u>-</u>	<u>3,764,505</u>	<u>51,978,420</u>
EXPENDITURES					
Current:					
Regular instruction	11,746,959	1,889,572			13,636,531
Special education instruction	4,292,360				4,292,360
Other special instruction	1,490,658				1,490,658
Other instruction	130,815				130,815
Support services and undistributed costs:					
Tuition	780,737				780,737
Student & instruction related services	4,286,223	1,130,758			5,416,981
School administrative services	1,462,653				1,462,653
Other administrative services	1,462,392				1,462,392
Plant operations and maintenance	3,295,439				3,295,439
Pupil transportation	2,981,993				2,981,993
Unallocated Benefits	12,571,770				12,571,770
Debt service:					
Principal				3,430,000	3,430,000
Interest and other charges				523,471	523,471
Capital outlay	319,602	22,083	-		341,685
Total expenditures	<u>44,821,601</u>	<u>3,042,413</u>	<u>-</u>	<u>3,953,471</u>	<u>51,817,485</u>
Excess (Deficiency) of revenues over expenditures	<u>340,231</u>	<u>9,670</u>	<u>-</u>	<u>(188,966)</u>	<u>160,935</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		-		188,807	188,807
Cancellation of Receivables	(9,055)		-		(9,055.00)
Transfers out	-		(188,807)		(188,807)
Total other financing sources and uses	<u>(9,055)</u>	<u>-</u>	<u>(188,807)</u>	<u>188,807</u>	<u>(9,055.00)</u>
Net change in fund balances	331,176	9,670	(188,807)	(159)	151,880
Fund balance—July 1	1,995,189	(26,777)	785,099	159	2,753,670
Fund balance—June 30	<u>\$ 2,326,365</u>	<u>(17,107)</u>	<u>596,292</u>	<u>-</u>	<u>2,905,550</u>

HAMILTON TOWNSHIP 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, 2016

Total net change in fund balances - governmental funds (from B-2) \$ 151,880

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

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

This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	(1,806,644)	
	Capital outlays	<u>231,083</u>	(1,575,561)

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. 3,430,000

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+) 39,196

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions - PERS		582,756	
Cost of benefits earned net of employee contributions		<u>(1,587,302)</u>	(1,004,546)

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 (+).

Compensated absences 15,939

Change in net position of governmental activities \$ 1,056,908

HAMILTON TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

	<u>Food Service</u>	<u>Non-Major Fund Latchkey Program</u>	<u>Unemployment Compensation</u>	<u>Non-Major Funds</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 48,104	543,506	-	591,610	591,610
Accounts receivable	60,954	873	-	61,827	61,827
Interfund receivable	-	-	-	-	-
Inventories	14,364	-	-	14,364	14,364
Total current assets	<u>123,422</u>	<u>544,379</u>	<u>-</u>	<u>667,801</u>	<u>667,801</u>
Noncurrent assets:					
Furniture, machinery & equipment	408,763	41,061	-	449,824	449,824
Less accumulated depreciation	(320,283)	(24,761)	-	(345,044)	(345,044)
Total noncurrent assets	<u>88,480</u>	<u>16,300</u>	<u>-</u>	<u>104,780</u>	<u>104,780</u>
Total assets	<u>211,902</u>	<u>560,679</u>	<u>-</u>	<u>772,581</u>	<u>772,581</u>
LIABILITIES					
Current liabilities:					
Interfund payable	-	-	-	-	-
Accounts payable	13,750	-	-	13,750	13,750
Unearned revenue	-	-	-	-	-
Total current liabilities	<u>13,750</u>	<u>-</u>	<u>-</u>	<u>13,750</u>	<u>13,750</u>
Noncurrent liabilities:					
Compensated absences	49,272	-	-	49,272	49,272
Total noncurrent liabilities	<u>49,272</u>	<u>-</u>	<u>-</u>	<u>49,272</u>	<u>49,272</u>
Total liabilities	<u>63,022</u>	<u>-</u>	<u>-</u>	<u>63,022</u>	<u>63,022</u>
NET POSITION					
Net investment in capital assets	88,480	16,300	-	104,780	104,780
Unrestricted	60,400	544,379	-	604,779	604,779
Total net position	<u>\$ 148,880</u>	<u>560,679</u>	<u>-</u>	<u>709,559</u>	<u>709,559</u>

HAMILTON TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Food Service	Non-Major Fund Latchkey Program	Non-major Funds	Total
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ 305,781		305,781	305,781
Daily sales - non-reimbursable programs	138,591		138,591	138,591
Special functions	19,316		19,316	19,316
Miscellaneous	1,423		1,423	1,423
Community services	21,369	503,608	524,977	524,977
Total operating revenues	<u>486,480</u>	<u>503,608</u>	<u>990,088</u>	<u>990,088</u>
Operating expenses:				
Cost of sales	656,556	-	656,556	656,556
Salaries	678,657	330,825	1,009,482	1,009,482
Employee benefits	213,142	51,114	264,256	264,256
General supplies & materials	52,860	61,225	114,085	114,085
Other expenses	10,407	13,353	23,760	23,760
Depreciation	20,243	3,659	23,902	23,902
Total Operating Expenses	<u>1,631,865</u>	<u>460,176</u>	<u>2,092,041</u>	<u>2,092,041</u>
Operating (loss)	<u>(1,145,385)</u>	<u>43,432</u>	<u>(1,101,953)</u>	<u>(1,101,953)</u>
Nonoperating revenues:				
State sources:				
State school lunch program	16,900		16,900	16,900
Federal sources:				
National school lunch program	744,326		744,326	744,326
National school breakfast program	230,122		230,122	230,122
Special milk program	619		619	619
Federal Equipment Grant	8,981		8,981	8,981
Food distribution program	84,485		84,485	84,485
Interest and investment revenue	151	626	777	777
Total nonoperating revenues	<u>1,085,584</u>	<u>626</u>	<u>1,086,210</u>	<u>1,086,210</u>
(Loss) before contributions & transfers	<u>(59,801)</u>	<u>44,058</u>	<u>(15,743)</u>	<u>(15,743)</u>
Other financing sources:				
Loss on disposal of fixed assets	-	-	-	-
Change in net position	<u>(59,801)</u>	<u>44,058</u>	<u>(15,743)</u>	<u>(15,743)</u>
Total net position—beginning	<u>208,681</u>	<u>516,621</u>	<u>725,302</u>	<u>725,302</u>
Total net position—ending	<u>\$ 148,880</u>	<u>560,679</u>	<u>709,559</u>	<u>709,559</u>

HAMILTON TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Food Service	Non-Major Fund Latchkey Program	Community Education	Non-major Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 499,057	277,880	229,577	1,006,513	1,006,513
Payments to employees	(678,657)	(159,155)	(171,670)	(1,009,482)	(1,009,482)
Payments for employee benefits	(213,364)	(30,967)	(20,148)	(264,478)	(264,478)
Payments to suppliers	(63,267)	(26,183)	(55,821)	(145,271)	(145,271)
Payments to cost of sales	(578,599)	(1,444)	-	(580,043)	(580,043)
Net cash (used for) operating activities	<u>(1,034,831)</u>	<u>60,131</u>	<u>(18,062)</u>	<u>(992,761)</u>	<u>(992,761)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State Sources	17,419			17,419	17,419
Federal Sources	998,215			998,215	998,215
Payments from other funds	(296)	-	-	(296)	(296)
Net cash provided by non-capital financing activities	<u>1,015,338</u>	<u>-</u>	<u>-</u>	<u>1,015,338</u>	<u>1,015,338</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition of capital assets	(14,620)	-	-	(14,620)	(14,620)
Net cash (used for) capital financing activities	<u>(14,620)</u>	<u>-</u>	<u>-</u>	<u>(14,620)</u>	<u>(14,620)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends	151	274	352	777	777
Net cash provided by investing activities	<u>151</u>	<u>274</u>	<u>352</u>	<u>777</u>	<u>777</u>
Net decrease in cash and cash equivalents	(33,962)	60,405	(17,710)	8,733	8,733
Balances—beginning of year	82,066	150,285	350,526	582,877	582,877
Balances—end of year	<u>48,104</u>	<u>210,690</u>	<u>332,816</u>	<u>591,610</u>	<u>591,610</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating (loss)	(1,145,385)	58,334	(14,901)	(1,101,953)	(1,101,953)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities					
Depreciation and net amortization	20,243		3,659	23,902	23,902
Federal commodities	84,485			84,485	84,485
(Increase) in inventories	(256)			(256)	(256)
(Increase) in other receivables	12,577	3,241	608	16,425	16,425
Increase in accounts payable	632	(1,444)	(7,426)	(8,238)	(8,238)
Increase in deferred revenue	(6,904)			(6,904)	(6,904)
Increase in compensated absences	(222)			(222)	(222)
Total adjustments	<u>110,555</u>	<u>1,797</u>	<u>(3,160)</u>	<u>109,191</u>	<u>109,191</u>
Net cash (used for) operating activities	<u>\$ (1,034,831)</u>	<u>60,131</u>	<u>(18,062)</u>	<u>(992,761)</u>	<u>(992,761)</u>

HAMILTON TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ <u>283,054</u>	<u>1,294</u>	<u>172,491</u>
Total assets	<u>283,054</u>	<u>1,294</u>	<u>172,491</u>
LIABILITIES			
Payable to student groups			164,769
Accounts payable	-		605
Interfunds payable			-
Payroll deductions and withholdings			7,117
Total liabilities	<u>-</u>		<u>172,491</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	\$ <u>283,054</u>		
Reserved for scholarships		<u>1,294</u>	

HAMILTON TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan member	\$ 77,867	
Total Contributions	<u>77,867</u>	<u>-</u>
Investment earnings:		
Interest	419	10
Net investment earnings	<u>419</u>	<u>10</u>
Total additions	<u>78,286</u>	<u>10</u>
DEDUCTIONS		
Employee withholdings	-	
Unemployment claims	81,308	
Scholarships awarded		-
Total deductions	<u>81,308</u>	<u>-</u>
Operating income	<u>(3,022)</u>	<u>10</u>
Change in net position	<u>(3,022)</u>	<u>10</u>
Net position—beginning of the year	286,076	1,284
Net position—end of the year	<u>\$ 283,054</u>	<u>1,294</u>

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

Hamilton Township School District

Notes to Financial Statements

June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hamilton Township 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 Hamilton Township 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). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY:

The Hamilton Township 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. The purpose of the district is to educate students in grades K-8. The Hamilton Township School District had an enrollment at June 30, 2016 and 2015 of 3,023 and 3,034 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:

- 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 and special revenue activities are classified as governmental activities. The District's food service, Kid's Corner (latchkey), and Community Education programs are classified as business-type activities. Fiduciary funds are excluded from the government-wide financial statements.

In the governmental-wide Statement of Net Position, 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. The District's net position are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

Hamilton Township School District Notes to Financial Statements June 30, 2016

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, latchkey, and community education). 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, 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, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

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. Fiduciary funds are not included in the government-wide statements.

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 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 State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

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. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- 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.

Hamilton Township School District Notes to Financial Statements June 30, 2016

- 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.

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Fund Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

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.

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

Kids Corner Program – accounts for the operation of the before and after school program administered at the Hess Complex.

Community Education – accounts for the operation of the community education program of the District.

Hamilton Township School District

Notes to Financial Statements

June 30, 2016

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 focuses are on net position and changes in net position, and are reported using accounting principles similar to proprietary funds.

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.

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.

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.

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

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.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned in the Capital Projects Fund is recognized in the District's General 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, 2016, the District did not have inventory in the general fund and had the following inventory in the enterprise fund.

Food	\$	10,644
Supplies		3,720
	\$	<u>14,364</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law 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 value of commodities included in the food service inventory on June 30, 2016 is \$77,581.

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:

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

Infrastructure assets include roads, parking lots, underground pipe, etc. All infrastructure assets are reported in the financial statements and are being depreciated over their useful lives.

Hamilton Township School District

Notes to Financial Statements

June 30, 2016

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. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect 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. Program revenues, including tuition revenue, are reported as reductions to expenses in the Statement of Activities.

6. Expenditures:

Expenditures 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 an 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.

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. All funds internal activity is eliminated when carried to the Government-wide statements.

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

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, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. 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). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the Executive County Superintendent of Schools. The Board of Education approved the following significant budgetary appropriation transfers during the 2016 fiscal year:

Account Name	Amount
Salaries -	
Teachers - Grades 1-5	(57,630.00)
Teachers - Grades 6-8	104,500.00
Regular Programs - Undistributed Instruction:	
Other Salaries for Instruction	(125,000.00)
General Supplies	(111,845.00)
Multiple Disabilities	
Other Salaries for Instruction	53,800.00
Basic Skills/Remedial - Instruction	(65,000.00)
Tuition to CSSD & Regional Day Schools	(100,435.00)
Undistributed Expenditures-Student Transport - ALL Charter School	179,350.00
Unallocated Benefits - Health Benefits	(575,420.00)
Undistributed Expenditures - Other Support Services -	
Students - Extra Services	
Salaries	108,230.00
Other Purchased Professional and Technical Services	123,285.00

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 one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. 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.

10. 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.

Hamilton Township School District

Notes to Financial Statements

June 30, 2016

11. Tuition Payable

Tuition charges for the fiscal year 2015/16 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

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 final budgetary appropriations by program.

14. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016 establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosure". This statement is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No.73". This statement is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting, however will affect the disclosure of pension related items.

NOTE 2: INVESTMENTS

As of June 30, 2016, the District had the following investments in the Private Purpose Scholarship Fund.

	<u>Maturity</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Fair Value</u>
Certificate of Deposit	10/16/16	12 Months	1.00%	\$1,294

Upon maturity in September 2014, the District renewed the certificate for an additional 13 month term at an interest rate of 1.00% per annum.

In addition, as of June 30, 2016 the District had \$78,799 on deposit with New Jersey ARM.

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.

NOTE 3: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government'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, 2016, \$4,210,543 of the District's bank balance of \$548,270 was exposed to custodial credit risk.

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/Adj.</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,423,600			1,423,600
Construction in Progress	344,310		(344,310)	-
Total capital assets not being depreciated	<u>1,767,910</u>	<u>-</u>	<u>(344,310)</u>	<u>1,423,600</u>
Capital assets being depreciated:				
Land Improvements	503,495	29,678		533,173
Buildings and building improvements	76,116,281	381,750		76,498,031
Equipment	3,068,620	163,966		3,232,586
Total capital assets being depreciated at historical cost	<u>79,688,396</u>	<u>575,394</u>	<u>-</u>	<u>80,263,790</u>
Less accumulated depreciation for:				
Land Improvements	(185,523)	(26,359)		(211,882)
Buildings and improvements	(26,998,038)	(1,651,355)		(28,649,393)
Equipment	(2,757,930)	(128,930)		(2,886,860)
Total capital assets being depreciated, net of accumulated depreciation	<u>49,746,905</u>	<u>(1,231,250)</u>	<u>-</u>	<u>48,515,655</u>
Governmental activity capital assets, net	<u>\$ 51,514,815</u>	<u>(1,231,250)</u>	<u>(344,310)</u>	<u>49,939,255</u>
Business-type activities:				
Capital assets being depreciated:				
Food Service Equipment	\$ 435,204	14,620		449,824
Less accumulated depreciation	(321,143)	(23,901)		(345,044)
Enterprise Fund capital assets, net	<u>\$ 114,061</u>	<u>(9,281)</u>	<u>-</u>	<u>104,780</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 705,005
Special Instruction	221,855
Other Special Instruction	83,808
Tuition	40,353
Student & Instruction Related Services	279,983
Gen Administration Services	75,585
School Administration Services	75,599
Plant Operations	170,328
Pupil Transportation	154,128
	<u>\$ 1,806,644</u>

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

NOTE 5: CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$	171,451
No Activity		
Ending balance, June 30, 2016	\$	<u>171,451</u>

NOTE 6: MAINTENANCE RESERVE FUND

New Jersey Administrative Code 6A:23A-14.2 permits school districts to establish a maintenance reserve account for the required maintenance of the District's facilities, in accordance with the Commissioner approved plan. The District can only increase the balance in this reserve account by appropriating funds in the annual general fund budget certified for taxes.

Beginning balance, July 1, 2015	\$	800,000
Withdrawals:		
Budgeted Transfer		<u>(450,000)</u>
Ending balance, June 30, 2016	\$	<u>350,000</u>

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

NOTE 7: GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Issues or Additions	Payments or Expenditures	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 2,122,396	189,967	205,906	2,106,457	
Bonds Payable	15,054,000	-	3,430,000	11,624,000	2,915,000
Net Pension Liability	12,100,154	4,164,653	1,048,778	15,216,029	
	<u>\$ 29,276,550</u>	<u>4,354,620</u>	<u>4,684,684</u>	<u>28,946,486</u>	<u>2,915,000</u>
Business-Type Activities:					
Compensated Absences	\$ 49,494	4,684	4,906	49,272	-

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, 2016 consisted of the following:

\$8,240,000 Refunding Bonds dated September 17, 2002, due in annual installments through December 15, 2015, bearing interest at a rate of 4.90% per annum. The balance remaining as of June 30, 2016 is \$0.

\$21,535,000 Refunding Bonds dated July 15, 2003, due in annual installments through December 15, 2015, bearing interest at varying rates. The balance remaining as of June 30, 2016 was \$0.

\$997,000 School Improvement Bonds dated July 15, 2007, due in annual installments through July 15, 2017, bearing interest at a rate of 4.375% per annum. The balance remaining as of June 30, 2016 was \$237,000.

\$998,000 School Improvement bonds dated July 15, 2008, due in annual installments through July 15, 2018, bearing interest at a rate of 5.00% per annum. The balance remaining as of June 30, 2016 was \$353,000.

\$4,824,000 School Improvement Bonds dated June 23, 2010, due in annual installments through February 1, 2026, bearing interest at varying rates ranging from 2.0% to 4.0%. The balance remaining as of June 30, 2016 was \$3,574,000.

\$10,115,000 Refunding Bonds dated February 21, 2012 payable in annual installments through July 15, 2018. Interest is paid semiannually at varying rates ranging from 2.0% to 4.0% per annum. The total savings to the District was \$525,267, or 4.99% as a result of refunding the 2003 bond issue. The Bonds are not subject to redemption prior to their stated maturities. The balance remaining as of June 30, 2016 was \$7,460,000.

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	2,915,000	395,841	3,310,841
2018	3,012,000	278,681	3,290,681
2019	2,993,000	160,272	3,153,272
2020	310,000	96,822	406,822
2021-2025	1,950,000	315,164	2,265,164
2026	444,000	17,760	461,760
	\$ 11,624,000	1,264,540	12,888,540

NOTE 8: SCHOOL CONSTRUCTION PROJECTS

The District was awarded \$318,161 in grant funding through the New Jersey Department of Education to fund various capital maintenance projects for repairs and replacement of building systems at various district buildings. The district has also transferred \$566,599 from capital outlay and capital reserve to fund these projects. As of June 30, 2016, the District has expended 100% of the funding on these projects.

NOTE 9: PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-rpts-home.shtml>.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Hamilton Township School District

Notes to Financial Statements

June 30, 2016

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF and PERS rate is 6.78% of covered payroll. The School District's contributions to TPAF for the years ending June 30, 2016, 2015, and 2014, were \$3,261,815, \$2,475,734, and \$2,015,778, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2016, 2015, and 2014, were \$582,756, \$545,950, and \$514,307, respectively, equal to the required contributions for each year.

The Board's total payroll for the years ended June 30, 2016, 2015, and 2014, was \$30,395,752, \$25,239,256, and \$27,242,850; covered payroll was \$19,124,670, \$19,161,490, and \$18,191,256 for TPAF; and \$4,390,280, \$4,499,429, and \$4,512,429 for PERS.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Teacher's Pension and Annuity Fund (TPAF) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS and TPAF hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the systems is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PERS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates

Hamilton Township School District
Notes to Financial Statements
June 30, 2016

increased in October 2012. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS and TPAF to $1/60^{\text{th}}$ from $1/55^{\text{th}}$, and it provided that new members of PERS and TPAF have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS and TPAF will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined a $1/7^{\text{th}}$ of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

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**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

NOTE 10 – PUBLIC EMPLOYEES RETIREMENT SYSTEM

At June 30, 2016, the District reported a liability of \$15,216,029 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was 0.0677834642%, which was an increase of 4.88% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,004,546. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 363,001	
Changes of assumptions	1,634,080	
Net difference between projected and actual earnings on pension plan investments		244,644
Changes in proportion and differences between District contributions and proportionate share of contributions	501,206	221,378
District contributions subsequent to the measurement date	582,756	
Total	<u>\$ 3,081,043</u>	<u>466,022</u>

\$582,756 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,		
2017	\$	379,899
2018	\$	379,899
2019	\$	379,899
2020	\$	570,268
2021	\$	322,300
Total	<u>\$</u>	<u>2,032,265</u>

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following assumptions, applied to all period in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.9% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

Asset Class	Target Allocation	Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participated employers as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 18,357,471	15,216,029	12,586,639

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTE 11 - TEACHERS' PENSION AND ANNUITY FUND (TPAF)

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		<u>111,857,438</u>
Total	\$	<u>111,857,438</u>

The net pension liability was measured as of June 30, 2015 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$6,829,904 and revenue of \$6,829,904 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 568,496	33,696
Changes of assumptions	12,742,663	
Net difference between projected and actual earnings on pension plan investments		947,466
Changes in proportion and differences between District contributions and proportionate share of contributions		1,446,642
District contributions subsequent to the measurement date	<u>951,125</u>	
Total	<u>\$ 14,262,284</u>	<u>\$ 2,427,804</u>

\$951,125 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

	Year ended June 30,	
	<u> </u>	
2017		\$ 1,278,503
2018		\$ 1,278,503
2019		\$ 1,278,503
2020		\$ 1,958,514
2021		\$ 1,657,581
Thereafter		<u>\$ 3,431,751</u>
Total		<u><u>\$ 10,883,355</u></u>

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all period included in the measurement:

Inflation Rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US Cash	5.00%	53.00%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign Developed Equity	12.00%	6.22%
Emerging market equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - Multi Strategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount rate. The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.13% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net pension liability	\$ -	-	-

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

Pension plan fiduciary net position.

Detailed information about the pension plan’s fiduciary net position is available in the separately issued TPAF financial report.

NOTE 12 – POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 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 the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. 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 changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

NOTE 13: LABOR CONTRACTS

As of June 30, 2016, the District’s employees are organized in three collective bargaining units.

<u>Bargaining Unit</u>	<u>Employees Covered</u>	<u>Expiration</u>
Hamilton Township Education Association (HTEA)	All regularly employed certified and support personnel, as defined in Article 1 of the contract.	June 30, 2016
Supervisors, Coordinators and Directors Association	All supervisors, coordinators and directors, excluding the Superintendent, Business Administrator, Principals, Vice-Principals, Supervisor of Curriculum/Instruction, Supervisor of Instruction-Special Education, Supervisor of CST and Special Education programs, and all non-supervisory employees of the District.	June 30, 2016
Hamilton Township Administrator’s Association	All administrative staff excluding the Superintendent and Business Administrator	June 30, 2016

In addition to the above contracts, the Board of Education has entered into individual employment agreements with the Superintendent and Business Administrator. The expiration of these contracts will vary depending on the position.

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

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:

Equitable
Lincoln Investment Planning
Syracusa Benefits Program

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 Position*, 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.

NOTE 16: LITIGATION

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, there are no potential legal proceedings that may have a material affect on the accompanying financial statements.

NOTE 17: FUND BALANCE APPROPRIATED

General Fund – Of the \$2,326,365 General Fund fund balance at June 30, 2016, \$73,891 is reserved for encumbrances, but not reflected as assigned on the balance sheet since the unassigned balance is negative; \$3,006,373 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$1,397,131 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016); \$171,451 has been reserved in the Capital Reserve Account; \$350,000 has been reserved in the Maintenance Reserve Account; and a deficit of \$1,201,459 is unreserved and undesignated, after adjusting for the encumbrance amount of \$73,891.

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

NOTE 18: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if the District did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The excess fund balance at June 30, 2016 is \$3,006,373, of which \$1,397,131 has been included in the 2016-17 budget. The excess fund balance at June 30, 2016 was \$1,609,242.

NOTE 19: DEFICIT FUND BALANCE

The District has a deficit fund balance of \$1,201,459 in the General Fund and \$17,107 in the Special Revenue Fund as of June 30, 2016 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 delayed one or more June state aid payments 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 June state aid payments in the subsequent fiscal year, the school district can not recognize the June state aid payments (on the GAAP financial statements) until the year the State records the payable. This amount was \$2,194,192 in the General Fund and \$17,107 in the Special Revenue Fund. Due to the timing difference of recording the June state aid payments, the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The deficit in unreserved, undesignated general fund balance of \$1,201,459 is less than the last state aid payments.

NOTE 20: ECONOMIC DEPENDENCY

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

NOTE 21: 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, 2016 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**Hamilton Township School District
Notes to Financial Statements
June 30, 2016**

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 balance of the District’s expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	<u>Contributions</u>	<u>Interest on Investments</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 77,867	419	81,308	283,054
2014-2015	76,903	443	97,680	286,076
2013-2014		84,075	69,278	306,410

NOTE 22: INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2016, several interfunds remained on the various balance sheets of the Hamilton Township Board of Education.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 132,904	
Special Revenue Fund		132,904
Total	\$ <u>132,904</u>	<u>132,904</u>

All interfunds are created as a result of timing differences between cash requirements in various funds and the receipt of cash from funding agencies. It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 23: SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 16, 2016, the date which the financial statements were available to be issued and no items were noted for disclosure or adjustment.

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Required Supplemental Information
Part II

BUDGETARY COMPARISON SCHEDULES

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 17,183,705		17,183,705	17,183,705	-
Tuition	20,000		20,000	80,880	60,880
Interest Earned on Maintenance Reserve Funds	750		750	-	(750)
Interest Earned on Capital Reserve Funds	2,000		2,000	258	(1,742)
Miscellaneous	19,675		19,675	247,826	228,151
Total - Local Sources	17,226,130	-	17,226,130	17,512,669	286,539
State Sources:					
Equalization Aid	19,321,187		19,321,187	19,321,187	-
Categorical Special Education Aid	1,746,258		1,746,258	1,746,258	-
Categorical Security Aid	764,626		764,626	764,626	-
Categorical Transportation Aid	728,399		728,399	728,399	-
Adjustment Aid	135,379		135,379	135,379	-
Other State Aids	59,290		59,290	74,602	15,312
Special Education Extraordinary Aid	50,500		50,500	166,117	115,617
On-Behalf TPAF Pension Contributions (non-budgeted)				3,261,815	3,261,815
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,385,646	1,385,646
Total - State Sources	22,805,639	-	22,805,639	27,584,029	4,778,390
Federal Sources:					
Medical Assistance Program	64,264		64,264	95,836	31,572
Total - Federal Sources	64,264	-	64,264	95,836	31,572
Total Revenues	40,096,033	-	40,096,033	45,192,534	5,096,501

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	102,161	3,010	105,171	105,011	160
Kindergarten	767,256	64,590	831,846	831,619	227
Grades 1-5	5,737,862	(57,630)	5,680,232	5,655,839	24,393
Grades 6-8	3,894,930	104,500	3,999,430	3,976,778	22,652
Regular Programs - Home Instruction:					
Salaries of Teachers	16,000	(4,800)	11,200	11,011	189
Purchased Professional - Educational Services	-	5,300	5,300	5,146	154
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	438,500	(125,000)	313,500	300,307	13,193
Purchased Professional - Educational Services	12,500	-	12,500	8,075	4,425
Purchased Technical Services	98,598	(8,946)	89,652	77,513	12,139
Other Purchased Services	169,490	-	169,490	139,312	30,178
General Supplies	855,802	(111,845)	743,957	596,758	147,199
Textbooks	1,000	-	1,000	-	1,000
Other Objects	1,185	-	1,185	895	290
Total Regular Programs	12,095,284	(130,821)	11,964,463	11,708,264	256,199
Multiple Disabilities					
Salaries of Teachers	741,000	(24,000)	717,000	693,566	23,434
Other Salaries for Instruction	255,456	53,800	309,256	307,880	1,376
Purchased Professional-Educational Services	-	-	-	-	-
General Supplies	15,846	-	15,846	14,120	1,726
Total Multiple Disabilities	1,012,302	29,800	1,042,102	1,015,566	26,536

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Resource Room/Resource Center					
Salaries of Teachers	2,736,621	55,000	2,791,621	2,781,876	9,745
General Supplies	50,000	-	50,000	41,625	8,375
Total Resource Room/Resource Center	2,786,621	55,000	2,841,621	2,823,501	18,120
Autism					
Salaries of Teachers	109,623	5,450	115,073	114,480	593
Other Salaries for Instruction	14,970	(1,000)	13,970	8,815	5,155
General Supplies	2,000	-	2,000	572	1,428
Total Autism	126,593	4,450	131,043	123,867	7,176
Preschool Disabilities - Part Time					
Salaries of Teachers	197,869	5,400	203,269	202,800	469
Other Salaries for Instruction	70,954	20,460	91,414	88,998	2,416
General Supplies	4,000	-	4,000	3,281	720
Total Preschool Disabilities - Part Time	272,823	25,860	298,683	295,079	3,605
Home Instruction					
Salaries of Teachers	9,000	24,900	33,900	32,488	1,412
Purchased Professional-Educational Services	7,000	(2,000)	5,000	1,860	3,141
Total Preschool Disabilities - Full Time	16,000	22,900	38,900	34,348	4,553
Total Special Education - Instruction	4,214,339	138,010	4,352,349	4,292,360	59,989
Basic Skills/Remedial - Instruction					
Salaries of Teachers	1,131,440	(65,000)	1,066,440	1,056,924	9,516
Total Basic Skills/Remedial - Instruction	1,131,440	(65,000)	1,066,440	1,056,924	9,516
Bilingual Education - Instruction:					
Salaries of Teachers	450,479	(15,000)	435,479	433,734	1,745
Total Bilingual Education - Instruction	450,479	(15,000)	435,479	433,734	1,745

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
School Sponsored Curricular Activities - Instruction:					
Salaries	58,917	10	58,927	58,925	2
Supplies and Materials	9,000	-	9,000	8,949	51
Other Objects	1,150	-	1,150	771	379
Total School Sponsored Curricular Activities - Instruction	69,067	10	69,077	68,645	432
School Sponsored Athletics:					
Salaries	48,714	-	48,714	48,714	-
Purchased Services	5,570	-	5,570	4,267	1,303
Supplies and Materials	8,000	-	8,000	7,460	540
Other Objects	2,800	-	2,800	1,729	1,071
Total School Sponsored Athletics:	65,084	-	65,084	62,170	2,914
Total Instruction	18,025,693	(72,801)	17,952,892	17,622,097	330,795
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	87,000	(19,520)	67,480	66,350	1,130
Tuition to Other LEAs Within the State - Special	62,900	35,600	98,500	88,685	9,815
Tuition to CSSD & Regional Day Schools	358,068	(100,435)	257,633	230,227	27,406
Tuition to Private Schools for the Disabled - Within State	394,341	13,925	408,266	395,475	12,791
Total Undistributed Expenditures - Instruction	902,309	(70,430)	831,879	780,737	51,142

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Attendance and Social Work:					
Salaries	134,272	3,170	137,442	136,888	554
Other Purchased Services	2,637	-	2,637	2,354	283
Total Undistributed Expenditures - Attendance and Social Work	136,909	3,170	140,079	139,242	837
Undistributed Expenditures - Health Services:					
Salaries	330,093	16,000	346,093	343,610	2,483
Purchased Professional and Technical Services	26,690	-	26,690	24,868	1,822
Other Purchased Services	655	-	655	365	290
Supplies and Materials	10,600	-	10,600	9,302	1,298
Total Undistributed Expenditures - Health Services	368,038	16,000	384,038	378,145	5,893
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries of Other Professional Staff	610,187	-	610,187	606,929	3,258
Purchased Professional - Educational Services	15,000	(800)	14,200	6,280	7,920
Supplies and Materials	4,000	200	4,200	4,098	102
Total Undistributed Expenditures - Other Support Services - Students - Related Services	629,187	(600)	628,587	617,307	11,280
Undistributed Expenditures - Other Support Services - Students - Extra Services:					
Salaries	807,916	108,230	916,146	910,878	5,268
Other Purchased Professional and Technical Services	90,000	123,285	213,285	64,197	149,088
Supplies and Materials	3,000	-	3,000	1,403	1,597
Total Undistributed Expenditures - Other Support Services - Extra Services	900,916	231,515	1,132,431	976,478	155,953

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services -					
Students - Guidance:					
Salaries of Other Professional Staff	458,839	4,650	463,489	463,409	80
Other Purchased Services	275	-	275	40	235
Supplies and Materials	2,650	-	2,650	2,230	420
Total Undistributed Expenditures - Other Support Services -	461,764	4,650	466,414	465,679	735
Students - Regular					
Undistributed Expenditures - Other Support Services -					
Students - Child Study Team:					
Salaries of Other Professional Staff	616,248	19,140	635,388	633,595	1,793
Salaries of Secretarial and Clerical Assistants	106,857	10,650	117,507	117,460	47
Other Salaries	60,890	3,000	63,890	63,230	660
Other Purchased Professional and Technical Services	125,000	(21,980)	103,020	82,267	20,753
Miscellaneous Purchased Services	17,416	(2,960)	14,456	10,883	3,573
Supplies and Materials	12,000	960	12,960	12,823	137
Other Objects	1,000	-	1,000	494	506
Total Undistributed Expenditures - Other Support Services -	939,411	8,810	948,221	920,752	27,469
Students - Special					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	130,940	1,600	132,540	132,500	40
Salaries of Other Professional Staff	146,062	-	146,062	143,659	2,403
Salaries of Secretarial and Clerical Assistants	22,662	1,200	23,862	23,812	50
Other Purchased Services	8,250	-	8,250	546	7,704
Supplies and Materials	1,000	-	1,000	273	727
Other Objects	350	-	350	116	234
Total Undistributed Expenditures - Improv. of Instr. Services	309,264	2,800	312,064	300,906	11,158

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Educational Media Services - School Library					
Salaries	315,327	7,750	323,077	323,066	11
Salaries of Technology Coordinators	109,411	7,240	116,651	116,644	7
Purchased Professional and Technical Services	1,380	-	1,380	998	382
Other Purchased Services	225	100	325	245	80
Supplies and Materials	15,000	(175)	14,825	14,018	807
Other Objects	75	75	150	65	85
Total Undistributed Expenditures - Educational Media Services - School Library	441,418	14,990	456,408	455,036	1,372
Undistributed Expenditures - Instructional Staff Training Services					
Salaries of Other Professional Staff	18,004	-	18,004	8,856	9,148
Purchased Professional - Educational Services	35,000	(15,500)	19,500	13,698	5,802
Other Purchased Services	19,350	-	19,350	8,432	10,918
Supplies and Materials	1,500	500	2,000	1,692	308
Total Undistributed Expenditures - Instructional Staff Training Srvc	73,854	(15,000)	58,854	32,678	26,176
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	284,423	13,100	297,523	295,251	2,272
Legal Services	100,000	2,700	102,700	82,948	19,752
Audit Fees	24,000	-	24,000	24,000	-
Architectural/Engineering Services	21,400	(18,440)	2,960	1,400	1,560
Other Purchased Professional Services	31,100	13,550	44,650	34,667	9,983
Communications/Telephone	106,312	500	106,812	99,409	7,403
Other Purchased Services	1,000	-	1,000	-	1,000
Miscellaneous Purchased Services	243,946	5,200	249,146	248,544	602
General Supplies	10,862	1,500	12,362	10,179	2,183
BOE In-House Training/Meeting Supplies	1,000	(250)	750	210	540
Miscellaneous Expenditures	3,500	2,690	6,190	6,174	16
BOE Membership Dues and Fees	16,500	-	16,500	16,435	65
Total Undistributed Expenditures - Support Services - Gen. Admin.	844,043	20,550	864,593	820,217	44,376

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals	786,464	25,530	811,994	811,968	26
Salaries of Other Professional Staff	107,930	4,000	111,930	110,976	954
Salaries of Secretarial and Clerical Assistants	410,679	29,970	440,649	439,195	1,454
Purchased Professional and Technical Services	500	-	500	290	210
Other Purchased Services	38,197	(2,300)	35,897	32,157	3,740
Supplies and Materials	61,665	5,000	66,665	66,473	192
Other Objects	5,084	-	5,084	1,594	3,490
Total Undistributed Expenditures - Support Serv. - School Admin.:	1,410,519	62,200	1,472,719	1,462,653	10,066
Undistributed Expenditures - Central Services					
Salaries	287,455	30,720	318,175	317,671	504
Purchased Professional Services	16,960	(800)	16,160	14,920	1,240
Miscellaneous Purchased Services (400-500 series)	2,300	800	3,100	2,839	261
Supplies and Materials	5,000	3,000	8,000	6,356	1,644
Miscellaneous Expenditures	1,500	-	1,500	1,468	32
Total Undistributed Expenditures - Central Services	313,215	33,720	346,935	343,254	3,681
Undistributed Expenditures - Administrative Information Technology					
Salaries	273,597	4,330	277,927	277,756	171
Purchased Professional Services	5,100	-	5,100	4,945	155
Purchased Technical Services	0	10,346	10,346	1,100	9,246
Other Purchased Services	3,900	-	3,900	598	3,302
Supplies and Materials	15,000	6,160	21,160	14,522	6,638
Total Undistributed Expenditures - Admin. Information Technology	297,597	20,836	318,433	298,921	19,512
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	294,016	15,160	309,176	309,052	124
Cleaning, Repair, and Maintenance Services	207,780	6,000	213,780	191,799	21,981
General Supplies	110,000	(11,600)	98,400	89,048	9,352
Total Undistributed Expenditures - Required Maint for School Facilities	611,796	9,560	621,356	589,899	31,457

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Custodial Services					
Salaries	1,252,861	(12,000)	1,240,861	1,219,559	21,302
Cleaning, Repair and Maintenance Services	60,100	(10,400)	49,700	35,305	14,395
Other Purchased Property Services	95,925	3,805	99,730	98,409	1,321
Insurance	100,651	-	100,651	98,566	2,085
Miscellaneous Purchased Services	14,174	-	14,174	11,111	3,063
General Supplies	145,250	-	145,250	132,315	12,935
Energy (Electricity)	900,130	-	900,130	855,290	44,840
Energy (Natural Gas)	263,200	-	263,200	168,073	95,127
Other Objects	750	-	750	275	475
Total Undistributed Expenditures - Custodial Services	2,833,041	(18,595)	2,814,446	2,618,903	195,543
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	64,548	(3,500)	61,048	55,893	5,155
Cleaning, Repair and Maintenance Services	7,000	3,700	10,700	10,658	42
General Supplies	20,000	1,300	21,300	20,086	1,214
Total Undistributed Expenditures - Care & Upkeep of Grounds	91,548	1,500	93,048	86,637	6,411
Total Undistributed Expenditures - Oper & Main of Plant Services	3,536,385	(7,535)	3,528,850	3,295,439	233,411
Undistributed Expenditures - Student Transportation Services:					
Sal for Pupil Transp (Between Home and School)-Reg.	40,000	2,640	42,640	42,628	12
Contracted Services - (Between Home and School) - Vendors	44,200	5,020	49,220	49,219	1
Contracted Services - (Other than Between Home and School) - Vendors	1,768	2,100	3,868	3,821	47
Contracted Services - (Between Home and School) - Joint Agreements	15,028	-	15,028	14,365	663
Contracted Services - (Special Ed Students) - Joint Agree.	100,000	46,600	146,600	139,230	7,370
Contracted Services - Aid in Lieu of Payments-Non Public	92,543	(2,270)	90,273	77,367	12,906
Contracted Services - Aid in Lieu of Payments - Charter School	1,516,515	179,350	1,695,865	1,694,649	1,216
Contracted Services - Aid in Lieu of Payments - Choice School	893,214	61,850	955,064	953,805	1,259
Miscellaneous Purchased Services - Transportation	4,050	1,100	5,150	4,724	426
General Supplies	400	1,950	2,350	2,185	165
Total Undistributed Expenditures - Student Transportation Serv.	2,707,718	298,340	3,006,058	2,981,993	24,065

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Unallocated Benefits:					
Social Security Contributions	527,517	-	527,517	450,704	76,813
Other Retirement Contributions - PERS	655,000	-	655,000	615,996	39,004
Unemployment Compensation	20,000	-	20,000	-	20,000
Workmen's Compensation	246,058	-	246,058	237,773	8,285
Health Benefits	7,149,686	(575,420)	6,574,266	6,499,893	74,373
Tuition Reimbursement	75,750	-	75,750	46,034	29,716
Other Employee Benefits	93,585	-	93,585	73,909	19,676
Total Unallocated Benefits	8,767,596	(575,420)	8,192,176	7,924,309	267,867
On-behalf TPAF Pension Contributions (non-budgeted)					
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	3,261,815	(3,261,815)
	-	-	-	1,385,646	(1,385,646)
Total On-behalf Contributions				4,647,461	(4,647,461)
Total Undistributed Expenditures	23,040,143	48,596	23,088,739	26,841,207	(3,752,468)
Total Current Expense	41,065,836	(24,205)	41,041,631	44,463,304	(3,421,673)
Capital Outlay:					
Interest earned on Maintenance Reserve	750	-	750	-	750
Interest Deposit to Capital Reserve	2,000	-	2,000	-	2,000
Total Interest Deposit to Capital Reserve	2,750	-	2,750	-	2,750
Equipment:					
Undistributed Expenditures:					
Undist. Expend. - Grades 6-8	-	5,000	5,000	5,000	-
Undist. Expend. - Admin Info Tech.	160,000	(2,000)	158,000	153,318	4,682
Undist. Expend. - Required Maintenance	-	13,295	13,295	13,242	53
Total Equipment	160,000	16,295	176,295	171,560	4,735

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Facilities Acquisition and Construction Services:					
Construction Services	37,440	-	37,440	37,440	-
Debt service assessment on SDA funding	110,602	-	110,602	110,602	-
	<u>148,042</u>	<u>-</u>	<u>148,042</u>	<u>148,042</u>	<u>-</u>
Total Facilities Acquisition and Construction Services	310,792	16,295	327,087	319,602	7,485
Total Capital Outlay	<u>30,785</u>	<u>7,910</u>	<u>38,695</u>	<u>38,695</u>	<u>-</u>
Transfer to Charter Schools	<u>41,407,413</u>	<u>-</u>	<u>41,407,413</u>	<u>44,821,601</u>	<u>(3,414,188)</u>
Total Expenditures	<u>(1,311,380)</u>	<u>-</u>	<u>(1,311,380)</u>	<u>370,933</u>	<u>1,682,313</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Other Financing Sources (Uses):					
Operating Transfers Out:					
Cancellation of Prior Year Receivables				(9,055)	
Local Contribution-Transfer to Special Revenue - Regular					

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,311,380)	-	(1,311,380)	361,878	1,682,313
Fund Balances, July 1	4,158,679	-	4,158,679	4,158,679	-
Fund Balances, June 30	<u>2,847,299</u>	<u>-</u>	<u>2,847,299</u>	<u>4,520,557</u>	<u>1,682,313</u>

Recapitulation of Fund Balance:

Restricted Fund Balance:	
Reserve for Excess Surplus	1,608,984
Excess Surplus-Designated for Subsequent Year's Expenditures	1,397,131

Committed Fund Balance:

Reserve for Capital Reserve	171,451
Reserve for Maintenance Reserve	350,000

Assigned Fund Balance:

Year-end Encumbrances	73,891
Unassigned Fund Balance	<u>919,100</u>

4,520,557

Reconciliation to Governmental Funds Statements (GAAP)

Last State Aid Payment Not Recognized on GAAP Basis

(2,194,192)

\$ 2,326,365

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
State Sources:					
Preschool Education Aid	171,074	92,487	263,561	263,561	-
Nonpublic aid	125,034	27,214	152,248	148,535	(3,713)
Total - State Sources	296,108	119,701	415,809	412,096	(3,713)
Federal Sources:					
Title I	339,261	214,754	554,015	525,986	(28,029)
Title II	60,822	12,590	73,412	64,173	(9,239)
Title III	13,475	7,756	21,231	12,630	(8,601)
Preschool Expansion	1,287,383	-	1,287,383	1,202,429	(84,954)
I.D.E.A., Part B	703,171	150,882	854,053	853,943	(110)
Total - Federal Sources	2,404,112	385,982	2,790,094	2,659,161	(130,933)
Total Revenues	2,700,220	505,683	3,205,903	3,071,257	(134,646)
EXPENDITURES:					
Instruction					
Salaries of Teachers	1,559,768	(1,040,438)	519,330	519,330	-
Other Salaries for Instruction	-	47,691	47,691	47,545	146
Purchased Prof/Technical Services		9,976	9,976	7,997	1,979
Other Professional Services	816,062	(681,223)	134,839	131,368	3,471
Other Purchased Services (400-500 series)	-	854,641	854,641	854,641	-
General Supplies	417,801	152,130	569,931	348,455	221,476
Textbooks	7,900	1,122	9,022	8,900	122
Other Objects	-	180	180	180	-
Total instruction	2,801,531	(655,921)	2,145,610	1,918,416	227,194

HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES (CONT'D):					
Support Services					
Salaries of Program Directors	-	147,543	147,543	147,543	-
Salaries of Secretarial and Clerical Assistants	-	202,126	202,126	202,126	-
Personal Services - Employee Benefits	-	352,934	352,934	352,155	779
Purchased Technical Services	-	346,265	346,265	340,248	6,017
Other Professional Services	-	1,074	1,074	374	700
Travel	-	74,240	74,240	73,330	910
Supplies & Materials	-	15,281	15,281	14,923	358
Miscellaneous Expenses	-	59	59	59	-
Total support services	-	1,139,521	1,139,521	1,130,758	8,763
Facilities acquisition and construction services:					
Instructional Equipment		22,083	22,083	22,083	-
Total facilities acquisition and construction services	-	22,083	22,083	22,083	-
Transfers to Charter Schools					
		-	-	-	-
Total expenditures	2,801,531	505,683	3,307,214	3,071,257	235,957
Other financing sources (uses)					
Transfer from other funds	101,311	-	101,311	-	101,311
Total other financing sources (uses)	101,311	-	101,311	-	101,311
Total outflows	2,700,220	505,683	3,205,903	3,071,257	134,646
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-

HAMILTON TOWNSHIP SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2016

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	\$ 45,192,534	3,071,257
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		40,726
Current year		(69,570)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	2,163,490	26,777
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(2,194,192)	(17,107)
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	45,161,832	3,052,083
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	44,821,601	3,071,257
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		40,726
Current year		(69,570)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 44,821,601	3,042,413

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Required Supplemental Information
Part III

HAMILTON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Three Fiscal Years

	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0677834642%	0.0646281321%	0.0663082340%
District's proportionate of the net pension liability (asset)	15,216,029	\$ 12,100,154	\$ 12,672,821
District's covered payroll	4,390,280	\$ 4,502,895	\$ 4,376,252
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	346.58%	268.72%	289.58%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

HAMILTON TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Three Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	582,756	\$ 532,785	\$ 499,619
Contributions in relation to the contractually required contribution	<u>582,756</u>	<u>\$ 532,785</u>	<u>\$ 499,619</u>
Contribution deficiency (excess)	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	4,390,280	\$ 4,502,895	\$ 4,376,252
Contributions as a percentage of covered-employee payroll	13.27%	11.83%	11.42%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period.
However, information is only currently available for three years.
Additional years will be presented as they become available.

HAMILTON TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Three Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportionate share of the net pension liability (asset)	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>111,857,438</u>	<u>96,480,494</u>	<u>91,627,370</u>
Total	<u><u>111,857,438</u></u>	<u><u>\$ 96,480,494</u></u>	<u><u>\$ 91,627,370</u></u>
District's covered payroll	19,124,670	\$ 18,191,256	\$ 17,473,103
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

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SPECIAL REVENUE FUND

HAMILTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For Fiscal Year Ended June 30, 2016

	Nonpublic Textbooks	Compensatory Education	Nonpublic Auxiliary Aid English As A Second Language	Examination & Classification	Nonpublic Handicapped Aid Corrective Speech	Supplemental Instruction	Nonpublic Nursing	Nonpublic Technology	Homebound
REVENUES:									
State Sources	8,900			17,723	13,377	9,226	13,834	7,998	269
Federal Sources		74,619	2,589						
Total revenues	8,900	74,619	2,589	17,723	13,377	9,226	13,834	7,998	269
EXPENDITURES:									
Instruction:									
Salaries of teachers									
Other salaries for instruction									
Purchased prof. and technical services									
Other professional services		74,619	2,589	17,723	13,377	9,226	13,834		269
Other purchased services									
General supplies									
Textbooks	8,900								
Total instruction	8,900	74,619	2,589	17,723	13,377	9,226	13,834	4,108	269
Support services:									
Salaries of program directors									
Salaries of secretarial and clerical assistants									
Personal services- employee benefits									
Purchased technical services									
Travel									
Supplies and materials									
Miscellaneous expenses								3,890	
Total support services	-	-	-	-	-	-	-	3,890	-
Facilities acquisition and const. serv.:									
Instructional equipment									
Total facilities acquisition and construction services	-	-	-	-	-	-	-	-	-
Transfer to charter schools									
Total expenditures	8,900	74,619	2,589	17,723	13,377	9,226	13,834	7,998	269
Other financing sources (uses)									
Transfer from other funds									
Total outflows	8,900	74,619	2,589	17,723	13,377	9,226	13,834	7,998	269
Excess (deficiency) of revenues over (under) expenditures	\$ -	-	-	-	-	-	-	-	-

TOWNSHIP OF HAMILTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2016

	Preschool Education Aid	Total State Funds	Race to the Top Preschool Expansion Aid	I.D.E.A. Part - B Basic	I.D.E.A. Part - B Preschool	Title I Part A	Carryover Title I Part A	Title II Part A
REVENUES:								
State Sources	263,561	412,096						
Federal Sources	-	-	1,202,429	822,256	31,687	492,411	33,575	64,173
Total revenues	<u>263,561</u>	<u>412,096</u>	<u>1,202,429</u>	<u>822,256</u>	<u>31,687</u>	<u>492,411</u>	<u>33,575</u>	<u>64,173</u>
EXPENDITURES:								
Instruction:								
Salaries of teachers	138,235	138,235	160,414			179,823	350	32,912
Other salaries for instruction	47,545	47,545				7,728		
Purchased prof. and technical services	-	269						
Other professional services	-	131,368						
Other purchased services	8,714	8,714	67,548	814,240	31,687	236,195	33,225	2,372
General supplies	3,522	7,630						
Textbooks	-	8,900	180					
Other Objects	-	-						
Total instruction	<u>198,016</u>	<u>342,661</u>	<u>228,142</u>	<u>814,240</u>	<u>31,687</u>	<u>423,746</u>	<u>33,575</u>	<u>35,284</u>
Support services:								
Salaries of program directors	-	-	132,990			14,553		
Salaries of secretarial and clerical assistants	-	-	200,510			45,326		8,391
Personal services- employee benefits	65,545	65,545	307,898	8,016		4,598		19,736
Purchased technical services	-	-	374					
Other purchased services	-	-						
Travel	-	-	70,300			3,030		762
Supplies and materials	-	3,890	9,172			1,099		
Miscellaneous expenses	-	-				59		
Total support services	<u>65,545</u>	<u>69,435</u>	<u>952,204</u>	<u>8,016</u>	<u>-</u>	<u>66,665</u>	<u>-</u>	<u>28,889</u>
Facilities acquisition and const. serv.:								
Instructional equipment	-	-	22,083					
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>22,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer to charter schools								
Total expenditures	<u>263,561</u>	<u>412,096</u>	<u>1,202,429</u>	<u>822,256</u>	<u>31,687</u>	<u>492,411</u>	<u>33,575</u>	<u>64,173</u>
Other financing sources (uses)								
Transfer from other funds	-	-						
Total outflows	<u>263,561</u>	<u>412,096</u>	<u>1,202,429</u>	<u>822,256</u>	<u>31,687</u>	<u>492,411</u>	<u>33,575</u>	<u>64,173</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWNSHIP OF HAMILTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2016

	Title III English Language Enhancement	Total Federal Funds	Totals
REVENUES:			
State Sources			412,096
Federal Sources	12,630	2,659,161	2,659,161
Total revenues	<u>12,630</u>	<u>2,659,161</u>	<u>3,071,257</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers	7,596	381,095	519,330
Other salaries for instruction		7,728	47,545
Purchased prof. and technical services			7,997
Other professional services		845,927	131,368
Other purchased services	1,485	340,825	854,641
General supplies		180	346,455
Textbooks			8,900
Other Objects			180
Total instruction	<u>9,081</u>	<u>1,575,755</u>	<u>1,918,416</u>
Support services:			
Salaries of program directors		147,543	147,543
Salaries of secretarial and clerical assistants	1,616	202,126	202,126
Personal services- employee benefits	1,933	286,610	352,155
Purchased technical services		340,248	340,248
Other Purchased Services		374	374
Travel		73,330	73,330
Supplies and materials		11,033	14,923
Miscellaneous expenses		59	59
Total support services	<u>3,549</u>	<u>1,061,323</u>	<u>1,130,758</u>
Facilities acquisition and const. serv.:			
Instructional equipment		22,083	22,083
Total facilities acquisition and construction services	<u>-</u>	<u>22,083</u>	<u>22,083</u>
Transfer to charter schools			-
Total expenditures	<u>12,630</u>	<u>2,659,161</u>	<u>3,071,257</u>
Other financing sources (uses)			-
Transfer from other funds			-
Total outflows	<u>12,630</u>	<u>2,659,161</u>	<u>3,071,257</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 138,235	138,235	-
Other Salaries for Instruction	47,691	47,545	146
Other Purchased Services	8,714	8,714	-
General Supplies	20,135	3,522	16,613
Other Objects			-
Total Instruction	<u>214,775</u>	<u>198,016</u>	<u>16,759</u>
Support Services:			
Salaries of Secr and Clerical Assistants			-
Personnel Services - Employee Benefits	66,324	65,545	779
Purchased Technical Services			-
Other Purchased Prof Services			-
Travel			-
Supplies and Materials			-
Total Support Services	<u>66,324</u>	<u>65,545</u>	<u>779</u>
Facilities acquisition and const. serv.:			
Instructional equipment			-
Total Expenditures	<u>\$ 281,099</u>	<u>263,561</u>	<u>17,538</u>

Total Revised 2015-16 Preschool Education Aid Allocation	263,561
Add: Actual ECPA Carryover (June 30, 2016)	-
Add: Budgeted Transfer from General Fund 2015-16	-
Total Preschool Education Aid Funds Available for 2015-16 Budget	<u>263,561</u>
Less: 2015-16 Budgeted Preschool Education Aid (including prior year budgeted carryover)	<u>281,099</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	<u>(17,538)</u>
Add: June 30, 2016 Unexpended Preschool Education Aid 2015-16 Carryover - Preschool Education Aid Programs	<u>17,538</u> <u>-</u>

CAPITAL PROJECTS FUND

**HAMILTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Project Expenditures
Year Ended June 30, 2016**

Number	Issue/Project Title	Original Date	Appropriations	Expenditures to Date		Transfers (Out)	Unexpended Balance
				Prior Years	Expended		
#1940-120-03-0418	William Davies Middle School Addition	4/17/2003	\$ 24,234,445	24,159,445			75,000
#1940-055/060-120-09-2000	Solar Roof Project	9/29/2009	4,824,000	4,113,901		(188,807)	521,292
Totals			\$ 29,058,445	28,273,346	-	(188,807)	596,292

HAMILTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Projects Revenues, Expenditures, and Changes in
Fund Balance - Budgetary Basis
For the Year Ended June 30, 2016

Revenues and other Financing Sources

Local Source	\$	-
		-
		-

Expenditures and other Financing Uses

Purchased professional and technical services		-
Legal services		-
Land and improvements		-
Construction services		-
Equipment purchases		-
		-
		-

Other financing sources (uses):

Transfer to debt service fund		(188,807)
Cancellation of Receivables		-
		(188,807)
		(188,807)

Excess (deficiency) of revenues over (under) expenditures		(188,807)
Fund balance - beginning		785,099
Fund balance - ending	\$	596,292

HAMILTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Projects Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Addition/Renovations to William Davies Middle School
From Inception and for the Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenues and other Financing Sources				
State sources -				
SCC Grant	\$ 8,329,210	-	8,329,210	8,329,210
Bond proceeds and transfers	15,865,000	-	15,865,000	15,865,000
Local Source	25,000	-	25,000	25,000
Transfer from capital reserve	16,579	-	16,579	16,579
Transfer from capital outlay	23,656	-	23,656	23,656
Total revenues	24,259,445	-	24,259,445	24,259,445
Expenditures and other Financing Uses				
Purchased professional and technical services	2,010,002	-	2,010,002	2,010,002
Construction services	21,261,476	-	21,261,476	21,335,616
Furniture & equipment purchases	912,967	-	912,967	913,827
Total expenditures	24,184,445	-	24,184,445	24,259,445
Other financing sources (uses):				
None	-	-	-	
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	\$ 75,000	-	75,000	-
Additional project information:				
Project number	1940-120-03-0418			
Grant date	4/17/03			
Bond Authorization Date	3/11/03			
Bonds Authorized	15,865,000			
Bonds Issued	15,865,000			
Original Authorized Cost	24,194,210			
Additional Authorized Cost	40,235			
Revised Authorized Cost	24,234,445			
Percentage Increase over Original Authorized Cost	0.17%			
Percentage Completion	99.69%			
Original target completion date	Sep-05			
Revised target completion date	Jun-12			

HAMILTON TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Projects Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Solar Roof Project - 2010 Bonds
From Inception and for the Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenues and other Financing Sources				
Bond proceeds and transfers	\$ 4,824,000		4,824,000	4,824,407
Total revenues	<u>4,824,000</u>	<u>-</u>	<u>4,824,000</u>	<u>4,824,407</u>
Expenditures and other Financing Uses				
Purchased professional and technical services	348,458		348,458	454,140
Legal services	17,581		17,581	1,507
Construction services	3,135,230		3,135,230	3,859,525
Furniture & equipment purchases	2,500		2,500	509,235
Total expenditures	<u>3,503,769</u>	<u>-</u>	<u>3,503,769</u>	<u>4,824,407</u>
Other financing sources (uses):				
Transfer to debt service fund	(610,132)	(188,807)	(798,939)	
Total other financing sources (uses)	<u>(610,132)</u>	<u>(188,807)</u>	<u>(798,939)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>710,099</u>	<u>(188,807)</u>	<u>521,292</u>	<u>-</u>

Additional project information:

Project number	1940-060/055/120-09-2000
Grant date	N/A
Bond Authorization Date	9/29/09
Bonds Authorized	4,824,000
Bonds Issued	4,824,000
Original Authorized Cost	4,824,407
Additional Authorized Cost	
Revised Authorized Cost	4,824,407
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	72.63%
Original target completion date	6/30/11
Revised target completion date	6/30/12

PROPRIETARY FUNDS

HAMILTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Position
June 30, 2016

	Non-Major Funds			Total Non-Major Funds
	Food Service	Kids Corner Program	Community Education	
ASSETS:				
Cash and cash equivalents	\$ 48,104	210,690	332,816	591,610
Accounts Receivable:				
State	866	231		1,096
Federal	59,384			59,384
Other	705		643	1,347
Interfund Receivable				-
Inventories	14,364			14,364
Total Current Assets	<u>123,422</u>	<u>210,920</u>	<u>333,459</u>	<u>667,801</u>
Fixed Assets:				
Equipment	408,763	2,353	38,708	449,824
Accumulated depreciation	(320,283)	(2,353)	(22,408)	(345,044)
Total fixed assets	<u>88,480</u>	<u>-</u>	<u>16,300</u>	<u>104,780</u>
Total assets	<u>211,902</u>	<u>210,920</u>	<u>349,759</u>	<u>772,581</u>
LIABILITIES				
Current liabilities:				
Interfund payable		-	-	-
Accounts payable	13,750	-	-	13,750
Unearned revenue		-	-	-
Total current liabilities	<u>13,750</u>	<u>-</u>	<u>-</u>	<u>13,750</u>
Noncurrent liabilities:				
Compensated absences	49,272			49,272
Total noncurrent liabilities	<u>49,272</u>	<u>-</u>	<u>-</u>	<u>49,272</u>
Total liabilities	<u>63,022</u>	<u>-</u>	<u>-</u>	<u>63,022</u>
NET POSITION				
Net investment in capital assets	88,480	-	16,300	104,780
Unrestricted	60,400	210,920	333,459	604,779
Total net position	<u>148,880</u>	<u>210,920</u>	<u>349,759</u>	<u>709,559</u>
Total liabilities and net position	<u>\$ 211,902</u>	<u>210,920</u>	<u>349,759</u>	<u>772,581</u>

HAMILTON TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year ended June 30, 2016

	Non-Major Funds			Total Non-Major Funds
	Food Service	Kids Corner Program	Community Education	
OPERATING REVENUES:				
Local Sources:				
Daily sales- reimbursable programs				
School lunch and special milk program	\$ 305,781			305,781
Daily sales non- reimbursable programs	138,591			138,591
Special functions	19,316			19,316
Community/Kids Corner service activities	21,369	274,639	228,969	524,977
Miscellaneous	1,423			1,423
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenues	486,480	274,639	228,969	990,088
OPERATING EXPENSES:				
Salaries	678,657	159,155	171,670	1,009,482
Employee benefits	213,142	30,967	20,148	264,256
Supplies & Materials	52,860	26,107	35,118	114,085
Depreciation	20,243	-	3,659	23,902
Cost of sales	656,556	-	-	656,556
Other expenses	10,407	76	13,277	23,760
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	1,631,865	216,305	243,870	2,092,041
Operating income/(loss)	<u>(1,145,385)</u>	<u>58,334</u>	<u>(14,901)</u>	<u>(1,101,953)</u>
Nonoperating revenues:				
State sources				
State school lunch program	16,900			16,900
Federal sources				
National school lunch program	744,326			744,326
National school breakfast program	230,122			230,122
Special milk program	619			619
Federal Equipment Grant	8,981			8,981
Food Distribution Program	84,485			84,485
Interest revenue	151	274	352	777
Total nonoperating revenues	<u>1,085,584</u>	<u>274</u>	<u>352</u>	<u>1,086,210</u>
Net income/(loss)	(59,801)	58,607	(14,549)	(15,743)
Other financing sources (uses):				
Less: Compensated Absences	-			-
Net position, July 1	208,681	152,313	364,308	725,302
Net position, June 30	<u>\$ 148,880</u>	<u>210,920</u>	<u>349,759</u>	<u>709,559</u>

HAMILTON TOWNSHIP SCHOOL DISTRICT
Combining Statement of Cash Flows
All Proprietary fund Types and Similar Trust Funds
For the Fiscal Year Ended June 30, 2016

	Non-Major Funds			Total
	Food Service	Kids Corner Program	Community Education	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 499,057	277,880	229,577	1,006,513
Payments to employees	(678,657)	(159,155)	(171,670)	(1,009,482)
Payments for employee benefits	(213,364)	(30,967)	(20,148)	(264,478)
Payments to suppliers	(63,267)	(26,183)	(55,821)	(145,271)
Payments to cost of sales	(578,599)	(1,444)	-	(580,043)
Net cash provided/(used) for operating activities	<u>(1,034,831)</u>	<u>60,131</u>	<u>(18,062)</u>	<u>(992,761)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	17,419	-	-	17,419
Federal Sources	998,215	-	-	998,215
Payments from other funds	(296)	-	-	(296)
Net cash provided by non-capital financing activities	<u>1,015,338</u>	<u>-</u>	<u>-</u>	<u>1,015,338</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition of capital assets	(14,620)	-	-	(14,620)
Net cash (used) by capital financing activities	<u>(14,620)</u>	<u>-</u>	<u>-</u>	<u>(14,620)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	151	274	352	777
Net cash provided by investing activities	<u>151</u>	<u>274</u>	<u>352</u>	<u>777</u>
Net increase/(decrease) in cash and cash equivalents	(33,962)	60,405	(17,710)	8,733
Balances—beginning of year	82,066	150,285	350,526	582,877
Balances—end of year	<u>48,104</u>	<u>210,690</u>	<u>332,816</u>	<u>591,610</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income/(loss)	(1,145,385)	58,334	(14,901)	(1,101,953)
Adjustments to reconcile operating (loss) to net cash provided by/(used for) operating activities				
Depreciation and net amortization	20,243	-	3,659	23,902
Federal commodities	84,485	-	-	84,485
(Increase) in inventories	(256)	-	-	(256)
(Increase)/decrease in other receivables	12,577	3,241	608	16,425
Increase in accounts payable	632	(1,444)	(7,426)	(8,238)
Increase in deferred revenue	(6,904)	-	-	(6,904)
(Decrease) in compensated absences	(222)	-	-	(222)
Total adjustments	<u>110,555</u>	<u>1,797</u>	<u>(3,160)</u>	<u>109,191</u>
Net cash provided/(used) for operating activities	<u>\$ (1,034,831)</u>	<u>60,131</u>	<u>(18,062)</u>	<u>(992,761)</u>

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FIDUCIARY FUNDS

HAMILTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Fiduciary Net Position
June 30, 2016

H-1

	Unemployment Compensation	Private Purpose Scholarship Fund	Student Activity	Agency Fund	Total
ASSETS:					
Cash and cash equivalents	\$ 283,054	1,294	165,374	7,117	456,839
Total Assets	<u>283,054</u>	<u>1,294</u>	<u>165,374</u>	<u>7,117</u>	<u>456,839</u>
LIABILITIES AND NET POSITION:					
Liabilities:					
Payroll deductions and withholdings				7,117	7,117
Accounts payable			605		605
Due to student groups			164,769		164,769
Interfunds payable				-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>165,374</u>	<u>7,117</u>	<u>172,491</u>
Net Position:					
Reserved - Expendable Trust					283,054
Unemployment Scholarship	283,054	1,294			1,294
Total net position	<u>283,054</u>	<u>1,294</u>	<u>-</u>	<u>-</u>	<u>284,348</u>
Total liabilities and net position	<u>\$ 283,054</u>	<u>1,294</u>	<u>165,374</u>	<u>7,117</u>	<u>456,839</u>

HAMILTON TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year ended June 30, 2016

H-2

	<u>Unemployment Compensation</u>	<u>Private Purpose Scholarship Fund</u>	<u>Totals</u>
OPERATING REVENUES:			
Contributions:			
Plan Member	\$ 77,867	-	77,867
Total operating revenues	<u>77,867</u>	<u>-</u>	<u>77,867</u>
Investment Earnings:			
Interest	419	10	429
Total Revenue	<u>78,286</u>	<u>10</u>	<u>78,296</u>
OPERATING EXPENSES:			
State of New Jersey:			
Unemployment claims	81,308	-	81,308
Total operating expenses	<u>81,308</u>	<u>-</u>	<u>81,308</u>
Operating Income	<u>(3,022)</u>	<u>10</u>	<u>(3,012)</u>
Change in net position	(3,022)	10	(3,012)
Net position, July 1	<u>286,076</u>	<u>1,284</u>	<u>287,360</u>
Net position, June 30	<u>\$ 283,054</u>	<u>1,294</u>	<u>284,348</u>

HAMILTON TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

H-3

	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Accounts Payable June 30, 2016	Balance June 30, 2016
Shaner	\$ 25,021	27,058	23,279		28,800
Hess	36,405	54,732	51,435	380	39,322
Davies	99,997	74,181	76,701	225	97,252
Total all schools	\$ 161,423	155,971	151,415	605	165,374

HAMILTON TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2016

H-4

	Balance July 1, 2015	Additions	Deletions	Balance July 1, 2016
ASSETS:				
Cash and cash equivalents	\$ 3,286	30,399,583	30,395,752	7,117
Total assets	<u>3,286</u>	<u>30,399,583</u>	<u>30,395,752</u>	<u>7,117</u>
LIABILITIES:				
Payroll deductions and withholdings	2,986	30,399,583	30,395,452	7,117
Interfund payable	300	-	300	-
Total liabilities	<u>\$ 3,286</u>	<u>30,399,583</u>	<u>30,395,752</u>	<u>7,117</u>

LONG-TERM DEBT

HAMILTON TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
June 30, 2016

I-1

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
			Date	Amount					
Refunding School Bonds	9/17/2002	\$ 8,240,000			\$	345,000		345,000	-
Refunding School Bonds	7/15/2003	21,535,000				935,000		935,000	-
Various School Improvements	7/15/2007	997,000	7/15/2016 7/15/2017	120,000 117,000	4.375% 4.375%	352,000		115,000	237,000
Various School Improvements	7/15/2008	998,000	7/15/2016 7/15/2017 7/15/2018	115,000 120,000 118,000	5.000% 5.000% 5.000%	463,000		110,000	353,000
Solar Roof Project	6/23/2010	4,824,000	2/1/2017 2/1/2018 2/1/2019 2/1/2020 2/1/2021 2/1/2022 2/1/2023 2/1/2024 2/1/2025 2/1/2026	280,000 290,000 300,000 310,000 325,000 350,000 400,000 425,000 450,000 444,000	3.000% 3.000% 3.000% 3.125% 3.250% 3.350% 3.500% 3.550% 4.000% 4.000%	3,849,000		275,000	3,574,000
Refunding School Bonds	2/21/2012	10,115,000	7/15/2016 7/15/2017 7/15/2018	2,400,000 2,485,000 2,575,000	4.000% 4.000% 4.000%	9,110,000		1,650,000	7,460,000
						\$ 15,054,000		3,430,000	11,624,000

**HAMILTON TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	2,932,768	-	2,932,768	2,932,768	-
	<u>2,932,768</u>	<u>-</u>	<u>2,932,768</u>	<u>2,932,768</u>	<u>-</u>
State Sources:					
Debt Service Aid Type II	831,737	-	831,737	831,737	-
	<u>831,737</u>	<u>-</u>	<u>831,737</u>	<u>831,737</u>	<u>-</u>
Total Revenues	3,764,505	-	3,764,505	3,764,505	-
EXPENDITURES:					
Regular Debt Service:					
Interest	523,471	-	523,471	523,471	-
Redemption of P principal	3,430,000	-	3,430,000	3,430,000	-
	<u>3,953,471</u>	<u>-</u>	<u>3,953,471</u>	<u>3,953,471</u>	<u>-</u>
Total expenditures	3,953,471	-	3,953,471	3,953,471	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(188,966)	-	(188,966)	(188,966)	-
Other Financing Sources (Uses)					
Operating Transfers in:					
Unexpended balances on capital projects	188,807	-	188,807	188,807	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(159)	-	(159)	(159)	-
Fund Balance, July 1	159	-	159	159	-
Fund Balance, June 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Statistical Section

HAMILTON TOWNSHIP SCHOOL DISTRICT
Net Position by Component,
Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014 *	2015	2016
Governmental activities										
Net investment in capital assets	\$ 14,725,779	17,086,683	19,733,282	18,677,705	24,280,837	27,437,989	30,280,616	33,340,202	36,460,816	38,315,255
Restricted	1,158,101	1,170,654	2,307,054	7,500,741	6,378,329	1,679,765	1,182,768	994,118	785,258	596,292
Unrestricted	(2,181,333)	(1,577,015)	(2,848,366)	(3,454,118)	(3,673,443)	2,588,721	2,915,284	(11,284,286)	(12,574,728)	(13,183,293)
Total governmental activities net position	13,702,547	16,680,322	19,191,970	22,724,328	26,985,723	31,706,475	34,378,668	23,050,034	24,671,346	25,728,254
Business-type activities										
Net investment in capital assets	57,681	50,465	63,429	128,504	157,187	141,535	136,895	125,573	114,061	104,780
Unrestricted	604,365	767,427	949,857	895,019	584,703	491,591	583,524	588,222	611,240	604,779
Total business-type activities net position	662,046	817,892	1,013,286	1,023,523	741,890	633,126	720,419	713,795	725,301	709,559
District-wide										
Net investment in capital assets	14,783,460	17,137,148	19,796,711	18,806,209	24,438,024	27,579,524	30,417,511	33,465,775	36,574,877	38,420,035
Restricted	1,158,101	1,170,654	2,307,054	7,500,741	6,378,329	1,679,765	1,182,768	994,118	785,258	596,292
Unrestricted	(1,576,968)	(809,588)	(1,898,509)	(2,559,099)	(3,088,740)	3,080,312	3,498,808	(10,696,064)	(11,963,488)	(12,578,514)
Total district net position	14,364,593	17,498,214	20,205,256	23,747,851	27,727,613	32,339,601	35,099,087	23,763,829	25,396,647	26,437,813

* As Restated

Source: CAFR Schedule A-1

HAMILTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	14,769,957	15,330,800	15,859,397	17,379,930	16,786,701	16,920,040	17,054,189	18,316,595	21,879,556	26,476,044
Special education	5,057,454	5,270,886	4,258,963	5,479,913	4,856,539	4,723,836	5,102,892	5,725,657	7,224,479	6,898,766
Other instruction	1,003,718	1,102,816	3,238,009	2,345,590	2,353,785	1,892,923	2,266,111	2,618,619	2,963,721	2,607,968
Nonpublic school programs						126,395	123,865	119,302		
Adult/continuing education programs	5,561	9,032	4,220	2,230	3,181					
Support Services:										
Tuition	793,495	404,945	617,299	715,666	774,043	1,157,145	1,429,508	915,419	810,923	821,090
Student & instruction related services	4,758,373	4,877,748	5,370,499	5,777,221	5,910,481	6,161,829	6,250,058	6,185,226	7,383,844	7,969,942
General administrative services						1,899,231	2,059,681	2,151,612	1,945,156	1,704,729
School administrative services	1,890,758	1,978,544	1,775,582	1,900,476	1,892,274	2,133,152	2,261,482	2,194,757	2,165,870	2,307,562
Business administrative services	1,521,197	1,561,247	1,707,381	1,707,498	1,617,512					
Plant operations and maintenance	4,271,600	4,294,022	4,652,468	4,190,828	3,993,638	4,644,765	4,769,850	5,139,699	4,534,636	4,360,663
Pupil transportation	3,178,345	3,139,552	3,451,981	3,491,091	2,896,958	4,154,109	3,989,584	4,102,574	2,919,775	3,160,197
Special Schools			31,024			43,649				
Charter Schools	103,703	53,888	40,670	131,633	141,170					
Interest on long-term debt	1,541,825	1,486,161	1,433,757	1,302,805	1,307,930	1,099,240	908,162	799,469	657,212	484,275
Capital Outlay							71,729	110,602		
Unallocated depreciation										
Total governmental activities expenses	39,852,325	40,413,815	43,424,761	45,443,908	43,656,447	44,956,314	46,287,111	48,379,531	52,485,172	56,791,236
Business-type activities:										
Food service	1,162,586	1,270,810	1,320,047	1,419,581	1,661,589	1,634,390	1,537,402	1,672,589	1,604,722	1,631,865
Child Care	218,154	229,936	233,964	249,103	229,209	243,779	222,639	234,745	236,908	216,305
Community Education	160,947	183,775	178,331	230,690	241,891	251,020	234,478	223,807	224,388	243,870
Total business-type activities expense	1,541,687	1,684,521	1,732,342	1,899,374	2,132,689	2,129,189	1,994,519	2,131,141	2,066,018	2,092,041
Total district expenses	41,394,012	42,098,336	45,157,103	47,343,282	45,789,136	47,085,503	48,281,630	50,510,672	54,551,190	58,883,277
Program Revenues										
Governmental activities:										
Charges for services:										
Business and other support services	32,030	83,851	62,311	43,091	89,163	28,596	4,130	9,564	2,495,094	80,880
Operating grants and contributions	11,376,493	11,769,960	8,142,997	8,862,900	7,757,625	5,044,483	5,488,348	5,166,972	9,811,929	13,578,322
Capital grants and contributions				94,268	77,449					
Total governmental activities program revenues	11,408,523	11,853,811	8,205,308	9,000,259	7,924,237	5,073,079	5,492,478	5,176,536	12,307,023	13,659,202

HAMILTON TOWNSHIP SCHOOL DISTRICT
Changes in Net Position, Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services:										
Food service	592,694	652,652	625,523	582,377	533,218	554,272	559,607	536,827	492,538	486,480
Child care	227,741	250,730	236,927	228,298	237,417	233,952	268,409	268,409	268,480	274,640
Community Education	199,885	210,905	227,608	247,947	243,885	296,406	291,292	243,520	240,084	228,969
Operating grants and contributions	708,641	794,791	877,155	848,349	829,714	934,099	982,796	1,075,077	1,084,759	1,085,433
Total business-type activities program revenues	1,728,961	1,909,078	1,967,213	1,906,971	1,844,234	2,018,729	2,085,185	2,123,833	2,085,861	2,075,522
Total district program revenues	13,137,484	13,762,889	10,172,521	10,907,230	9,768,471	7,091,808	7,577,663	7,300,369	14,392,884	15,734,724
Net (Expense)/Revenue										
Governmental activities	(28,443,802)	(28,560,004)	(35,219,453)	(36,443,649)	(35,732,210)	(39,883,235)	(40,794,633)	(43,202,985)	(40,178,149)	(43,132,034)
Business-type activities	187,274	224,557	234,871	7,597	(288,455)	(110,460)	90,666	(7,308)	19,843	(16,519)
Total district-wide net expense	(28,256,528)	(28,335,447)	(34,984,582)	(36,436,052)	(36,020,665)	(39,993,695)	(40,703,967)	(43,210,303)	(40,158,306)	(43,148,553)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	15,007,035	15,572,797	15,835,561	16,190,597	16,235,299	16,235,299	16,235,299	16,621,103	16,621,103	17,183,705
Taxes levied for debt service	2,800,921	2,801,501	2,864,492	2,930,426	3,155,022	3,373,688	3,054,898	3,054,898	3,004,249	2,932,768
Unrestricted grants and contributions	11,561,316	12,695,304	18,568,610	20,454,786	20,128,259	22,328,324	22,624,962	22,927,316	20,561,509	23,001,703
Federal and state aid restricted						1,667,094	1,328,380	1,325,441	1,325,434	831,737
Tuition	37,551	7,691	56,327	79,849	47,995					
Investment earnings	174,282	125,615	73,739	50,823	78,167	5,966	3,190	2,167	936	258
Miscellaneous income	244,809	250,930	282,371	269,525	354,526	952,802	232,993	116,740	300,474	247,826
Special items						(162,152)		(102)	(14,244)	(9,055)
Loss on disposal of fixed assets					(5,666)		(12,896)			
Transfers	20,000	83,940	50,000	39,976,006	39,993,602	44,401,021	43,466,826	44,047,563	41,799,461	44,188,942
Total governmental activities	29,845,914	31,537,778	37,731,100	39,976,006	39,993,602	44,401,021	43,466,826	44,047,563	41,799,461	44,188,942
Business-type activities:										
Investment earnings	24,234	17,418	10,712	10,301	6,822	1,696	698	684	728	777
Loss on disposal of fixed assets			(190)	(7,662)			(4,071)		(9,065)	
Special items	(20,000)	(2,187)	(50,000)							
Transfers	4,234	(68,709)	(39,478)	2,639	6,922	1,696	(3,373)	684	(8,337)	777
Total business-type activities	29,850,148	31,469,069	37,691,622	39,978,645	40,000,424	44,402,717	43,463,453	44,048,247	41,791,124	44,189,719
Total district-wide	\$ 1,402,112	\$ 2,977,774	\$ 2,511,647	\$ 3,532,357	\$ 4,261,392	\$ 4,517,786	\$ 2,672,193	\$ 844,568	\$ 1,621,312	\$ 1,056,908
Governmental activities	191,508	155,848	195,393	10,236	(281,633)	(108,764)	87,293	(6,624)	11,506	(15,742)
Business-type activities	1,593,620	3,133,622	2,707,040	3,542,593	3,979,759	4,409,022	2,759,486	837,944	1,632,818	1,041,166
Total district	\$ 1,402,112	\$ 2,977,774	\$ 2,511,647	\$ 3,532,357	\$ 4,261,392	\$ 4,517,786	\$ 2,672,193	\$ 844,568	\$ 1,621,312	\$ 1,056,908
Governmental activities	191,508	155,848	195,393	10,236	(281,633)	(108,764)	87,293	(6,624)	11,506	(15,742)
Business-type activities	1,593,620	3,133,622	2,707,040	3,542,593	3,979,759	4,409,022	2,759,486	837,944	1,632,818	1,041,166

Source: CAFR Schedule A-2

HAMILTON TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted										
Committed					4,853,563	3,248,550	3,177,726	2,345,899	2,168,534	3,006,115
Unassigned					(659,443)	3,184,364	2,609,044	1,730,310	971,193	521,451
Reserved				3,457,442		(1,269,240)	(397,254)	(799,005)	(1,144,538)	(1,201,201)
Unreserved	421,737	1,347,175	2,380,899	(1,229,258)	4,194,120	5,163,674	5,389,516	3,277,204	1,995,189	2,326,365
Total general fund	(69,822)	(19,999)	(1,083,924)	2,228,184						
	351,915	1,327,176	1,296,975							
All Other Governmental Funds										
Restricted					1,282,878	1,568,173	1,131,766	942,959	785,099	596,292
Committed					244,666					
Assigned					(40,194)	55,795	51,000	51,000	-	-
Unassigned						(24,188)	(24,643)	(23,802)	(26,777)	(17,107)
Reserved	367,169	141,052	243,398	2,714,929						
Unreserved, reported in:										
Special revenue fund	(114,454)	(140,904)	(38,548)	(40,194)						
Capital projects fund	39,257	17,369	37,115	1,645,797						
Debt service fund	1	90	90	1				159	159	
Total all other governmental funds	291,973	17,607	242,055	4,320,533	1,487,350	1,599,782	1,158,125	970,316	758,481	579,185

The requirements related to reporting fund balance in the general fund were modified by the Governmental Accounting Standards Board (GASB) effective for fiscal years ending June 30, 2011.

Source: CAFR Schedule B-1

HAMILTON TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 17,807,956	18,374,298	18,700,053	19,121,023	19,390,321	19,608,987	19,290,197	19,676,001	19,625,352	20,116,473
Tuition charges	37,551	7,691	56,327	79,849	47,995	28,596	4,130	9,564	3,500	80,880
Interest earnings	19,539	12,220	5,890	5,972	15,484	5,966	3,190	2,167	936	258
Miscellaneous	431,583	448,176	412,531	357,467	506,373	952,802	232,993	116,740	300,474	247,826
Local sources						20,000				
State sources	21,354,933	23,117,954	25,165,533	23,387,964	25,432,246	26,578,517	28,072,555	28,010,563	28,469,816	28,815,543
Federal sources	1,582,876	1,356,176	1,546,074	6,023,990	2,531,087	2,441,384	1,369,135	1,409,166	1,485,900	2,717,440
Total revenue	41,234,438	43,316,515	45,886,408	48,976,265	47,923,506	49,636,252	48,972,200	49,224,201	49,885,978	51,978,420
Expenditures										
Instruction										
Regular instruction	11,354,404	11,721,893	14,705,721	13,369,212	12,671,148	13,111,734	12,671,495	13,730,451	13,286,056	13,636,531
Special education instruction	3,504,961	3,609,290	3,843,458	3,905,235	3,454,564	3,550,592	3,680,477	4,166,356	4,228,389	4,292,360
Other special instruction						1,312,282	1,468,432	1,759,603	1,582,254	1,490,658
Other instruction	694,907	753,004	3,041,384	1,667,284	1,660,692	113,804	164,747	138,254	150,832	130,815
Adult/continuing education programs	4,190	6,495	3,805	1,579	2,240					
Nonpublic programs						126,395	123,865	119,302		
Support Services:										
Tuition	793,495	404,945	617,299	715,666	774,043	813,610	1,006,563	649,955	810,923	780,737
Student & instruction related services	3,546,396	3,566,882	4,954,851	4,307,684	4,484,018	4,715,917	4,513,069	4,555,994	4,446,085	5,416,981
School administrative services	1,335,573	1,380,836	1,632,941	1,395,047	1,381,856	1,446,720	1,462,195	1,427,087	1,439,605	1,462,853
Other administrative services	1,217,319	1,226,616	1,623,792	1,399,651	1,300,778	1,401,521	1,461,606	1,565,488	1,423,811	1,462,392
Plant operations and maintenance	3,522,775	3,521,413	4,451,720	3,506,849	3,283,709	3,415,374	3,389,879	3,725,794	3,459,673	3,295,439
Pupil transportation	3,148,326	3,108,563	3,443,848	3,459,250	2,863,432	3,116,979	2,808,804	2,960,810	2,900,401	2,981,993
Unallocated employee benefits	7,975,809	8,624,167	2,414,733	8,901,451	9,100,911	9,839,180	11,293,206	11,423,292	11,961,485	12,571,770
Special Schools			28,424			43,649				
Charter Schools	103,703	53,888	40,670	131,633	141,170					
Capital outlay	433,863	1,344,302	1,342,393	1,300,963	3,195,043	739,402	511,718	677,764	1,126,771	341,685
Debt service:										
Principal										
Interest and other charges	2,990,000	3,080,000	3,250,000	3,455,000	3,360,000	3,505,000	3,695,000	3,800,000	3,880,000	3,430,000
Total expenditures	1,483,682	1,388,385	1,345,125	1,274,074	1,117,149	1,237,188	936,959	824,172	669,299	523,471
Excess (Deficiency) of revenues over (under) expenditures	\$ 42,109,403	43,790,679	46,740,164	48,790,578	48,790,753	48,489,347	49,188,015	51,524,322	51,365,584	51,817,485
	\$ (874,965)	(474,164)	(853,756)	185,687	(867,247)	1,146,905	(215,815)	(2,300,121)	(1,479,606)	160,935

HAMILTON TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing sources (uses)										
Capital leases (non-budgeted)	\$ 111,538	102,986								
Cancellation of prior year receivables/purchase orders		(8,866)				9,347			(14,244)	(9,055)
Debt service assessment		997,000	998,000	4,824,000		(52,266)				
Bond proceeds	(30,797)									
Transfer to capital projects	50,797	83,940	50,000			359,677	359,243	320,927	320,927	188,807
Transfers in						(381,677)	(359,243)	(320,927)	(188,807)	(188,807)
Transfers out						(64,919)	-	(14,244)		(9,055)
Total other financing sources (uses)	131,538	1,175,060	1,048,000	4,824,000	-	(64,919)	-	-	(14,244)	(9,055)
Net change in fund balances	\$ (743,427)	700,896	194,244	5,009,687	(867,247)	1,081,986	(215,815)	(2,300,121)	(1,493,850)	151,880
Debt service as a percentage of noncapital expenditures	10.73%	10.53%	10.12%	9.96%	9.82%	9.93%	9.52%	9.09%	9.06%	7.68%

Source: CAFR Schedule B-2

HAMILTON TOWNSHIP SCHOOL DISTRICT
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Refund of Prior Year Expenditures	Use of Facilities	Proceeds from Bond Escrow Issuance/Restruct.	Energy Rebate/Sale of SREC's/	Misc.	Total
2007	159,998	6,582	35,460	222,961	-	6,582	431,583
2008	125,615	30,788	83,851	214,208	-	5,934	460,396
2009	73,739	12,761	62,936	215,816	-	53,168	418,420
2010	44,851	13,495	43,091	198,127	-	63,875	363,439
2011	78,167	29,109	89,163	100,319	-	225,099	521,857
2012	25,594	9,259	95,716	17,395	680,723	124,115	952,802
2013	12,691	43	31,365	15,513	51,890	121,491	232,993
2014	9,586	7,740	37,450	-	-	61,964	116,740
2015	7,766	17,408	39,625	-	217,358	18,317	300,474
2016	7,433	19,811	19,683	-	197,872	3,027	247,826

Source: District Records

HAMILTON TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Cfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	69,736,600	836,779,600	7,564,300	1,974,700	286,493,500	15,803,100	44,455,500	1,262,807,300	3,702,152	1,266,509,452	1.422	2,576,300,756
2008	69,523,200	860,675,600	7,318,600	1,964,200	286,822,700	15,077,100	44,823,300	1,286,204,700	3,742,079	1,289,946,779	1.451	2,755,119,134
2009	68,670,500	882,041,900	7,359,500	1,857,200	282,155,300	15,196,700	56,945,500	1,314,226,600	4,028,166	1,318,254,766	1.450	2,745,220,254
2010	64,734,600	895,118,800	7,016,300	1,843,300	269,334,500	15,076,200	56,945,500	1,310,069,200	4,177,676	1,314,246,876	1.450	2,653,286,355
2011	121,238,800	1,618,991,400	12,246,700	1,895,486	505,541,800	25,366,500	106,584,800	2,391,865,486	7,628,595	2,399,494,081	0.817	2,609,111,189
2012	112,511,900	1,628,180,200	11,964,600	1,874,686	494,835,500	25,056,500	106,584,800	2,381,008,186	7,388,392	2,388,396,578	0.808	2,429,207,260
2013	99,501,600	1,618,394,900	11,854,900	1,866,086	496,187,500	25,056,500	103,361,000	2,366,622,486	6,442,727	2,373,065,213	0.833	2,414,967,443
2014	91,181,800	1,568,340,300	11,866,300	1,884,986	481,205,900	22,256,500	102,611,000	2,269,346,786	5,660,600	2,275,007,386	0.865	2,286,669,400
2015				Information Not Available				2,085,370,686	6,518,081	2,091,888,767	0.938	2,201,524,697
2016	72,039,700	1,425,100,400	10,403,700	1,866,764	463,333,600	20,819,200	96,686,600	2,090,249,964	6,475,735	2,096,725,699	0.980	2,141,701,429

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

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

Fiscal Year Ended June 30,	Township of Hamilton Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Atlantic County	Greater Egg Harbor Regional	Municipal Local Purpose	
2007	1.192	0.230	1.422	0.625	0.727	0.819	3.593
2008	1.228	0.223	1.451	0.625	0.759	0.903	3.738
2009	1.229	0.221	1.450	0.613	0.724	1.010	3.797
2010	1.228	0.222	1.450	0.644	0.673	1.307	4.074
2011	0.677	0.140	0.817	0.392	0.414	0.740	2.363
2012	0.680	0.128	0.808	0.379	0.428	0.740	2.355
2013	0.703	0.129	0.833	0.481	0.475	0.739	2.528
2014	0.731	0.134	0.863	0.475	0.519	0.770	2.627
2015	0.818	0.144	0.962	0.520	0.559	0.837	2.878
2016	0.840	0.140	0.980	0.495	0.593	0.850	2.918

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.

HAMILTON TOWNSHIP SCHOOL DISTRICT
Principal Property Tax Payers,
Current Year and Nine Years Ago
Unaudited

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Hamilton Mall, LLC	92,316,000	1	4.40%	Not Available	1	Not Available
Benderson-Wainberg Associates	76,930,900	2	3.67%	Not Available	2	Not Available
BFW/Pike Associates, LLC	39,365,800	3	1.88%	Not Available	3	Not Available
JSM at Timber Glen, LLC	25,000,000	4	1.19%	Not Available	5	Not Available
DD Residential, LP	19,400,000	5	0.93%	Not Available	6	Not Available
RH Macy and Company, LLC	19,113,800	6	0.91%	Not Available	4	Not Available
Wal-mart Property Tax Department	16,100,000	7	0.77%	Not Available	7	Not Available
Sears Roebuck and Company	14,839,700	8	0.71%	Not Available		
Benderson-Wainberg Associates	14,801,600	9	0.71%	Not Available	8	Not Available
Hometown Mays Landing MHC, L.L.C.	14,000,000	10	0.67%	Not Available	9	Not Available
Joey T. LLC				Not Available	10	Not Available
J.C. Penney Properties, Inc.				Not Available		Not Available
Greenwood ACRA, Inc./Racetrack				Not Available		Not Available
Atlantic Southern Properties, Inc.				Not Available		Not Available
Total	331,867,800		13.75%	-		0.00%

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

HAMILTON TOWNSHIP SCHOOL DISTRICT
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	
2007	17,807,956	17,807,956	100%	-
2008	18,374,298	18,374,298	100%	-
2009	18,700,053	18,700,053	100%	-
2010	19,121,023	19,121,023	100%	-
2011	19,390,321	19,390,321	100%	-
2012	19,608,987	19,608,987	100%	-
2013	19,290,197	19,290,197	100%	-
2014	19,676,001	19,676,001	100%	-
2015	19,625,352	19,625,352	100%	-
2016	20,116,473	20,116,473	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, in the amount voted upon or certified prior to the end of the school year.

HAMILTON TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities		Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Capital Leases	Capital Leases			
2007	36,670,000	81,068			36,751,068	3.86%	1,503
2008	34,587,000	129,875			34,716,875	3.58%	1,426
2009	32,335,000	78,368			32,413,368	3.38%	1,332
2010	33,704,000	37,408			33,741,408	3.19%	1,271
2011	30,344,000	2,941			30,346,941	2.75%	1,137
2012	26,429,000	-			26,429,000	2.33%	986
2013	22,734,000	-			22,734,000	2.00%	849
2014	18,934,000	-			18,934,000	1.67%	711
2015	15,054,000	-			15,054,000	1.33%	565
2016	11,624,000	-			11,624,000	1.00%	434

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-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

HAMILTON TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	36,670,000	-	36,670,000	2.90%	1,500
2008	34,587,000	-	34,587,000	2.68%	1,421
2009	32,335,000	-	32,335,000	2.45%	1,329
2010	33,704,000	-	33,704,000	2.56%	1,269
2011	30,344,000	-	30,344,000	1.26%	1,137
2012	26,429,000	-	26,429,000	1.11%	986
2013	22,734,000	-	22,734,000	0.96%	849
2014	18,934,000	-	18,934,000	0.83%	711
2015	15,054,000	-	15,054,000	0.72%	565
2016	11,624,000	-	11,624,000	0.55%	434

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-13.

HAMILTON TOWNSHIP SCHOOL DISTRICT
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2016
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 Township of Hamilton	\$ 12,923,153	100.00%	12,923,153
Other debt			
Greater Egg Harbor Regional High School District	47,845,000	38.00%	18,181,100
Atlantic County	155,437,199	5.45%	8,471,327
Subtotal, overlapping debt			39,575,580
Township of Hamilton School District debt	11,624,000	100.00%	11,624,000
Total direct and overlapping debt	\$		<u>51,199,580</u>

Sources: Township of Hamilton Finance Officer and Atlantic County Finance Office

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 the Township of Hamilton. 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.

HAMILTON TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis	
2015	2,243,298,931
2014	2,293,427,778
2013	2,368,702,871
	<u>4,662,130,649</u>
	1,554,043,550

Average equalized valuation of taxable property	1,554,043,550
Debt limit (3% of average)	46,621,306
Net bonded school debt	<u>11,624,000</u>
Legal debt margin	<u>34,997,306</u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	62,101,707	72,779,298	79,151,665	80,252,811	79,177,088	76,719,672	74,556,414	72,347,630	70,954,553	46,621,306
Total net debt applicable to limit	<u>36,670,000</u>	<u>34,587,000</u>	<u>32,335,000</u>	<u>33,704,000</u>	<u>30,344,000</u>	<u>26,429,000</u>	<u>22,734,000</u>	<u>18,934,000</u>	<u>15,054,000</u>	<u>11,624,000</u>
Legal debt margin	<u>25,431,707</u>	<u>38,192,298</u>	<u>46,816,665</u>	<u>46,548,811</u>	<u>48,833,088</u>	<u>50,290,672</u>	<u>51,822,414</u>	<u>53,413,630</u>	<u>55,900,553</u>	<u>34,997,306</u>
Total net debt applicable to the limit as a percentage of debt limit	59.05%	47.52%	40.85%	42.00%	38.32%	34.45%	30.49%	26.17%	21.22%	24.93%

Source: Abstract of Rates and District Records CAFR Schedule J-11

HAMILTON TOWNSHIP 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
2007	24,446	951,145	38,908	4.80%
2008	24,340	969,438	39,829	6.00%
2009	24,326	959,199	39,431	10.70%
2010	26,554	1,057,779	39,835	10.90%
2011	26,683	1,104,596	41,397	11.90%
2012	26,797	1,133,192	42,288	12.90%
2013	26,775	1,135,929	42,425	11.50%
2014	26,647	1,130,499	42,425	9.60%
2015	26,647	1,130,499	42,425	9.60%
2016	26,787	1,160,841	43,336	8.60%

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, November 2014

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

HAMILTON TOWNSHIP SCHOOL DISTRICT
Principal Employers,
Current Year and Nine Years Ago
Unaudited

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
	This information is not available for this district.					
	-		0%	-		-

GASB requires this table present the principal employers for the current year and nine years ago, however information from 2005 was not available. Also, the Township does not update this information on an annual basis, therefore the most recent information is reported.

Source: Township of Hamilton Tax Assessor

HAMILTON TOWNSHIP SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years
Unaudited

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction	190.0	189.0	192.0	194.0	186.0	185.0	194.0	200.0	184.0	183.0
Regular	81.0	80.0	75.0	71.0	62.0	66.0	67.0	72.0	71.0	71.0
Special education	17.0	22.0	28.0	30.0	25.0	28.0	25.0	22.0	26.0	26.0
Other instruction	1.0	1.0	2.0	3.0	2.0	3.0	2.0	2.0	-	-
Nonpublic school programs	1.0	1.0	-	-	-	-	-	-	-	-
Adult/continuing education programs										
Support Services:										
Student & instruction related services	60.0	56.0	83.0	93.0	84.0	86.0	81.0	71.0	78.0	74.0
General administrative services	4.0	5.0	5.0	5.0	5.0	4.0	5.0	5.0	4.0	4.0
School administrative services	29.0	28.0	21.0	22.0	20.0	18.0	22.0	21.0	20.0	20.0
Business administrative services	11.0	11.0	11.0	11.0	11.0	10.0	10.0	11.0	10.0	10.0
Plant operations and maintenance	36.0	36.0	48.0	41.0	38.0	40.0	37.0	38.0	34.0	34.0
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
Food Service	26.0	28.0	20.0	29.0	22.0	23.0	25.0	27.0	22.0	22.0
Child Care	1.0	1.0	2.0	2.0	2.0	1.0	1.0	1.0	2.0	2.0
Total	459.0	460.0	489.0	503.0	459.0	466.0	471.0	472.0	452.0	447.0

Source: District Personnel Records

HAMILTON TOWNSHIP 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				
2007	3,217	37,201,858	11,564	7.54%	254	1:12.9	1:10.3	3,016	2,862	-6.28%	94.89%
2008	3,268	37,977,992	11,621	0.49%	266	1:13.2	1:10.8	3,237	3,063	7.33%	94.62%
2009	3,349	40,802,646	12,184	4.84%	288	1:12.6	1:10.0	3,204	3,026	-1.02%	94.44%
2010	3,295	42,760,541	12,977	6.52%	297	1:12.3	1:9.5	3,336	3,140	4.12%	94.12%
2011	3,200	41,118,561	12,850	-0.99%	284	1:12.2	1:9.6	3,209	3,026	-3.81%	94.30%
2012	3,147	43,007,757	13,666	6.36%	262	1:12.6	1:10.2	3,151	2,982	-1.81%	94.64%
2013	3,179	44,044,338	13,855	1.38%	255	1:12.9	1:10.7	3,079	2,909	-2.28%	94.48%
2014	3,114	46,222,386	14,843	7.14%	254	1:13.1	1:10.7	3,114	2,942	1.14%	94.48%
2015	3,034	45,689,514	15,059	1.45%	255	1:13.5	1:9.2	3,036	2,919	-2.50%	96.15%
2016	3,023	47,522,329	15,720	4.39%	254	1:13.5	1:9.2	2,994	2,834	-1.38%	94.66%

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-1
- 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).

HAMILTON TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
Elementary										
Joseph Shaner School (1957)	78,921	78,921	78,921	78,921	78,921	78,921	78,921	78,921	78,921	78,921
Square Feet	639	639	639	639	639	639	639	639	639	639
Capacity (students)	658	617	624	744	756	619	639	640	632	586
Enrollment										
George Hess Educational Complex (1992)	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
Square Feet	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616	1,616
Capacity (students)	1,492	1,574	1,662	1,524	1,460	1,522	1,472	1,488	1,380	1,356
Enrollment										
Middle School										
William Davies Middle School (1989, addition 2006)	202,670	202,670	202,670	202,670	202,670	202,670	202,670	202,670	202,670	202,670
Square Feet	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120
Capacity (students)	1,067	1,077	1,063	1,027	993	1,006	987	986	1,022	1,035
Enrollment										
Other										
J. Harold Duberson School (1927)	36,715	36,715	36,715	36,715	36,715	36,715	36,715	36,715	36,715	36,715
(vacant as of 9/1/06)	485	485	485	485	485	485	485	485	485	485
Square Feet	-	-	-	-	-	-	-	-	-	-
Capacity (students)	-	-	-	-	-	-	-	-	-	-
Enrollment										

Number of Schools at June 30, 2016
 Elementary = 2
 Middle School = 1
 Other = 1

Source: District records, ASSA

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

Since the opening of the Davies Middle School and the Hess Educational Complex, the first and second floors of the Duberson School had been used by the Greater Egg Harbor Regional High School District for its alternative program. The third floor had housed the Davies School alternative program. Upon the opening of the Davies School addition in September 2005 the building was closed and is currently unoccupied.

HAMILTON TOWNSHIP 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)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Joseph C. Shaner School	N/A	\$ 121,863	109,463	364,250	111,630	95,979	92,881	106,825	121,096	96,949	123,521
George Hess Educational Complex	N/A	249,581	200,064	445,251	241,197	210,611	254,684	254,209	289,798	227,154	244,051
William Davies Middle School	N/A	151,864	266,749	451,423	206,833	197,547	234,082	222,625	247,971	214,287	218,273
Total School Facilities		523,308	576,276	1,260,924	559,660	504,137	581,647	583,659	658,865	538,390	585,845
Other Facilities		4,955	12,158	25,210	26,580	25,830	5,564	31,890	31,298	25,458	4,054
Grand Total		\$ 528,263	588,434	1,286,134	586,240	529,967	587,211	615,549	690,163	563,848	589,899

HAMILTON TOWNSHIP SCHOOL DISTRICT

Insurance Schedule

June 30, 2016

Unaudited

	Coverage	Deductible
Property, Inland Marine and Automobile Physical Damages		
A. Limit of Liability	150,000,000	
ACCASBOJIF Self Insured Retention, per occurrence	250,000	
Members District Deductible, per occurrence		500
Perils Included	"All Risk"	
B. Property Valuation		
Buildings and Contents	Replacement Cost	
Contractors Equipment	Actual Cash Value	
Automobiles	Replacement Cost	
Boiler and Machinery		
A. Limit of Liability	125,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		1,000
Crime		
A. Limit of Liability	500,000	
ACCASBOJIF Self Insured Retention	250,000	
Members District Deductible		500
General and Automobile Liability		
A. Limit of Liability	15,000,000	
ACCASBOJIF Self Insured Retention	250,000	
Members District Deductible		None
Workers' Compensation		
A. Limit of Liability	Statutory	
ACCASBOJIF Self Insured Retention	250,000	None
Members District Deductible		
Educator's Legal Liability		
A. Limit of Liability	15,000,000	
ACCASBOJIF Self Insured Retention	175,000	
Members District Deductible		None
Pollution Legal Liability/Mold Legal Liability		
A. Limit of Liability	3,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		25,000
Cyber Liability		
A. Limit of Liability	1,000,000	
ACCASBOJIF Self Insured Retention	None	
Members District Deductible		25,000

Source: District Records (Coverage is through the Atlantic & Cape May Counties
Association of School Business Officials Joint Insurance Fund (ACCASBOJIF))

Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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K-1 INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Hamilton Township School District
County of Atlantic
Hamilton Township, New Jersey

We have audited, in accordance with the 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 Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hamilton Township School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Hamilton Township School District's basic financial statements, and have issued our report thereon dated November 16, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hamilton Township School Districts basic 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 basic 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 prescribed by the Division of Finance, Department of Education, and State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

November 16, 2016



FORD - SCOTT

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K-2 INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Hamilton Township School District
County of Atlantic
Hamilton Township, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Hamilton Township School District, County of Atlantic, State of New Jersey compliance with the types of compliance requirements described in the *OMB Circular Uniform Guidance Compliance Supplement*, the New Jersey *OMB State Grant Compliance Supplement* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that could have a direct and material effect on each of the Hamilton Township School District's major federal and state programs for the year ended June 30, 2016. The Hamilton Township School District'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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Hamilton Township School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; *OMB Circular Uniform Guidance Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey 15-08 and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and Circulars 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 Hamilton Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Hamilton Township School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Hamilton Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Hamilton Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Hamilton Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular Uniform Guidance and NJ OMB 15-08 and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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 Hamilton Township School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

November 16, 2016

HAMILTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2015	Carryover Amount	Cash Received	Source		Total	(Accounts Receivable)	Unearned Revenue	Due to Grantor
									Pass Through	Direct				
U.S. Department of Agriculture														
Passed-through State Department of Education:														
Enterprise Fund:														
Food Distribution Program	10.555	16161NJ304N1099	N/A	85,417	7/1/14 - 6/30/15	6,904	-	-	(6,904)	-	(6,904)	-	-	-
Food Distribution Program	10.555	16161NJ304N1099	N/A	84,485	7/1/15 - 6/30/16	-	-	84,485	(84,485)	-	(84,485)	-	-	-
National School Breakfast Program	10.553	16161NJ304N1099	N/A	230,847	7/1/14 - 6/30/15	(13,051)	-	13,051	(230,122)	-	(230,122)	(9,206)	-	-
National School Lunch Program	10.555	16161NJ304N1099	N/A	744,332	7/1/14 - 6/30/15	(60,401)	-	220,916	(744,326)	-	(744,326)	(38,253)	-	-
National School Lunch Program	10.555	16161NJ304N1099	N/A	744,326	7/1/15 - 6/30/16	(98)	-	706,073	(744,326)	-	(744,326)	(17)	-	-
Special Milk Program	10.556	16161NJ304N1099	N/A	1,283	7/1/14 - 6/30/15	-	-	99	(619)	-	(619)	(8,981)	-	-
Special Milk Program	10.556	16161NJ304N1099	N/A	619	7/1/15 - 6/30/16	-	-	602	(8,981)	-	(8,981)	-	-	-
School Meals Equipment	10.579	16161NJ304N1099	N/A	19,781	7/1/14 - 6/30/16	-	-	-	-	-	-	-	-	-
Total U.S. Department of Agriculture														
						(66,647)	-	1,085,627	(1,075,437)	-	(1,075,437)	(56,457)	-	-
U.S. Department of Health and Human Services														
Passed-through State Department of Health and Human Services:														
General Fund:														
Medical Assistance Program	93.778	1605NJ5MAP	N/A	100,533	7/1/14 - 6/30/15	(64,589)	-	64,589	(95,836)	-	(95,836)	-	-	-
Medical Assistance Program	93.778	1605NJ5MAP	N/A	95,836	7/1/15 - 6/30/16	-	-	95,836	(95,836)	-	(95,836)	-	-	-
Total General Fund														
						(64,589)	-	160,425	(95,836)	-	(95,836)	-	-	-
Special Revenue Fund:														
Title I, Part A	84.010A	S010A150030	NCLB-1310-14	354,527	7/1/13 - 6/30/14	(6,778)	-	6,778	(33,575)	-	(33,575)	(166,160)	-	-
Title I, Part A	84.010A	S010A150030	NCLB-1310-15	399,130	7/1/14 - 6/30/15	(132,586)	-	-	(492,411)	-	(492,411)	(658,571)	-	-
Title I, Part A	84.010A	S010A150030	NCLB-1310-16	399,130	7/1/15 - 6/30/16	(139,363)	-	6,778	(525,986)	-	(525,986)	-	-	-
Total Title I, Part A														
						(19,436)	-	6,778	(64,173)	-	(64,173)	(0)	-	-
Title II, Part A	84.367A	S367A150029	NCLB-1310-15	71,555	7/1/14 - 6/30/15	(19,436)	-	19,436	(64,173)	-	(64,173)	(0)	-	-
Title II, Part A	84.367A	S367A150029	NCLB-1310-16	64,173	7/1/15 - 6/30/16	(19,436)	-	83,669	(64,173)	-	(64,173)	(0)	-	-
Total Title II, Part A														
						(7,293)	-	7,293	(12,630)	-	(12,630)	(0)	-	-
Title III, English Language Enhancement	84.365A	S365A150030	NCLB-1310-15	15,853	7/1/14 - 6/30/15	(7,293)	-	7,293	(12,630)	-	(12,630)	(0)	-	-
Title III, English Language Enhancement	84.365A	S365A150030	NCLB-1310-16	12,650	7/1/15 - 6/30/16	-	-	19,923	(12,630)	-	(12,630)	(0)	-	-
Total Title III														
						(8,609)	-	19,955	(82,256)	-	(82,256)	(8,609)	-	-
I.D.E.A. Part B - Basic	84.027	H027A150100	IDEA2012	790,899	9/1/11 - 6/31/12	(19,955)	-	19,955	(82,256)	-	(82,256)	(82,256)	-	-
I.D.E.A. Part B - Basic	84.027	H027A150100	IDEA2015	796,433	7/1/14 - 6/30/15	-	-	-	(31,687)	-	(31,687)	-	-	-
I.D.E.A. Part B - Basic	84.027	H027A150100	IDEA2016	822,256	7/1/15 - 6/30/16	-	-	31,687	(853,943)	-	(853,943)	-	-	-
I.D.E.A. Part B - Preschool	84.173	H173A150114	IDEA2016	31,687	7/1/15 - 6/30/16	-	-	51,662	(853,943)	-	(853,943)	-	-	-
Total IDEA, Part B														
						(28,764)	-	51,662	(853,943)	-	(853,943)	-	-	-
Race to the Top - Preschool Expansion	84.19B	B413A120008	N/A	1,287,383	7/1/15 - 6/30/16	-	-	1,287,383	(1,202,429)	-	(1,202,429)	-	84,954	-
Total Special Revenue Fund														
						(194,856)	-	1,449,335	(2,659,161)	-	(1,456,732)	(1,404,692)	84,954	-
Total Federal Financial Awards														
						(326,092)	-	2,895,387	(3,830,434)	-	(2,628,005)	(1,461,139)	84,954	-

The accompanying notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this statement.

HAMILTON TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Grant or State Project Number	Award Amount	Grant Period	Balance at June 30, 2015		Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balances	Balance at June 30, 2016		MEMO
				Unearned Revenue (Accts Receivable)	Due to Grantor					(Accounts Receivable)	Unearned Revenue	
State Department of Education												
General Fund:												
State Aid Public Cluster												
Equalization Aid	16-495-034-5120-078	19,321,187	7/1/15-6/30/16				17,389,066	(19,321,187)		(1,932,121)		19,321,187
Special Education Categorical Aid	16-495-034-5120-079	1,746,538	7/1/15-6/30/16				1,536,132	(1,746,538)		(174,626)		1,746,538
Special Education Categorical Aid	16-495-034-5120-080	1,746,538	7/1/15-6/30/16				1,536,132	(1,746,538)		(174,626)		1,746,538
Under Adequacy Aid	16-495-034-5120-088	135,279	7/1/15-6/30/16				121,841	(135,279)		(13,538)		135,279
PARCC Readiness Aid	16-495-034-5120-098	44,957	7/1/15-6/30/16				41,992	(44,957)		(2,965)		44,957
Per Pupil Growth Aid	16-495-034-5120-097	29,645	7/1/15-6/30/16				26,680	(29,645)		(2,965)		29,645
Total State Aid Public Cluster							19,633,374	(22,042,052)		(2,202,678)		22,042,052
Categorical Transportation Aid	16-495-034-5120-014	728,399	7/1/15-6/30/16				655,559	(728,399)		(72,840)		728,399
Nonpublic School Transportation Aid	15-100-034-5120-014	16,937	7/1/14-6/30/15				16,937					
Special Education Extraordinary Aid	15-100-034-5120-473	128,514	7/1/14-6/30/15				128,514					
Special Education Extraordinary Aid	15-100-034-5120-473	166,117	7/1/15-6/30/16					(166,117)		(166,117)		166,117
Reimursed TPAF Social Security Contributions	15-495-034-5094-003	1,489,524	7/1/14-6/30/15				62,596					
Reimursed TPAF Social Security Contributions	16-495-034-5094-003	1,385,040	7/1/15-6/30/16				1,324,972	(1,385,040)		(61,071)		1,385,040
Total General Fund							22,027,555	(24,322,214)		(2,502,706)		24,322,214
Special Revenue Fund:												
Preschool Education Aid	16-495-034-5120-086	263,561	7/1/15-6/30/16				263,561					263,561
New Jersey Nonpublic Aid	16-100-034-5120-064	9,022	7/1/15-6/30/16				8,961	(8,900)			122	8,900
Textbook Aid	16-100-034-5120-067	74,619	7/1/15-6/30/16				74,619	(74,619)				74,619
Auxiliary Services:												
Compensatory Education	16-100-034-5120-067	7,565	7/1/15-6/30/16						(11,645)			
Transportation	15-100-034-5120-067	7,565	7/1/14-6/30/15				7,565		(7,565)			
Transportation	16-100-034-5120-067	2,589	7/1/15-6/30/16				2,589	(2,589)				2,589
Handicapped Services:												
Examination and Classification	15-100-034-5120-066	11,707	7/1/14-6/30/15				17,723		(3,780)			17,723
Examination and Classification	15-100-034-5120-066	18,377	7/1/14-6/30/15				17,723		(799)			18,377
Connective Speech	16-100-034-5120-066	15,885	7/1/15-6/30/16				15,885	(13,377)			2,508	13,377
Connective Speech	16-100-034-5120-066	9,803	7/1/15-6/30/16				9,803	(9,226)			577	9,226
Supplemental Instruction	15-100-034-5120-070	14,797	7/1/14-6/30/15				14,220		(647)		386	13,854
Nursing	16-100-034-5120-070	14,220	7/1/15-6/30/16				14,220	(13,854)				13,854
NP Security	16-100-034-5120-070	3,950	7/1/15-6/30/16				3,950	(3,950)				3,950
NP Security	16-100-034-5120-068	269	7/1/15-6/30/16				269	(269)				269
Homebound	16-100-034-5120-067											
Total Special Revenue Fund							415,688	(412,156)	(24,436)		3,593	412,156
Capital Projects Fund:												
NJ Economic Development Authority	GS-0630	8,329,210	7/1/02-6/30/03					(374,835)		(374,835)		8,262,021
NJ School Development Authority (SDA)	N/A	31,631	N/A				21,790	(21,790)	9,055			
NJ School Development Authority (SDA)	N/A	26,777	N/A					(9,055)				
Total Capital Projects Fund							21,790	(405,680)	9,055	(374,835)		8,262,021
Debt Service Fund:												
Debt Service Aid Type II	16-495-034-5120-017	831,737	7/1/15-6/30/16				831,737	(831,737)				831,737
Total Debt Service Fund							831,737	(831,737)				831,737
State Department of Agriculture												
Enterprise Fund:												
Child Nutrition Cluster:												
Nutrition Program (State Share)	15-100-010-3360-067	17,012	7/1/14-6/30/15				1,384			(1,384)		16,900
Nutrition Program (State Share)	16-100-010-3360-067	16,900	7/1/15-6/30/16				16,034	(16,900)		(866)		16,900
Nutrition Program (State Share)	16-100-010-3360-067						17,418	(16,900)		(518)		16,900
Total Child Nutrition Cluster							17,418	(16,900)		(866)		16,900
Total Enterprise Fund							23,314,188	(25,563,008)	(15,361)	(2,078,407)	3,593	33,845,029
Total State Financial Assistance												

The accompanying notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this statement.

**Hamilton Township Board of Education
Notes to the Schedules of Financial Assistance
June 30, 2016**

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, Hamilton Township 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. The information in this schedule is presented in accordance with the requirements of OMB Circular Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and 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 NJSA 18A:22-44.2.

The net adjustment to reconcile from budgetary basis to GAAP basis is \$(30,702) for the general fund and \$(19,174) for the special revenue fund. See the following schedule for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

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**Hamilton Township Board of Education
Notes to the Schedules of Financial Assistance
June 30, 2016**

	<u>General fund</u>	<u>Special Revenue fund</u>	<u>Debt service fund</u>	<u>Food service fund</u>	<u>Total</u>
State Assistance:					
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$ 22,027,555	415,688	831,737	17,418	23,292,398
Difference – budget to "GAAP"					
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	2,163,490	26,777			2,190,267
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(2,194,192)	(17,107)			(2,211,299)
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		8,713			8,713
On behalf payments recognized for GAAP purposes but not included on the Schedule of Expenditures of State Financial Assistance	3,261,815				3,261,815
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$ 25,258,668</u>	<u>434,071</u>	<u>831,737</u>	<u>17,418</u>	<u>26,541,894</u>

**Hamilton Township Board of Education
Notes to the Schedules of Financial Assistance
June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal Assistance:				
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Federal Awards	\$ 160,425	1,449,335	1,085,627	2,695,387
Difference - budget to "GAAP" Grant accounting budgetary basis differs from "GAAP" in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(37,557)		(37,557)
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balance	<u>\$ 160,425</u>	<u>1,411,778</u>	<u>1,085,627</u>	<u>2,657,830</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, 2016. 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, 2016.

**HAMILTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
1) Material weakness(es) identified?	_____ yes	_____ X _____	no	
2) Significant deficiency(ies) identified	_____ yes	_____ X _____	no	
Noncompliance material to financial statements noted?	_____ yes	_____ X _____	no	

Federal Awards Section

Internal Control over major programs:				
1) Material weakness(es) identified?	_____ yes	_____ X _____	no	
2) Significant deficiency(ies) identified	_____ yes	_____ X _____	no	
Type of auditor's report on compliance for major programs	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular Uniform Guidance?	_____ yes	_____ X _____	no	

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Preschool Expansion Aid

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	_____ X _____	yes	_____ no _____	n/a
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**HAMILTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I -- Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

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

2) Significant deficiency(ies) identified _____ yes X no

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

_____ Unmodified _____

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 15-08?

_____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
_____	State Aid Public Cluster: _____
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Categorical Security Aid
495-034-5120-096	Under Adequacy Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-097	Per Pupil Growth Aid
_____	_____

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

_____ \$767,488 _____

Auditee qualified as low-risk auditee?

_____ X _____ yes _____ no _____

**HAMILTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 -- Schedule of Financial Statement Findings

None

Part 3 – Federal Awards and State Financial Assistance Findings and Questioned Costs

None

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATUS OF PRIOR YEAR FINDINGS

None