

SCHOOL DISTRICT  
OF  
**TOWN**  
OF  
**HAMMONTON**

Town of Hammonton Board of Education  
Hammonton, New Jersey

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016

# **Comprehensive Annual Financial Report**

of the

Town of Hammonton Board of Education

Hammonton, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

Town of Hammonton Board of Education

Business Administration

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## **Introductory Section**

# *Hammonton Board of Education*

566 Old Forks Road  
Hammonton, NJ 08037  
Phone 609-567-7000 + Fax 609-561-4420  
Website: [www.hammontonps.org](http://www.hammontonps.org)

Dr. C. DAN BLACHFORD  
*Superintendent of Schools*

BARBARA S. PRETTYMAN  
*Business Administrator/Board Secretary*

November 17, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Town of Hammonton School District (District) for the fiscal year ended June 30, 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 is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, management's discussion and analysis, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the New Jersey OMB Circular 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, are included in the single audit section of this report.



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

The District provides a full range of educational services appropriate to grade levels Pre-K through twelve. These include regular as well as special education for handicapped children. The District completed the 2015-2016 fiscal year with an average daily enrollment of 3,627 students, which is 42 students above the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2015-2016	3,627	1.01
2014-2015	3,585	(.97)
2013-2014	3,623	.77
2012-2013	3,595	1.55
2011-2012	3,540	.54
2010-2011	3,521	2.95
2009-2010	3,420	1.72
2008-2009	3,362	2.97
2007-2008	3,265	(.88)
2006-2007	3,294	(2.17)
2005-2006	3,367	1.99

**2) ECONOMIC CONDITION AND OUTLOOK:** The amount of money a district spends is not the sole indicator of how well the educational program is for the students. Despite this, in Hammonton, we are probably only a very few years away from not being able to maintain our ability to effectively educate our students. At that time, it is likely that the spending cap of 2% will have to go entirely to increases in health benefits. We will not have funds for any other increases. We are at the minimum number of teachers, administrators, and support staff that we need to provide the students with a thorough and efficient education. Any reductions in personnel would decrease student learning and or the health and safety of the students. The NJ Department of Education provides an analysis of 2015-16 Budgeted Costs Amount Per Pupil. Hammonton spends \$11,149 and is the lowest spending of 103 districts.

The Hammonton schools are highly effective as reflected in our classroom practices, formative assessments of student learning, and the NJ State Assessments. According to the Point Pleasant Patch analysis of PARCC scores, Hammonton is the 3<sup>rd</sup> highest district in South Jersey. We are slightly behind districts that spend over \$3,000 more per child than we do. The Asbury Park Press also did a thorough analysis of PARCC scores in comparison with district factor groups (DFG) and we were above our DFG in 17 of 19 categories.

The Hammonton Public Schools will continue to use every possible technique to provide the students with an efficient education, as well as, a thorough education.

**3) MAJOR INITIATIVES:** There are several new initiatives for 2016-2017 school year. Hammonton will continue with staff development and monitoring in the areas of differentiated instruction, Sheltered Instruction Observation Protocol (SIOP), Collins Writing, and Kid Writing. Some other initiatives that are designed to improve student academic accomplishments are as follows:

- At our Early Childhood Education Center (ECEC), Warren E. Sooy Elementary School (WES), Hammonton Middle School (HMS), and Hammonton High School (HHS) we improved our alignment in English Language Arts (ELA) and Math Curriculum to the newly released Curriculum Frameworks from the NJDOE and the PARCC Assessments and the CCCS ELA and Mathematics.
- At ECEC and WES we adjusted the pacing in ELA and Math (PARCC Assessments and the CCCS Mathematics).
- To more effectively teach science, we developed and improved our science curriculum for grades 6 to 12 (HMS and HHS). In our primary grades we developed science units of study based on Building Blocks Science Kits (PARCC Assessments and the CCCS Science).
- In Hammonton High School, our faculty updated all levels of Spanish Curriculum at High School based on new textbooks series. They also updated the music curriculum to incorporate acoustic guitars in Music Theory and Technology, added an advanced level of Computer Animation (3<sup>rd</sup> Level), and incorporated a 10-Day Art Challenge incorporated into Fine Arts Curriculum (CCSS: World Language and fine arts).

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

**6) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

**7) DEBT ADMINISTRATION:** At June 30, 2016, the District's outstanding debt issues included \$26,099,000 of general obligation bonds. The proceeds of the bond issues were used to provide funds for the construction of the High School and Early Childhood Center and also for capital improvements to the Middle School and W.E.S. Elementary School.

**8) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1 and 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**9) RISK MANAGEMENT:** The Hammonton Board of Education is a member of the New Jersey Schools Insurance Group (NJSIG). The program provides school districts with a long-term alternative to the conventional insurance market as a means of stabilizing the otherwise cyclical nature of insurance expenditures. The Fund provides its member districts with the following coverage:

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

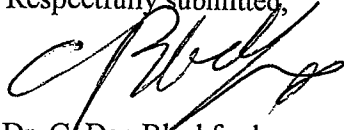
**10) OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita & Volpa, PA was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related Uniform Guidance and New Jersey OMB 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**11) ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Town of Hammonton Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

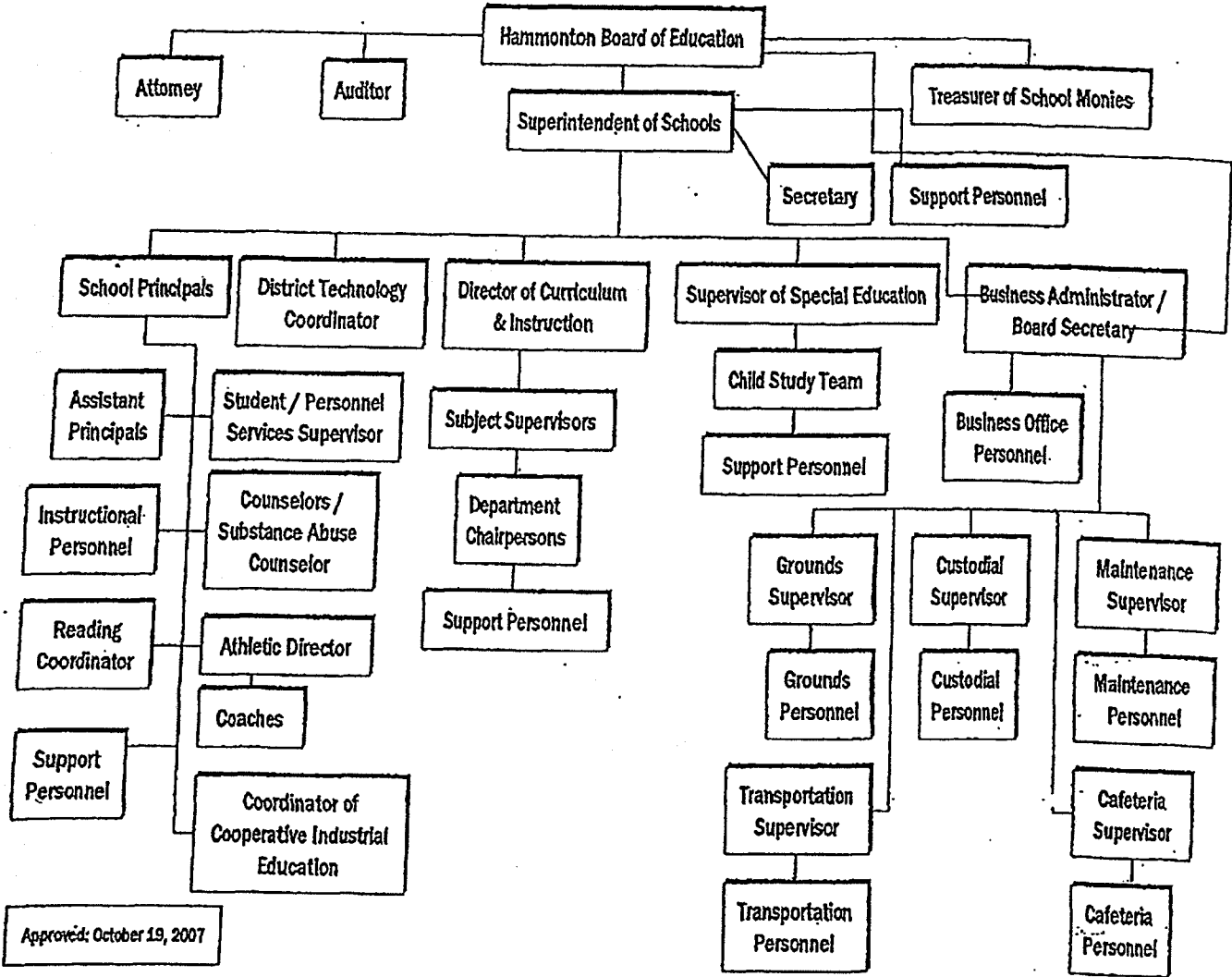


Dr. C. Dan Blachford  
Superintendent

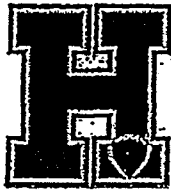


Barbara S. Prettyman  
School Business Administrator/  
Board Secretary

# Hammonton Board of Education District Organizational Chart



Approved: October 19, 2007



TOWN OF HAMMONTON BOARD OF EDUCATION

Roster of Officials  
June 30, 2016

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Sam Mento III, President	2017
John Lyons, Vice President	2016
Thomas Attanasi	2018
Barbara Berenato	2016
Manuel Bermudez	2017
Linda Byrnes	2016
Linda Sacco	2018
Ray Scipione	2016
Sal Velardi	2018
Terri Chiddenton - Waterford Representative	2016
Lisa O'Toole - Folsom Representative (resigned effective 9/8/16)	2016
<u>Other Officials</u>	
Dr. C. Dan Blachford, Superintendent	
Barbara S. Prettyman, Business Administrator/Board Secretary	
William Donio, Esq., Solicitor	

**TOWN OF HAMMONTON BOARD OF EDUCATION**

**Consultants and Advisors**

**Audit Firm**

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

**Attorney**

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

**Bond Counsel**

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One Riverfront Plaza  
Fourth Floor  
Newark, NJ 07102-5408

**Official Depository**

Capital Bank  
245 Bellevue Avenue  
Hammonton, NJ 08037

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
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Fax (856) 728-2245  
[www.colavita.net](http://www.colavita.net)

November 17, 2016

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Town of Hammonton 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 Board of Education of the Town of Hammonton School District in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Hammonton School 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Administration and 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 of 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 financial statement presentation.

We believe that 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hammonton Board of Education in the County of Atlantic, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the 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 management's discussion and analysis and budgetary comparison information, schedule of the School District's proportionate share of the net pension liability and schedule of the School District's contributions, 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 Town of Hammonton Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards and state financial assistance 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 a report dated November 17, 2016 on our consideration of the Town of Hammonton Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Town of Hammonton Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



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

**Required Supplementary Information**  
**Part I**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Hammonton School District ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 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 assets of the District exceeded its liabilities at the close of the fiscal year by \$3,800,751. This amount represents Net Position, which decreased by \$478,803 from the previous year end.
- The District's total net position of governmental activities totaled \$2,837,024.
- General revenues accounted for \$34,908,415 in revenue, or 67% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions and capital grants accounted for \$17,549,686 or 33% to total revenues of \$52,458,101.
- Total net assets of governmental activities decreased by \$519,518, made up of changes in cash and cash equivalents, various receivables and various liabilities.
- The district had \$51,284,201 in governmental expenses, of which \$15,856,268 of these expenses was offset by program specific charges for services, grants or contributions. General revenues, primarily Federal and State aid and property taxes of \$34,908,415 adequately provided for governmental activity programs.
- The General Fund had \$47,560,096 in revenues, \$58,707 in prior year adjustments and \$47,637,649 in expenditures. As a result, the General Fund balance decreased by \$18,846.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District's government, reporting on the District's operations in *more detail* than the government-wide statements.

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

### **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 Town's property tax base and the condition of the District's facilities.

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

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

## Fund Financial Statements

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

The District has three kinds of funds:

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

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a comparative summary of the School District's net position for the years ended in 2016 and 2015.

Table 1  
Net Position

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current and other assets	\$10,834,415	12,329,936
Capital assets, net	38,645,284	39,760,877
<b>Total assets</b>	<u>49,479,699</u>	<u>52,090,813</u>
<b>Deferred Outflows</b>	<u>2,409,482</u>	<u>657,083</u>
<b>Liabilities</b>		
Long-term liabilities	45,010,653	43,529,592
Other liabilities	2,500,309	4,163,311
<b>Total liabilities</b>	<u>47,510,962</u>	<u>47,692,903</u>
<b>Deferred Inflows</b>	<u>577,468</u>	<u>775,439</u>
<b>Net position</b>		
Invested in capital assets	13,521,359	13,271,952
Restricted	8,566,519	8,202,910
Unrestricted	(18,284,127)	(17,245,308)
<b>Total net position</b>	<u>\$3,800,751</u>	<u>4,279,554</u>

Table 2  
Changes in Net Position

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for Services	\$11,044,910	10,740,009
Operating Grants and Contributions	6,504,776	6,959,283
<b>General Revenues</b>		
Property Taxes	18,590,006	18,179,805
Grants and Entitlements	15,918,801	16,882,546
Other	399,608	211,623
<b>Total Revenues</b>	<u>52,458,101</u>	<u>52,973,266</u>
<b>Program Expenses</b>		
Instruction	29,407,211	29,126,620
<b>Support Services</b>		
Tuition	2,240,798	1,972,518
Pupils and Instructional Staff	6,502,957	6,795,710
<b>General Administration, School</b>		
Administration, Business	4,869,857	4,275,347
Operation and Maintenance	4,794,990	4,321,308
Pupil Transportation	2,358,823	2,196,897
Interest on Debt	1,109,565	1,132,063
Business Type Activities	1,654,046	1,683,617
<b>Total Expenses</b>	<u>52,938,247</u>	<u>51,504,080</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$(478,803)</u>	<u>\$1,469,186</u>

## Business-type Activities

Operating revenues of the District's business-type activities decreased \$19,276, non-operating revenue increased \$56,618 and expenses decreased by \$29,571 over the prior year.

## Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Revenues				
Instruction	\$29,407,211	14,970,946	29,126,620	14,613,526
Support services:				
Tuition	2,240,798	2,076,241	1,972,518	1,811,017
Pupils and instructional staff	6,502,957	5,922,674	6,795,710	6,114,102
General Administration, School				
Administration, Business	4,869,857	4,557,302	4,275,347	3,948,724
Plant operations/maintenance	4,794,990	4,651,281	4,321,308	4,164,066
Pupil transportation	2,358,823	2,139,924	2,196,897	1,993,623
Interest on long term debt	1,109,565	1,109,565	1,132,063	1,132,063
<b>Total expenses</b>	<b>\$51,284,201</b>	<b>35,427,933</b>	<b>49,820,463</b>	<b>33,777,121</b>

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$52,834,440 and expenditures of \$52,739,421. The net change in fund balance for the year was an increase of \$95,019.

### General Fund Budgetary Highlights

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



## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2016, the District had invested \$38.6 million in a broad range of capital assets, including land, buildings, improvements, machinery and equipment.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	324,908	324,908			324,908	324,908
Construction in progress	0	3,852,399			0	3,852,399
Site improvements	694,255	862,846			694,255	862,846
Bldgs and Bldg impr.	35,731,600	32,818,526			35,731,600	32,818,526
Machinery & equipment	1,584,407	1,554,271	310,114	347,927	1,894,521	1,902,198
<b>Total</b>	<b>38,335,170</b>	<b>39,412,950</b>	<b>310,114</b>	<b>347,927</b>	<b>38,645,284</b>	<b>39,760,877</b>

Detailed information about the District's capital assets is presented in Note 6 to the financial statements.

### Long-term Obligations

All bonds are authorized in accordance with State law by the voters of the District. At the end of the current fiscal year, the District had total bonded debt outstanding of \$26,099,000.

	Balance 6/30/15	Issued	Retired	Balance 6/30/16
<b>Governmental Activities</b>				
Bonds payable	\$27,464,000		1,365,000	26,099,000
Compensated absences Payable	3,022,191	66,252		3,088,443
<b>Total Governmental Activities</b>	<b>\$30,486,191</b>	<b>66,252</b>	<b>1,365,000</b>	<b>29,187,443</b>
<b>Business-type Activities</b>				
Compensated absences Payable	\$31,486	638		32,124
<b>Total Business-type Activities</b>	<b>\$31,486</b>	<b>638</b>	<b>0</b>	<b>32,124</b>

More detailed information about the District's long-term obligations is presented in Note 7 to the financial statements.

The legal debt limit for the District is \$52,838,736 of which \$26,739,736 or 49.39% is available to be authorized by voter approval.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The student population in the District has increased over the past 10 years, resulting in a significant strain on the school district and the local taxpayers. The 2016-2017 state aid funding increased however, based on the current state of the economy, we are unable to predict what the future holds as far as future state aid allocations.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**BASIC FINANCIAL STATEMENTS**

## DISTRICT - WIDE FINANCIAL STATEMENTS

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

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2016**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$7,455,513	739,357	8,194,870
Receivables, net	\$145,421	1,133	146,554
Due from other governments	\$2,424,988	61,739	2,486,727
Internal balances	\$71,008	(71,008)	
Inventory		6,264	6,264
Capital assets not being depreciated:			
Land	\$324,908		324,908
Capital assets, net of accumulated depreciation	\$38,010,262	310,114	38,320,376
<b>Total Assets</b>	<u>\$48,432,100</u>	<u>1,047,599</u>	<u>49,479,699</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	<u>\$2,409,482</u>	<u>0</u>	<u>2,409,482</u>
<b>LIABILITIES</b>			
Accounts payable	\$1,655,449	35,738	1,691,187
Accrued interest payable	\$510,329		510,329
Intergovernmental payable	\$124,685		124,685
Unearned revenue	\$158,098	16,010	174,108
Net Pension Liability	\$15,791,086		15,791,086
Noncurrent liabilities:			
Due within one year	\$1,837,455		1,837,455
Due beyond one year	\$27,349,988	32,124	27,382,112
<b>Total liabilities</b>	<u>\$47,427,090</u>	<u>83,872</u>	<u>47,510,962</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Refunding of Long-Term Debt	\$323,578		323,578
Pension Deferred Inflows	\$253,890		253,890
	<u>\$577,468</u>	<u>0</u>	<u>577,468</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$13,211,245	310,114	13,521,359
Restricted for:			
Other Purposes	\$8,566,519		8,566,519
Unrestricted (Deficit)	(\$18,940,740)	653,613	(18,287,127)
<b>Total net position</b>	<u>\$2,837,024</u>	<u>963,727</u>	<u>3,800,751</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

Exhibit A-2

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>							
Instruction:							
Regular	\$18,152,189	5,464,559	10,157,368	3,886,346	(9,573,034)		(9,573,034)
Special education	2,971,641	959,206		276,932	(3,653,915)		(3,653,915)
Other instruction	1,459,148	400,468		115,619	(1,743,997)		(1,743,997)
Support services:							
Tuition	1,670,823	569,975		164,557	(2,076,241)		(2,076,241)
Student & instruction related services	5,097,904	1,405,053		580,283	(5,922,674)		(5,922,674)
School administrative services	1,927,826	607,814		217,544	(2,318,096)		(2,318,096)
General administrative services	805,505	100,471		29,007	(876,969)		(876,969)
Plant operations and maintenance	4,297,226	497,764		143,709	(4,651,281)		(4,651,281)
Pupil transportation	1,927,502	431,321	94,371	124,528	(2,139,924)		(2,139,924)
Business and other support services	1,199,619	228,622		66,004	(1,362,237)		(1,362,237)
Unallocated benefits	10,665,253	(10,665,253)			0		0
Interest on long-term debt	1,109,565				(1,109,565)		(1,109,565)
<b>Total governmental activities</b>	<b>51,284,201</b>	<b>0</b>	<b>10,251,739</b>	<b>5,604,529</b>	<b>(35,427,933)</b>		<b>(35,427,933)</b>
<b>Business-type activities:</b>							
Food Service	1,575,856		709,738	900,247		34,129	34,129
After School Program	78,190		83,433			5,243	5,243
<b>Total business-type activities</b>	<b>1,654,046</b>		<b>793,171</b>	<b>900,247</b>		<b>39,372</b>	<b>39,372</b>
<b>Total primary government</b>	<b>\$52,938,247</b>		<b>11,044,910</b>	<b>6,504,776</b>	<b>(35,427,933)</b>	<b>39,372</b>	<b>(35,388,561)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes, net					16,506,429		16,506,429
Taxes levied for debt service					2,083,577		2,083,577
Federal and State aid not restricted					15,918,801		15,918,801
Investment Earnings					17,502	1,343	18,845
Miscellaneous Income					323,399		323,399
Prior year adjustment					58,707		58,707
<b>Total general revenues, special items, adjustments, extraordinary items and transfers</b>					<b>34,908,415</b>	<b>1,343</b>	<b>34,909,758</b>
<b>Change in Net Position</b>					<b>(519,518)</b>	<b>40,715</b>	<b>(478,803)</b>
Net Position—beginning					3,356,542	923,012	4,279,554
Net Position—ending					<b>\$2,837,024</b>	<b>963,727</b>	<b>3,800,751</b>

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## FUND FINANCIAL STATEMENTS

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

**GOVERNMENTAL FUNDS**



**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$3,469,095	8,271	3,458	1	3,480,825
Capital reserve cash	3,974,688				3,974,688
Interfund accounts receivable	1,477,508				1,477,508
Receivables, net	145,421				145,421
Receivables from other governments	279,539	358,540	1,786,909		2,424,988
<b>Total assets</b>	<u>9,346,251</u>	<u>366,811</u>	<u>1,790,367</u>	<u>1</u>	<u>11,503,430</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	1,486,778	131,066	37,605		1,655,449
Interfund payable			1,406,500		1,406,500
Due to other governments	2,305	122,380			124,685
Unearned revenue		158,098			158,098
<b>Total liabilities</b>	<u>1,489,083</u>	<u>411,544</u>	<u>1,444,105</u>	<u>0</u>	<u>3,344,732</u>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve	3,974,688				3,974,688
Tuition Reserve	1,600,000				1,600,000
Maintenance Reserve	2,387,007				2,387,007
Emergency Reserve	317,251				317,251
Special revenue fund		(44,733)			(44,733)
<b>Assigned:</b>					
Designated for subsequent year's expenditures	332,306		346,262	1	678,569
<b>Committed:</b>					
Encumbrances	86,444				86,444
<b>Unassigned:</b>					
General fund	(840,528)				(840,528)
<b>Total Fund balances</b>	<u>7,857,168</u>	<u>(44,733)</u>	<u>346,262</u>	<u>1</u>	<u>8,158,698</u>
<b>Total liabilities and fund balances</b>	<u>\$9,346,251</u>	<u>366,811</u>	<u>1,790,367</u>	<u>1</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

38,335,170

Pension Liabilities Net of Deferred Outflows & Inflows

(13,635,494)

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

(510,329)

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

(29,511,021)

Net position of governmental activities

\$2,837,024

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local tax levy	\$16,506,429			2,083,577	18,590,006
Tuition charges	10,157,368				10,157,368
Transportation fees from other leas	94,371				94,371
Interest earned on capital reserves	7,934				7,934
Interest	9,350		218		9,568
Miscellaneous	323,399				323,399
Local sources		36,561			36,561
State sources	20,403,106	841,913		384,285	21,629,304
Federal sources	58,139	1,869,083			1,927,222
<b>Total revenues</b>	<b>47,560,096</b>	<b>2,747,557</b>	<b>218</b>	<b>2,467,862</b>	<b>52,775,733</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Regular instruction	14,988,155	2,304,751			17,292,906
Special education instruction	2,820,809				2,820,809
Other instruction	1,396,175				1,396,175
<b>Support services and undistributed costs:</b>					
Tuition	1,581,196				1,581,196
Student & instruction related services	4,702,333	174,631			4,876,964
General administrative services	789,706				789,706
School administrative services	1,790,186	42,063			1,832,249
Plant operations and maintenance	4,043,281				4,043,281
Pupil transportation	1,765,000				1,765,000
Business and other support services	840,089				840,089
Unallocated Benefits	12,032,281	197,505			12,229,786
<b>Debt service:</b>					
Principal				1,365,000	1,365,000
Interest and other charges				1,102,861	1,102,861
Capital outlay	888,438	24,682	(109,721)		803,399
<b>Total expenditures</b>	<b>47,637,649</b>	<b>2,743,632</b>	<b>(109,721)</b>	<b>2,467,861</b>	<b>52,739,421</b>
<b>Excess (Deficiency) of revenues over expenditures</b>	<b>(77,553)</b>	<b>3,925</b>	<b>109,939</b>	<b>1</b>	<b>36,312</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Prior year adjustment	58,707				58,707
<b>Total other financing sources and uses</b>	<b>58,707</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58,707</b>
<b>Net change in fund balances</b>	<b>(18,846)</b>	<b>3,925</b>	<b>109,939</b>	<b>1</b>	<b>95,019</b>
Fund balance—July 1	7,876,014	(48,658)	236,323	0	8,063,679
Fund balance—June 30	<u>\$7,857,168</u>	<u>(44,733)</u>	<u>346,262</u>	<u>1</u>	<u>8,158,698</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2016**

**Total net change in fund balances - governmental funds (from B-2)** **\$95,019**

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

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

Depreciation expense	(1,610,822)	
Loss on disposal	(94,683)	
Adjustment	(12,516)	
Capital outlays	<u>640,242</u>	(1,077,779)

Repayment of long term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities 1,365,000

Premium on Bond Refunding is reported in governmental funds as another financing source. However, in the statement of activities, the premium is reflected as a deferred outflow. (323,578)

Payment of accrued interest on long term debt is an expenditure in the governmental funds, but the payment reduces the liability in the statement of net position and is not reported in the statement of activities. (6,704)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (505,223)

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 (+). (66,253)

**Change in net position of governmental activities** (\$519,518)

**PROPRIETARY FUNDS**

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

	Business-type Activities - Enterprise Funds		
	Food Service	Latchkey Program (Non Major Fund)	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$641,252	98,105	739,357
Accounts receivable	61,739		61,739
Other accounts receivable	1,133		1,133
Inventories	6,264		6,264
Total current assets	710,388	98,105	808,493
Noncurrent assets:			
Furniture, machinery & equipment	747,880	119,467	867,347
Less accumulated depreciation	(517,758)	(39,475)	(557,233)
Total noncurrent assets	230,122	79,992	310,114
Total assets	940,510	178,097	1,118,607
<b>LIABILITIES</b>			
Current liabilities:			
Interfund Accounts Payable	71,008		71,008
Accounts Payable	32,828	2,910	35,738
Unearned Revenue	16,010		16,010
Compensated absences	32,124		32,124
Total current liabilities	151,970	2,910	154,880
Total liabilities	151,970	2,910	154,880
<b>NET POSITION</b>			
Net investment in capital assets	230,122	79,992	310,114
Restricted			0
Unrestricted	558,418	95,195	653,613
Total net position	\$788,540	175,187	963,727

See Accompanying Notes to Financial Statements

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	Business-type Activities - Enterprise Fund		
	Food Service	Latchkey Program (Non Major Fund)	Total Enterprise
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$352,384		352,384
Daily sales - non-reimbursable programs	314,768		314,768
Special functions	40,513		40,513
Miscellaneous	2,073		2,073
Latchkey program revenue		83,433	83,433
Total operating revenues	<u>709,738</u>	<u>83,433</u>	<u>793,171</u>
Operating expenses:			
Cost of sales	695,728		695,728
Salaries	507,670	58,766	566,436
Employee benefits	220,321	1,012	221,333
Tuition		7,022	7,022
General supplies & materials	56,132	3,949	60,081
Loss on disposal of assets	995		995
Other costs	34,288		34,288
Depreciation	60,722	7,441	68,163
Total operating expenses	<u>1,575,856</u>	<u>78,190</u>	<u>1,654,046</u>
Operating (loss)	<u>(866,118)</u>	<u>5,243</u>	<u>(860,875)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	15,748		15,748
Federal sources:			
National school lunch program	673,200		673,200
National school breakfast program	131,512		131,512
National school snack program	91		91
Food distribution program	79,696		79,696
Interest and investment revenue	1,132	211	1,343
Total nonoperating revenues	<u>901,379</u>	<u>211</u>	<u>901,590</u>
Change in net position	35,261	5,454	40,715
Total net position—beginning	<u>753,279</u>	<u>169,733</u>	<u>923,012</u>
Total net position—ending	<u>\$788,540</u>	<u>175,187</u>	<u>963,727</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Latchkey Program (Non Major Fund)</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$712,757	78,157	790,914
Payments to employees	(719,115)	(70,251)	(789,366)
Payments to suppliers	(720,325)	(11,431)	(731,756)
Net cash provided/(used) by operating activities	<u>(726,683)</u>	<u>(3,525)</u>	<u>(730,208)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash received from state and federal reimbursements	813,920		813,920
Net cash provided by non-capital financing activities	<u>813,920</u>	<u>0</u>	<u>813,920</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(31,345)		(31,345)
Net cash (used) by capital and related financing activities	<u>(31,345)</u>	<u>0</u>	<u>(31,345)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	1,132	211	1,343
Net cash provided by investing activities	<u>1,132</u>	<u>211</u>	<u>1,343</u>
Net increase (decrease) in cash and cash equivalents	57,024	(3,314)	53,710
Balances—beginning of year	584,228	101,419	685,647
Balances—end of year	<u>\$641,252</u>	<u>98,105</u>	<u>739,357</u>
<b>Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:</b>			
Operating income/(loss)	(\$866,118)	\$5,243	(860,875)
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operating activities			
Depreciation and net amortization	60,722	7,441	68,163
Loss on disposal of asset	995		995
Federal commodities	79,696		79,696
(Increase)/Decrease in accounts receivable, net	1,728	1,947	3,675
Decrease in inventories	(3,102)		(3,102)
(Decrease)/Increase in accounts payable	(11,109)	2,450	(8,659)
(Decrease)/Increase in interfund accounts payable	5,092	(9,899)	(4,807)
(Decrease)/Increase in unearned revenue	1,291	(7,223)	(5,932)
(Decrease)/Increase in compensated absences payable	4,122	(3,484)	638
Total adjustments	<u>139,435</u>	<u>(8,768)</u>	<u>130,667</u>
Net cash provided/(used) by operating activities	<u>(\$726,683)</u>	<u>(3,525)</u>	<u>(730,208)</u>

See Accompanying Notes to Financial Statements

**FIDUCIARY FUNDS**



**TOWN OF HAMMONTON 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>
<b>ASSETS</b>			
Cash and cash equivalents	\$287,798	48,102	487,507
	<hr/>	<hr/>	<hr/>
Total assets	<u>287,798</u>	<u>48,102</u>	<u>487,507</u>
<b>LIABILITIES</b>			
Accounts payable	10,604		
Payroll deductions and withholdings			184,841
Payable to student groups			302,666
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>10,604</u>	<u>0</u>	<u>487,507</u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	<u>\$277,194</u>	<u>48,102</u>	

**TOWN OF HAMMONTON 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
<b>ADDITIONS</b>		
Contributions:		
Plan member	\$48,051	
Total Contributions	48,051	0
Investment earnings:		
Interest	532	103
Net investment earnings	532	103
Total additions	48,583	103
<b>DEDUCTIONS</b>		
Unemployment claims	33,926	
Scholarships awarded		3,700
Total deductions	33,926	3,700
Change in net position	14,657	(3,597)
Net position—beginning of the year	262,537	51,699
Net position—end of the year	\$277,194	48,102

**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial statements of the Board of Education (Board) of the Town of Hammonton School District (District) have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are discussed below.

**A. REPORTING ENTITY:**

The Town of Hammonton School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. In addition, one member is appointed from the Folsom School District and the Waterford School District under a sending/receiving relationship, as required by the statutes. Effective with the 2013 fiscal year, the election of Board Members was moved to the general election in November.

The purpose of the district is to educate students in grades K-12 as well as providing educational services for the Borough of Folsom students in grades 9-12 and the Township of Waterford students in grades 7-12. Beginning with the 2011-2012 school year the District was approved as a Choice School. The Town of Hammonton School District had an approximate enrollment at June 30, 2016 of 3,630 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.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2016**

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:**

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

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. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements however, inter-fund balances between the governmental funds and business-type activities are reflected as internal balances. The District's net positions are reported in three parts-net investments in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

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

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

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

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are excluded from the government-wide financial 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 the 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.
- 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.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2016**

**Fund Balances – Governmental Funds**

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

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 Funds 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. The District operates a food service fund to provide a child nutrition program for

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2016**

the students of the district and a Latchkey Program to provide before and after school care for school aged children in grades Pre-K through 5.

**3. Fiduciary Funds:**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position. They 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.

Trust and Agency Funds – The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Funds – are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include the Unemployment Compensation Insurance Trust and the Scholarship Fund.

Agency Funds – are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activity funds.

**D. BASIS OF ACCOUNTING:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net positions are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net positions. Depreciation is

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2016**

charged as an expense against current operations and capital assets are reported net of accumulated depreciation on the statement of net position.

The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the fiscal year. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures are generally recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The District applies only those applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989 in accounting and reporting for its proprietary operations.

**E. BUDGETS/BUDGETARY CONTROL:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund. 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. However, any transfer that cumulatively exceeds ten percent of the advertised budget category must receive the approval of the County Superintendent of Schools.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the



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related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Significant transfers approved by the Board of Education during the fiscal year were as follows:

<u>Account Name</u>	<u>Amount</u>
Regular Programs – General Supplies	(412,500)
Multiple Disabilities – Other Salaries	104,183
Resource Room - Salaries	(115,189)
Tuition to Private Schools for the Disabled – Within State	(253,850)
Care and Upkeep of Grounds – Cleaning, Repair and Maintenance Services	351,254
Student Transportation Services - Supplies	(117,800)
Unallocated Benefits – Health Benefits	(295,961)
Unallocated Benefits – Other Employee Benefits	(101,500)
Equipment – Grades 6–8	262,000
Equipment – Admin. Information Technology	180,604

**F. ENCUMBRANCE ACCOUNTING:**

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

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

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

**G. ASSETS, LIABILITIES AND EQUITY:**

**Cash, Cash Equivalents and Investments**

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

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2016**

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

### **Investments**

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

### **Interfund Transactions**

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the Enterprise Fund. Repayments from funds responsible for particular expenditure/expenses to the funds that initially paid for them are not presented on the financial statements.

**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2016**

**Inventories**

Inventories, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Inventories in the enterprise fund are recorded at cost, computed on a first-in, first-out method.

**Capital Assets**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated assets are reported as capital assets at their estimated fair market value at the date of donation. 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. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed on the straight-line basis over their estimated useful lives. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 20 years for equipment.

**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. 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.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the district for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2016**

Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received in the Special Revenue Fund before they have been earned are recorded as unearned revenue.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balance of any debt used for the acquisition, construction or improvement of those assets.

Net positions are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the School district, or through external restrictions imposed by creditors, grantors, or law or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Fund Balance Reserves**

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classified governmental fund balances as follows;

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.

**Town of Hammonton School District**  
**Notes to Financial Statements**  
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- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Education, Superintendent or Business Administrator.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

**Revenues**

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. In the proprietary funds, operating revenues consist of revenues that are a direct result of the operations of the program. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. With 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 unearned revenue by the recipient.

**Expenditures**

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

**Tuition Receivable**

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

**Town of Hammonton School District  
Notes to Financial Statements  
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**Tuition Payable**

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

**Management 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.

**Allocation of Costs**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses such as depreciation, compensated absences and employee benefits are allocated to functions but are reported separately in the Statement of Activities.

**H. ACCOUNTING CHANGES**

Change in Accounting Principles – As the result of implementing Governmental Accounting Standards Board (GASB) Statements Nos. 68, the District restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014 by \$12,331,862. The decrease results from recording the net pension liability offset by deferred outflows.

**I. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”. This statement effective for fiscal periods beginning after June 30, 2016, will not have any effect on the District’s financial reporting.

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 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.

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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 (FASB) 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 (FASB) 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.

In March 2016, the Governmental Accounting Standards Board (FASB) 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 (FASB) 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 no investments. However, if the District had investments they would be subject to the following risks.

**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.

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NOTE 3. – CASH

**Custodial Credit Risk—Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. The district’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. At June 30, 2016, the carrying amount of the District’s deposits (cash and cash equivalents) was \$9,018,277 and the bank balance was \$10,050,789.

As of June 30, 2016, the School District’s bank balance was exposed to custodial credit risk as follows:

FDIC Insured	250,000
GUDPA Insured	9,800,789
Bank balance, June 30, 2016	\$10,050,789

NOTE 4 – RECEIVABLES

Receivables at June 30, 2016, consisted of other receivables (tuition, taxes and other), inter-fund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government Wide Financial Statements
State and Federal Aid	\$ 2,424,988	\$ 2,486,727
Other	1,622,929	146,554
Total Receivables, Net	\$ 4,047,917	\$ 2,633,281

NOTE 5. INVENTORY

Inventory in the Food Service Enterprise Fund at June 30, 2016, consisted of the following:

Food	\$ 3,973
Supplies	2,291
	\$ 6,264



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**NOTE 6. CAPITAL ASSETS**

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

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Disposals / Adjustments</u>	<u>Balance June 30, 2016</u>
<b>Governmental Activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 324,908			324,908
Construction in Progress	3,852,399	(3,852,399)		0
Total capital assets not being depreciated	<u>4,177,307</u>	<u>(3,852,399)</u>	<u>0</u>	<u>324,908</u>
Site improvements	3,511,272			3,511,272
Bldg and bldg improve	52,308,809	4,010,484	54,757	56,374,050
Machinery & equipment	6,278,439	469,641	(94,683)	6,653,397
Total at historical cost	<u>62,098,520</u>	<u>4,480,125</u>	<u>(39,926)</u>	<u>66,538,719</u>
Less accum depr for:				
Site improvements	(2,648,426)	(168,591)		(2,817,017)
Bldg and bldg improve	(19,490,283)	(1,097,410)	(54,757)	(20,642,450)
Machinery & equipment	(4,724,169)	(344,821)		(5,068,990)
Total accum deprec	<u>(26,862,878)</u>	<u>(1,610,822)</u>	<u>(54,757)</u>	<u>(28,528,457)</u>
Total capital assets being depr, net of accum depr	<u>35,235,642</u>	<u>2,869,303</u>	<u>(94,683)</u>	<u>38,010,262</u>
<b>Governmental activities capital assets, net</b>	<u>39,412,950</u>	<u>(983,096)</u>	<u>(94,683)</u>	<u>38,335,170</u>
<b>Business-type activities:</b>				
Equipment	857,918	31,345	(21,916)	867,347
Less accum depr for:				
Equipment	(509,991)	(68,163)	20921	(557,233)
<b>Business-type activities capital assets, net</b>	<u>\$ 347,927</u>	<u>(36,818)</u>	<u>(995)</u>	<u>310,114</u>

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Depreciation expense as charged to governmental functions as follows:

Regular instruction	825,337
Special education	144,873
Other instruction	60,485
Tuition	86,086
Student & instruction related services	212,212
School administrative services	91,801
General administrative services	15,175
Plant operations and maintenance	75,180
Pupil transportation	65,142
Business and other support services	34,531
	\$ 1,610,822

**NOTE 7. LONG-TERM OBLIGATIONS**

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

	<u>Balance 6-30-15</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6-30-16</u>	<u>Amounts Due Within One year</u>
<b>Governmental Activities</b>					
Bonds & loans payable:					
School bonds	\$ 27,464,000		1,365,000	26,099,000	1,690,000
Other liabilities:					
Compensated absences Payable	<u>3,022,191</u>	<u>66,252</u>		<u>3,088,443</u>	<u>147,455</u>
Governmental activities long- term liabilities	<u>30,486,191</u>	<u>66,252</u>	<u>1,365,000</u>	<u>29,187,443</u>	<u>1,837,455</u>
<b>Business-type Activities:</b>					
Other liabilities:					
Compensated absences Payable	<u>31,486</u>	<u>638</u>		<u>32,124</u>	
Business-type activities long- term liabilities	<u>\$ 31,486</u>	<u>638</u>		<u>32,124</u>	

Compensated absences and capital leases will be liquidated in the General Fund.

**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.

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**Description of Bonds Payable**

At June 30, 2016, bonds payable consisted of the following issues:

\$21,611,000 School Bonds dated 10/15/2001 payable in annual installments through August 1, 2012. Interest is paid semiannually at a fixed rate of 4.75% per annum. The balance as of June 30, 2016 was \$0. \$7,385,000 of these bonds were refunded on 9/19/06. The net present value savings amounted to \$426,798. \$10,890,000 of these bonds were refunded on 3/23/10. The net present value savings amounted to \$449,777.

\$10,890,000 Refunding School Bonds dated 3/23/2010 payable in annual installments through August 1, 2025. Interest is paid semiannually at varying rates between 2.00% and 5.00% per annum. The balance as of June 30, 2016 was \$8,215,000.

\$7,385,000 School Bonds dated 9/19/2006 payable in annual installments through August 1, 2030. Interest is paid semiannually at varying rates between 3.00% and 4.20% per annum. The balance as of June 30, 2016 was \$200,000. \$7,050,000 of these bonds were refunded on 5/11/16.

\$7,050,000 Refunding School Bonds dated 5/11/2016 payable in annual installments through August 1, 2030. Interest is paid semiannually at varying rates between 2.00% and 3.25% per annum. The balance as of June 30, 2016 was \$7,050,000.

\$2,614,000 School Bonds dated 4/15/2006 payable in annual installments through July 15, 2021. Interest is paid semiannually at varying rates between 4.25% and 4.30% per annum. The balance as of June 30, 2016 was \$1,234,000.

\$11,800,000 School Bonds dated 6/24/2010 payable in annual installments through July 1, 2030. Interest is paid semiannually at varying rates between 3.25% and 4.125% per annum. The balance as of June 30, 2016 was \$9,400,000.

Debt service requirements on serial bonds payable at June 30, 2016 are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	1,690,000	1,046,689	2,736,689
2018	1,505,000	890,768	2,395,768
2019	1,550,000	824,949	2,374,949
2020	1,600,000	759,925	2,359,925
2021	1,655,000	692,919	2,347,919
2022-2026	8,289,000	2,516,538	10,805,538
2027-2031	9,810,000	887,845	10,697,845
	<u>\$ 26,099,000</u>	<u>7,619,633</u>	<u>33,718,633</u>

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B. Bonds Authorized But Not Issued:

As of June 30, 2016 the Board had authorized but not issued bonds in the amount of \$0.

NOTE 8. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System, the Teacher's Pension and Annuity Fund or the Defined Contribution Retirement Program 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 the 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/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm)

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund (TPAF) was established as of January 1, 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.

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 additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. 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 a fair value.

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Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement benefits, 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 of New Jersey 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 (N.J.S.A. 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 N.J.S.A. 43:15C-1 et seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L.2008 and Chapter 103, P.L. 2008, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

The School District's contributions to PERS for the years ending June 30, 2016, 2015, 2014 were \$604,780, \$572,931 and \$512,082 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2016, 2015 and 2014, the State of New Jersey contributed \$3,427,459, \$2,721,279 and \$2,199,696 respectively, to the TPAF for post-retirement medical benefits and NCGI Premium on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$1,499,270, \$1,483,348 and \$1,447,119 during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

Significant Legislation

Chapter 78, P.L. 2011, effective June 23, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement (PFRS) 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 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 PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- 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; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent

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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 of 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, the prosecutor's part of the PERS, special retirement under the PFRS, 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 to  $1/60^{\text{th}}$  from  $1/55^{\text{th}}$ , and it provided that new members of PERS 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 will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as  $1/7^{\text{th}}$  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

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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.

NOTE 9. 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 pension liability Associated with the District	<u>40,683,913</u>
Total	<u>\$ 40,683,913</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 \$1,438,661 and revenue of \$1,438,661 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:

*Actuarial assumptions* - The total pension liability for the June 30, 2015 measurement date 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 actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	2.5%
Salary Increases:	
2012-2021:	Varies based on experience
Thereafter:	Varies based on experience
Investment Rate of Return:	7.90%



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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. Pre-retirement mortality improvements for active members are projected using 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.

*Long-Term Expected Rate of Return* - 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-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
Emergency 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%

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*Discount rate.* The discount rate used to measure the State's 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 (State of New Jersey) will be made based on the average of the last five years. 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 measured as of June 30, 2015, calculated using the discount rate disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

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

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**NOTE 10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)**

*Summary of Significant Accounting Policies* – 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by 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.

**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2016**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2016, the District reported a liability of \$15,791,086 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 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 0.0703451934% which was an increase of .0008551934% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,109,980. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$376,720	
Changes of assumptions	1,695,837	
Net difference between projected and actual earnings on pension plan investments	336,925	\$253,890
<b>Total</b>	<b><u>\$2,409,482</u></b>	<b><u>\$253,890</u></b>

	<u>6/30/2014</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$952,194,675	\$3,578,755,666
Collective deferred inflows of resources	\$1,479,224,662	\$993,410,455
Collective net pension liability (Non State-Local Group)	\$18,722,735,003	\$22,447,996,119
District's portion of net pension liability	13,011,915	15,791,086
District's proportion %	0.06949794%	0.07034519%

*Actuarial assumptions* . The collective total pension liability for the June 30, 2015 measurement date 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 actuarial assumptions:

Inflation:	3.04%
Salary Increases:	
2012-2012	2.15%-4.40% based on age
Thereafter	3.15%-5.40% based on age
Investment Rate on Return:	7.90%

**Town of Hammonton School District**  
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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 Projection 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.

*Long-Term Expected Rate of Return* - 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-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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2016**

*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 recommended 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments 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 District’s proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate disclosed above as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>1% Decrease</u> <u>(3.90%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(4.90%)</u>	<u>1% Increase</u> <u>(5.90%)</u>
District’s proportionate share of the net pension liability	\$19,626,388	\$15,791,086	\$12,575,597

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**NOTE 11. POST-RETIREMENT BENEFITS**

Chapter 384 of P.L. 1987 and Chapter 6 of P.L. 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,

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Notes to Financial Statements  
June 30, 2016**

2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 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 premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 C.126, which provides free health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**NOTE 12. DEFERRED COMPENSATION**

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

Ameriprise Financial  
American Century Services  
ASPIre Financial Services  
TPAF Supplemental Annuity  
Putnam Funds  
Lincoln Investment Planning  
Siracusa Benefits Program  
Vanguard Investments  
AXA Equitable Life Insurance Company  
Great American Financial Resources

**NOTE 13. 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. 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.

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

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2016**

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. As of June 30, 2016, a liability existed for compensated absences in the Food Service Program in the amount of \$32,124.

NOTE 14. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Town of Hammonton Board of Education in a prior year, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to NJAC 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$4,126,111
Interest Earnings	7,934
Budgeted Withdrawal	(159,357)
Ending balance, June 30, 2016	<u>\$3,974,688</u>

The 2016-2017 Budget includes a withdrawal from the Capital Reserve Account in the amount of \$435,157.

NOTE 15. EMERGENCY RESERVE

New Jersey Statute 18A:7F-41(c) permits school districts to establish a current expense emergency reserve in the general fund with deposits made to the account with voter approval, beginning in the fiscal year 2008 budget process, or at year end by board resolution. This reserve account is to be used to finance future unanticipated (reasonably unforeseeable) general fund expenditures required for a thorough and efficient education. The emergency reserve balance cannot exceed \$250,000 or one percent of the district’s general fund budget (which amounts to \$421,069 for the 2016 fiscal year) up to a maximum of \$1 million, whichever is greater.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2016**

Withdrawals require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent.

The activity in the emergency reserve for the 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$ 316,618
Interest Earnings	633
Ending balance, June 30, 2016	<u>\$ 317,251</u>

NOTE 16. MAINTENANCE RESERVE

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

The activity in the maintenance reserve for the 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$1,908,839
Interest Earnings	3,168
Deposits – Board Resolution June 9, 2016	800,000
Budgeted Withdrawal	(325,000)
Ending balance, June 30, 2016	<u>\$2,387,007</u>

The 2016-2017 Budget includes a withdrawal from the Maintenance Reserve Account in the amount of \$325,000.

NOTE 17. TUITION RESERVE 2013-2014

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

The activity in the tuition reserve for the 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$ 800,000
Budget Appropriation	(800,000)
Ending balance, June 30, 2016	<u>\$ 0</u>

NOTE 18. TUITION RESERVE 2014-2015

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



**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2016**

following the contract year.

The activity in the tuition reserve for the 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$ 800,000
Budget Appropriation	0
Ending balance, June 30, 2016	<u>\$ 800,000</u>

The 2016-2017 Budget includes a withdrawal from the Tuition Reserve Account in the amount of \$800,000.

NOTE 19. TUITION RESERVE 2015-2016

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

The activity in the tuition reserve for the 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$ 0
Board Resolution, dated June 9, 2016	800,000
Ending balance, June 30, 2016	<u>\$ 800,000</u>

NOTE 20. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$840,528 in the General Fund and \$44,733 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 last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue 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 payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of correction action. The District deficit in the GAAP funds statement of \$840,528 in the

**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2016**

General Fund and \$44,733 in the Special revenue fund is equal to or less than the last state payment(s).

NOTE 21. FUND BALANCES

Restricted Fund Balance

Capital Reserve – As of June 30, 2016, there is a balance of \$3,974,688 in the Capital Reserve Account of which \$435,157 has been appropriated and included as anticipated revenue for the year ended June 30, 2017.

Tuition Reserve – As of June 30, 2016, there is a balance of \$800,000 in the 2014/2015 Tuition Reserve Account which has been included as anticipated revenue for the year ended June 30, 2017; and \$800,000 in the 2015/2016 Tuition Reserve Account.

Maintenance Reserve – As of June 30, 2016, there is a balance of \$2,387,007 in the Maintenance Reserve Account of which \$325,000 has been appropriated and included as anticipated revenue for the year ended June 30, 2017.

Emergency Reserve – As of June 30, 2016, there is a balance of \$317,251 in the Emergency Reserve Account of which \$0 has been appropriated and included as anticipated revenue for the year ended June 30, 2017.

Special Revenue Fund Deficit – As of June 30, 2016, the special revenue fund deficit is \$44,733. The deficit is a result from the delay in the payment of state aid until the following fiscal year.

Debt Service Fund – As of June 30, 2016, there is a balance of \$1 in the Debt Service Fund of which \$0 has been appropriated and included as anticipated revenue for the year ended June 30, 2017.

Assigned Fund Balance – As of June 30, 2016, \$332,306 has been included as anticipated revenue for the year ended June 30, 2017.

Committed Fund Balance – As of June 30, 2016, \$86,444 is for year-end encumbrances.

Unassigned Fund Balance Deficit – As of June 30, 2016, the unassigned fund balance of the general fund was a deficit of \$840,528. The deficit is a result from the delay in the payment of state aid until the following fiscal year.

NOTE 22. CALCULATION OF EXCESS SURPLUS

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

**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2016**

reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$0.

NOTE 23. 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.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$0	48,051	532	(33,926)	277,194
2014-2015	0	47,456	522	(41,786)	262,537
2013-2014	0	46,559	405	(28,384)	256,345

NOTE 24. ECONOMIC DEPENDENCY

The District is heavily reliant on local property taxation to fund the District operations and debt service. Property taxes funded approximately 35% of the Districts 2015-2016 governmental operations.

**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2016**

NOTE 25. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,477,508	
Capital Projects Fund		\$ 1,406,500
Food Service Program		71,008
	<u>\$ 1,477,508</u>	<u>\$ 1,477,508</u>

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds. The interfunds between the governmental funds and the business-type activities are shown as Internal Balances on the governmental-wide financial statements.

**Required Supplementary Information**  
**Part II**

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

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
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy					
Tuition	\$16,506,429		16,506,429	16,506,429	0
Transportation Fees from Other LEA's	10,058,188		10,058,188	10,157,368	99,180
Interest earned on Capital Reserves	80,000		80,000	94,371	14,371
Interest earned	3,800		3,800	7,934	4,134
Miscellaneous	10,000		10,000	9,350	9,350
<b>Total - Local Sources</b>	<b>26,658,417</b>	<b>0</b>	<b>26,658,417</b>	<b>27,098,851</b>	<b>440,434</b>
State Sources:					
Equalization Aid	11,214,703		11,214,703	11,214,703	0
Categorical Special Education Aid	1,396,079		1,396,079	1,396,079	0
Categorical Security Aid	129,159		129,159	129,159	0
Categorical Transportation Aid	132,393		132,393	132,393	0
Special Education Extraordinary Aid	99,363		99,363	185,663	86,300
Public School Choice Aid	1,846,348		1,846,348	1,846,348	0
UnderAdequacy Aid	500,000		500,000	500,000	0
PARCC Readiness Aid	27,340		27,340	27,340	0
Per Pupil Growth Aid	27,340		27,340	27,340	0
Non Public Transportation Aid				5,568	5,568
On-Behalf TPAF Non-Contributory Insurance				1,564,533	1,564,533
On-Behalf TPAF Pension Contributions-Post Retirement					
Medical Contributions (non-budgeted)				1,862,926	1,862,926
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,499,270	1,499,270
<b>Total - State Sources</b>	<b>15,372,725</b>	<b>0</b>	<b>15,372,725</b>	<b>20,391,322</b>	<b>5,018,597</b>
Federal Sources:					
Medicaid Reimbursement and unrestricted federal funds	75,757		75,757	58,139	(17,618)
	75,757	0	75,757	58,139	(17,618)
<b>Total Revenues</b>	<b>42,106,899</b>	<b>0</b>	<b>42,106,899</b>	<b>47,548,312</b>	<b>5,441,413</b>

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(continued)

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**

Exhibit C-1

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Current Expense:</b>					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	585,715	(25,100)	560,615	557,533	3,082
Grades 1-5	4,152,040	5,494	4,157,534	4,155,784	1,750
Grades 6-8	3,508,204	(26,719)	3,481,485	3,481,485	0
Grades 9-12	5,700,740	(41,210)	5,659,530	5,657,530	2,000
Regular Programs - Home Instruction:					
Salaries of Teachers	85,000	59,199	144,199	143,599	600
Purchased Professional-Educational Services	102,000	(85,950)	16,050	15,252	798
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	28,915	11,044	39,959	33,093	6,866
Purchased Technical Services	23,550	(11,967)	11,583	5,959	5,624
Other Purchased Services	24,910	(7,660)	17,250	12,632	4,618
General Supplies	1,334,795	(412,500)	922,295	849,438	72,857
Textbooks	84,500	6,111	90,611	66,513	24,098
Other Objects	11,600	250	11,850	9,337	2,513
Total Regular Programs	<u>15,641,969</u>	<u>(529,008)</u>	<u>15,112,961</u>	<u>14,988,155</u>	<u>124,806</u>
Special Education - Instruction:					
Learning and/or Language Disabilities					
Salaries of Teachers	346,410	17,428	363,838	363,838	0
Other Salaries for Instruction	29,790	10,767	40,557	40,557	0
General Supplies	2,000	525	2,525	2,525	2,525
Total Learning and/or Language Disabilities	<u>378,200</u>	<u>28,720</u>	<u>406,920</u>	<u>404,395</u>	<u>2,525</u>
Behavioral Disabilities					
Salaries of Teachers	405,447	33,180	438,627	436,207	2,420
Other Salaries for Instruction	140,657	(12,055)	128,602	128,602	0
Purchased Professional-Educational Services	0	1,500	1,500	1,363	137
General Supplies	3,800	0	3,800	2,640	1,160
Other Objects	1,700	(500)	1,200	1,200	1,200
Total Behavioral Disabilities	<u>551,604</u>	<u>22,125</u>	<u>573,729</u>	<u>568,812</u>	<u>4,917</u>
Multiple Disabilities					
Salaries of Teachers	362,302	5,243	367,545	367,545	0
Other Salaries for Instruction	237,339	104,183	341,522	338,831	2,691
Purchased Professional Educational Services	150	450	600	544	56
General Supplies	19,200	6,823	26,023	25,037	986
Textbooks	3,300	707	4,007	2,391	1,616
Other Objects	1,000	0	1,000	132	868
Total Multiple Disabilities	<u>623,291</u>	<u>117,406</u>	<u>740,697</u>	<u>734,480</u>	<u>6,217</u>

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2016

Resource Room/Resource Center	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Salaries of Teachers	1,043,929	(115,189)	928,740	915,754	12,986
Other Salaries for Instruction	75,433	0	75,433	69,645	5,788
Purchased Professional Educational Services	963	963	1,926	1,108	818
General Supplies	10,550	(4,900)	5,650	3,586	2,064
Textbooks	1,000	(250)	750		750
<b>Total Resource Room/Resource Center</b>	<b>1,131,875</b>	<b>(119,376)</b>	<b>1,012,499</b>	<b>990,093</b>	<b>22,406</b>
<b>Autism</b>					
Other Salaries for Instruction	98,259	(98,259)			0
Other Purchased Services	6,200	(6,200)			0
General Supplies	500	(500)			0
<b>Total Autism</b>	<b>104,959</b>	<b>(104,959)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Preschool Disabilities - Part-Time</b>					
Salaries of Teachers	95,208	1,800	97,008	97,008	0
Other Salaries for Instruction	50,790	(23,000)	27,790	25,093	2,697
General Supplies	2,200	0	2,200	928	1,272
<b>Total Preschool Disabilities - Part-Time</b>	<b>148,198</b>	<b>(21,200)</b>	<b>126,998</b>	<b>123,029</b>	<b>3,969</b>
<b>Total Special Education - Instruction</b>	<b>2,938,127</b>	<b>(77,284)</b>	<b>2,860,843</b>	<b>2,820,809</b>	<b>40,034</b>
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	516,867	4,043	520,910	520,910	0
Other Salaries for Instruction	50,296	(40,000)	10,296	4,494	5,802
Purchased Professional Educational Services	1,399	5,263	6,662	5,918	744
General Supplies	9,650	(3,900)	5,750	4,591	1,159
<b>Total Bilingual Education - Instruction</b>	<b>578,212</b>	<b>(34,594)</b>	<b>543,618</b>	<b>535,913</b>	<b>7,705</b>
<b>School Sponsored Cocurricular Activities - Instruction:</b>					
Salaries	234,800	54,835	289,635	282,379	7,256
Purchased Services	4,200	19,773	23,973	6,962	17,011
Supplies and Materials	21,000	53,412	74,412	55,364	19,048
Other Objects	6,000	645	6,645	5,103	1,542
<b>Total School Sponsored Cocurricular Activities - Instruction</b>	<b>266,000</b>	<b>128,665</b>	<b>394,665</b>	<b>349,808</b>	<b>44,857</b>
<b>School-Sponsored Athletics - Instruction</b>					
Salaries	246,000	57,176	303,176	303,175	1
Purchased Services	32,400	1,400	33,800	22,584	11,216
Supplies and Materials	81,150	31,144	112,294	106,557	5,737
Other Objects	3,600	0	3,600	3,138	462
Transfers to Cover Deficit (Agency Funds)	75,000	0	75,000	75,000	0
<b>Total School-Sponsored Athletics - Instruction</b>	<b>438,150</b>	<b>89,720</b>	<b>527,870</b>	<b>510,454</b>	<b>17,416</b>
<b>Total Instruction</b>	<b>19,862,458</b>	<b>(422,501)</b>	<b>19,439,957</b>	<b>19,205,139</b>	<b>234,818</b>

(continued)



**TOWN OF HAMMONTON SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2016

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	0	95,240	95,240	55,007	40,233
Tuition to Other LEAs Within the State - Special	34,000	11,000	45,000	38,204	6,796
Tuition to Co. Voc. School District - Regular	196,481	(15,540)	180,941	180,941	0
Tuition to Co. Voc. School District - Special	32,000	51,650	83,650	83,650	0
Tuition to CSSD & Regional Day Schools	475,000	61,500	536,500	519,010	17,490
Tuition to Private Schools for the Disabled - Within State	940,558	(253,850)	686,708	672,078	14,630
Tuition - State Facilities	32,306	0	32,306	32,306	0
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,710,345</b>	<b>(50,000)</b>	<b>1,660,345</b>	<b>1,581,196</b>	<b>79,149</b>
<b>Undistributed Expenditures - Attendance and Social Work:</b>					
Salaries	89,440	0	89,440	87,360	2,080
Purchased Professional & Technical Services	32,000	450	32,450	32,450	0
Supplies and Materials	3,725	(450)	3,275	1,739	1,536
<b>Total Undistributed Expenditures - Attendance and Social Work</b>	<b>125,165</b>	<b>0</b>	<b>125,165</b>	<b>121,549</b>	<b>3,616</b>
<b>Undistributed Expenditures - Health Services:</b>					
Salaries	253,575	(23,000)	230,575	226,639	3,936
Purchased Professional and Technical Services	37,100	8,000	45,100	38,610	6,490
Other Purchased Services	9,850	(7,950)	1,900	1,423	477
Supplies and Materials	35,925	(20,882)	15,043	9,839	5,204
Other Objects		1,900	1,900	1,900	0
<b>Total Undistributed Expenditures - Health Services</b>	<b>336,450</b>	<b>(41,932)</b>	<b>294,518</b>	<b>278,411</b>	<b>16,107</b>
<b>Undistributed Expenditures - Other Support Services - Students - Related Services:</b>					
Salaries	178,138	(73,000)	105,138	104,004	1,134
Purchased Professional-Educational Services	85,200	83,000	168,200	157,329	10,871
Supplies and Materials	2,490	55	2,545	637	1,908
<b>Total Undistributed Expenditures - Other Support Services - Students - Related Services</b>	<b>265,828</b>	<b>10,055</b>	<b>275,883</b>	<b>261,970</b>	<b>13,913</b>
<b>Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:</b>					
Salaries	737,673	(60,000)	677,673	676,521	1,152
Purchased Professional Educational Services	300,560	(18,322)	282,238	260,903	21,335
Supplies and Materials	16,725	(7,700)	9,025	4,188	4,837
Other Objects	0	1,900	1,900	1,900	0
<b>Total Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:</b>	<b>1,054,958</b>	<b>(84,122)</b>	<b>970,836</b>	<b>943,512</b>	<b>27,324</b>

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

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
<b>Undistributed Expenditures - Other Support Services -</b>					
<b>Students - Regular</b>					
Salaries of Other Professional Staff	805,091	(20,000)	785,091	774,390	10,701
Salaries of Secretarial and Clerical Assistants	154,121	(20,000)	134,121	126,029	8,092
Purchased Professional Educational Services	880	2,700	3,580	2,950	630
Other Purchased Professional & Technical Services	3,744	805	4,549	1,876	2,673
Other Purchased Services	4,800	1,000	5,800	3,815	1,985
Supplies and Materials	28,750	(805)	27,945	11,937	16,008
Other Objects	725	0	725	50	675
<b>Total Undistributed Expenditures - Other Support Services - Regular</b>	<b>998,111</b>	<b>(36,300)</b>	<b>961,811</b>	<b>921,047</b>	<b>40,764</b>
<b>Undistributed Expenditures - Other Support Services -</b>					
<b>Students - Special:</b>					
Salaries of Other Professional Staff	1,002,792	13,471	1,016,263	972,863	43,400
Salaries of Secretarial and Clerical Assistants	95,736	0	95,736	93,042	2,694
Purchased Professional Educational Services	63,730	64,190	127,920	123,776	4,144
Other Purchased Professional and Technical Services	43,820	(27,490)	16,330	13,670	2,660
Miscellaneous Purchased Services	3,500	(1,800)	1,700	915	785
Supplies and Materials	20,800	690	21,490	18,035	3,455
Other Objects	1,175	200	1,375	300	1,075
<b>Total Undistributed Expenditures - Other Support Services - Students - Special</b>	<b>1,231,553</b>	<b>49,261</b>	<b>1,280,814</b>	<b>1,222,601</b>	<b>58,213</b>
<b>Undistributed Expenditures - Other Support Services -</b>					
<b>Improvement of Instructional Services</b>					
Other Salaries	54,200	0	54,200		54,200
Purchased Professional Educational Services	21,350	(8,365)	12,985	6,940	6,045
Purchased Professional and Technical Services	3,595	0	3,595	3,526	69
Supplies and Materials	1,400	0	1,400		1,400
<b>Total Undistributed Expenditures - Other Support Services - Improvement of Instructional Services</b>	<b>80,545</b>	<b>(8,365)</b>	<b>72,180</b>	<b>10,466</b>	<b>61,714</b>
<b>Undistributed Expenditures - Educational Media Services -</b>					
<b>School Library</b>					
Salaries	143,034	0	143,034	140,034	3,000
Purchased Professional and Technical Services	24,200	(355)	23,845	15,020	8,825
Other Purchased Services	12,735	(214)	12,521	3,954	8,567
Supplies and Materials	48,500	101	48,601	41,980	6,621
Other Objects	17,121	11,050	28,171	24,364	3,807
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>245,590</b>	<b>10,582</b>	<b>256,172</b>	<b>225,352</b>	<b>30,820</b>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2016**

Exhibit C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Undistributed Expenditures - Instructional Staff Training Services</b>					
Salaries of Supervisors of Instruction	646,643	0	646,643	645,536	1,107
Salaries of Secretarial and Clerical Assistants	51,562	0	51,562	51,407	155
Other Salaries	7,950	0	7,950		7,950
Purchased Professional-Educational Services	6,750	7,000	13,750	3,500	10,250
Purchased Professional and Technical Services	1,300	0	1,300	1,280	20
Other Purchased Services	38,916	(21,382)	17,534	10,470	7,064
Supplies and Materials	3,350	1,700	5,050	2,941	2,109
Other Objects	2,266	150	2,416	2,291	125
<b>Total Undistributed Expenditures - Instructional Staff Training Svcs</b>	<b>758,737</b>	<b>(12,532)</b>	<b>746,205</b>	<b>717,425</b>	<b>28,780</b>
<b>Undistributed Expenditures - Support Services - Gen. Admin.:</b>					
Salaries	275,802	2,920	278,722	278,722	0
Legal Services	120,000	1,797	121,797	121,670	127
Audit Fees	20,000	(1,808)	18,192	18,192	0
Architectural/Engineering Services	31,000	40,509	71,509	69,482	2,027
Other Purchased Professional Services	6,000	(6,000)			0
Communications/Telephone	99,146	30,388	129,534	129,534	0
BOE Other Purchased Services	1,200	100	1,300	1,300	0
Other Purchased Services	135,500	9,036	144,536	144,535	1
General Supplies	5,175	(2,644)	2,531	2,531	0
BOE IN-House Training/Meeting Supplies	325	(84)	241	241	0
Miscellaneous Expenditures	6,000	(1,702)	4,298	4,298	0
Membership Dues and Fees	20,300	(1,098)	19,202	19,201	1
<b>Total Undistributed Expenditures - Support Services - Gen. Admin.</b>	<b>720,448</b>	<b>71,414</b>	<b>791,862</b>	<b>789,706</b>	<b>2,156</b>
<b>Undistributed Expenditures - Support Serv. - School Admin.:</b>					
Salaries of Principals/Assistant Principals	1,051,238	(600)	1,050,638	1,043,988	6,650
Salaries of Secretarial and Clerical Assistants	578,392	21,723	600,115	600,114	1
Purchased Professional and Technical Services	700	0	700	420	280
Other Purchased Services	102,748	2,564	105,312	80,488	24,824
Supplies and Materials	58,250	12,570	70,820	54,501	16,319
Other Objects	14,200	0	14,200	10,675	3,525
<b>Total Undistributed Expenditures - Support Serv. - School Admin.</b>	<b>1,805,528</b>	<b>36,257</b>	<b>1,841,785</b>	<b>1,790,186</b>	<b>51,599</b>
<b>Undistributed Expenditures - Central Services</b>					
Salaries	357,927	34,420	392,347	389,691	2,656
Purchased Professional Services	24,000	11,170	35,170	34,175	995
Purchased Technical Services	32,000	10,777	42,777	42,721	56
Misc. Purchased Services (400-500 series)	12,300	480	12,780	11,543	1,237
Supplies and Materials	7,800	(1,500)	6,300	5,483	817
Interest on Lease Purchased Agreements	800	0	800		800
Miscellaneous Expenditures	3,500	(736)	2,764	2,764	0
<b>Total Undistributed Expenditures - Central Services</b>	<b>438,327</b>	<b>54,611</b>	<b>492,938</b>	<b>486,377</b>	<b>6,561</b>

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

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 - Admin. Info Technology					
Salaries					
Purchased Technical Services	247,051	(2,509)	244,542	244,542	0
Other Purchased Services (400-500 series)	45,500	9,270	54,770	53,850	920
Supplies and Materials	15,000	30,510	45,510	45,484	26
	19,000	(8,420)	10,580	9,836	744
Total Undistributed Expenditures - Admin. Info Technology	326,551	28,851	355,402	353,712	1,690
Undistributed Expenditures - Required Maint for School Facilities					
Interest Earned on Maintenance Reserve		0			0
Salaries	274,100	5,972	280,072	280,072	0
Cleaning, Repair, and Maintenance Services	459,000	(53,755)	405,245	388,592	16,653
General Supplies	61,080	6,513	67,593	59,783	7,810
Other Objects	840	0	840	375	465
Total Undistributed Expenditures - Required Maint for School Facilities	795,020	(41,270)	753,750	728,822	24,928
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	693,969	(18,000)	675,969	669,230	6,739
Salaries of Non-Instructional Aides	224,400	(11,349)	213,051	208,705	4,346
Purchased Professional and Technical Services		4,549	4,549	3,589	960
Cleaning, Repair, and Maintenance Services	69,500	(4,980)	64,520	58,780	5,740
Other Purchased Property Services	86,600	(33,722)	52,878	51,737	1,141
Insurance	172,000	211	172,211	172,210	1
Miscellaneous Purchased Services	6,658	3,800	10,458	9,800	658
General Supplies	187,000	538	187,538	177,184	10,354
Energy (Natural Gas)	293,600	(92,600)	201,000	187,093	13,907
Energy (Electricity)	932,600	9,510	942,110	941,957	153
Other Objects	610	190	800	170	630
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	2,666,937	(141,853)	2,525,084	2,480,455	44,629
Undistributed Expenditures - Care and Upkeep of Grounds					
Salaries	222,616	1,000	223,616	222,864	752
Purchased Professional & Technical Services	1,300	(200)	1,100		1,100
Cleaning, Repair, and Maintenance Services	10,200	351,254	361,454	334,333	27,121
General Supplies	57,000	20,600	77,600	70,615	6,985
Other Objects	3,850	1,072	4,922	3,955	967
Total Undistributed Expenditures - Care and Upkeep of Grounds	294,966	373,726	668,692	631,767	36,925

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

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 - Security					
Purchased Professional & Technical Services	197,830	2,917	200,747	197,615	3,132
Cleaning, Repair, & Maintenance Services	4,200	300	4,500	350	4,150
General Supplies	15,400	(200)	15,200	4,272	10,928
<b>Total Undistributed Expenditures - Security</b>	<b>217,430</b>	<b>3,017</b>	<b>220,447</b>	<b>202,237</b>	<b>18,210</b>
<b>Total Operation &amp; Maintenance Services</b>	<b>3,974,353</b>	<b>193,620</b>	<b>4,167,973</b>	<b>4,043,281</b>	<b>124,692</b>
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	225,299	90,009	315,308	315,308	0
Sal for Pupil Transp (Between Home and School)-Reg.	692,925	37,500	730,425	726,499	3,926
Sal for Pupil Transp (Between Home and School)-Sp Ed	190,143	(73,000)	117,143	111,402	5,741
Sal for Pupil Transp (Other than Between Home & School)	66,000	(20,000)	46,000	43,332	2,668
Other Purchased Professional and Technical Services	1,700	3,500	5,200	4,500	700
Cleaning, Repair, and Maintenance Services	50,000	51,400	101,400	101,249	151
Lease Purchase Payments - School Buses	50,000	(48,859)	1,141		1,141
Contracted Services - (Betw Home/Sch) - Vendors		10,000	10,000	9,450	550
Contracted Services - (Other than betw Home/Sch) - Vendors	28,605	30,000	58,605	53,875	4,730
Contracted Services - (Betw Home/Sch) - Joint Agr	39,070	(24,000)	15,070	11,066	4,004
Contracted Services - (Special Education) - Vendors	2,325	0	2,325		2,325
Contracted Services - (Special Education) - Joint Agr	48,000	(5,500)	42,500	42,118	382
Contracted Services - Aid in Lieu of Payments-Non Pub Sch	28,800	3,000	31,800	30,056	1,744
Contracted Services - Aid in Lieu of Payments-Charter	1,768	0	1,768		1,768
Miscellaneous Purchased Services	112,210	(31,126)	81,084	79,933	1,151
Transportation Supplies	361,093	(117,800)	243,293	235,936	7,357
Other Objects	2,000	(600)	1,400	276	1,124
<b>Total Undistributed Expenditures - Student Transportation Serv.</b>	<b>1,899,938</b>	<b>(95,476)</b>	<b>1,804,462</b>	<b>1,765,000</b>	<b>39,462</b>
Interest Earned on Current Expense Emergency Reserves		0			0
Unallocated Benefits:					
Social Security Contributions	556,000	7,000	563,000	559,627	3,373
Other Retirement Contributions - Regular	635,000	41,400	676,400	669,696	6,704
Unemployment Compensation	2,000	0	2,000	1,166	834
Workmen's Compensation	502,000	(12,000)	490,000	488,482	1,518
Health Benefits	5,449,466	(295,961)	5,153,505	5,005,662	147,843
Tuition Reimbursement	72,300	(26,000)	46,300	42,825	3,475
Other Employee Benefits	384,145	(101,500)	282,645	268,728	13,917
Unused Vac Payment to Term/Ret Staff	85,880	0	85,880	69,366	16,514
<b>Total Unallocated Benefits</b>	<b>7,686,791</b>	<b>(387,061)</b>	<b>7,299,730</b>	<b>7,105,552</b>	<b>194,178</b>

TOWN OF HAMMONTON SCHOOL DISTRICT

Exhibit C-1

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
On-Behalf TPAF Non-Contributory Insurance					
On-Behalf TPAF Pension Contributions-Post Retirement				1,564,533	(1,564,533)
Medical Contributions (non-budgeted)					
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,862,926	(1,862,926)
				1,499,270	(1,499,270)
<b>Total On-behalf Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,926,729</b>	<b>(4,926,729)</b>
<b>Total Undistributed Expenditures</b>	<b>23,659,218</b>	<b>(261,137)</b>	<b>23,398,081</b>	<b>27,544,072</b>	<b>(4,145,991)</b>
<b>Total Current Expense</b>	<b>43,521,676</b>	<b>(683,638)</b>	<b>42,838,038</b>	<b>46,749,211</b>	<b>(3,911,173)</b>
<b>Capital Outlay:</b>					
Interest Deposit to Capital Reserve	3,800	(3,800)			0
<b>Equipment</b>					
Grades 1-5		0			0
Grades 6-8		262,000	262,000	246,589	15,411
Grades 9-12		7,000	7,000	3,000	4,000
School sponsored and other instructional programs		15,144	15,144	12,708	2,436
Undistributed Expenditures:					
Instruction		28,225	28,225	19,125	9,100
Support Services - student regular		5,200	5,200	5,140	60
Central Services		2,550	2,550	2,550	0
Admin. Information Technology		180,604	180,604	180,603	1
Undistr. Expenditures - Custodial Services		38,300	38,300	38,202	98
Undistr. Expenditures - Care and Upkeep of Grounds		95,207	95,207	87,583	7,624
Undistr. Expenditures - Security		36,602	36,602	36,602	0
Undistr. Expenditures - Non-instructional equip.		4,000	4,000		4,000
Undistr. Expenditures - School Buses - Special		94,000	94,000	93,179	821
<b>Total Equipment</b>	<b>0</b>	<b>768,832</b>	<b>768,832</b>	<b>725,281</b>	<b>43,551</b>
<b>Facilities Acquisition and Construction Services</b>					
Architectural/Engineering Services		0			0
Assessment for Debt Service on SDA Funding	163,157	0	163,157	163,157	0
<b>Total Facilities Acquisition and Construction Services</b>	<b>163,157</b>	<b>0</b>	<b>163,157</b>	<b>163,157</b>	<b>0</b>
<b>Total Capital Outlay</b>	<b>166,957</b>	<b>765,032</b>	<b>931,989</b>	<b>888,438</b>	<b>43,551</b>

**TOWN OF HAMMONTON SCHOOL DISTRICT**

Exhibit C-1

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
Transfers to Charter Schools	6,423	0	6,423		6,423
<b>Total Expenditures</b>	<b>43,695,056</b>	<b>81,394</b>	<b>43,776,450</b>	<b>47,637,649</b>	<b>(3,861,199)</b>
<b>Other Financing Sources (Uses):</b>					
Prior year adjustment				58,707	58,707
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58,707</b>	<b>58,707</b>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(1,588,157)</b>	<b>(81,394)</b>	<b>(1,669,551)</b>	<b>(30,630)</b>	<b>1,638,921</b>
Fund Balances, July 1	9,295,200		9,295,200	9,295,200	0
Fund Balances, June 30	<u>\$7,707,043</u>	<u>(81,394)</u>	<u>7,625,649</u>	<u>9,264,570</u>	<u>1,638,921</u>

**Recapitulation of Fund Balance:**

Committed Fund Balance:	
Year End Encumbrances	86,444
Restricted Fund Balance:	
Tuition Reserve	1,600,000
Maintenance Reserve	2,387,007
Emergency Reserve	317,251
Capital Reserve	3,974,688
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	332,306
Unassigned Fund Balance	<u>566,874</u>
	9,264,570
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis:	<u>(1,407,402)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$7,857,168</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2016**

Exhibit C-2

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Local Sources:					
Local Programs		43,300	43,300	36,092	(7,208)
<b>Total - Local Sources</b>	<b>0</b>	<b>43,300</b>	<b>43,300</b>	<b>36,092</b>	<b>(7,208)</b>
State Sources:					
Preschool Education Aid	526,038	0	526,038	501,504	(24,534)
Nonpublic aid	285,749	173,115	458,864	336,484	(122,380)
<b>Total - State Sources</b>	<b>811,787</b>	<b>173,115</b>	<b>984,902</b>	<b>837,988</b>	<b>(146,914)</b>
Federal Sources:					
Title I	437,387	487,588	924,975	869,421	(55,554)
I.D.E.A., Part B	769,298	102,281	871,579	844,448	(27,131)
Vocational Education	27,574	3,648	31,222	31,222	0
Other	80,226	53,689	133,915	123,823	(10,092)
<b>Total - Federal Sources</b>	<b>1,314,485</b>	<b>647,206</b>	<b>1,961,691</b>	<b>1,868,914</b>	<b>(92,777)</b>
<b>Total Revenues</b>	<b>2,126,272</b>	<b>863,621</b>	<b>2,989,893</b>	<b>2,742,994</b>	<b>(246,899)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	714,013	200,370	914,383	890,733	23,650
Other Salaries for Instruction	260,031	15,353	275,384	272,830	2,554
Purchased Professional, Technical and Educational Services	967,518	175,892	1,143,410	1,027,803	115,607
General Supplies	57,598	65,284	122,882	83,928	38,954
Textbooks	27,973	2,176	30,149	25,884	4,265
Other Objects	0	2,935	2,935	2,935	0
<b>Total instruction</b>	<b>2,027,133</b>	<b>462,010</b>	<b>2,489,143</b>	<b>2,304,113</b>	<b>185,030</b>



**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2016**

Exhibit C-2

EXPENDITURES (CONT'D):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Support Services					
Salaries of Other Professional Staff	0	44,950	44,950	42,063	2,887
Personal Services - Employee Benefits	54,607	147,838	202,445	197,505	4,940
Purchased Professional and Technical Services	44,532	90,217	134,749	105,878	28,871
Other Purchased Services	0	69,287	69,287	53,771	15,516
Supplies and Materials	0	8,487	8,487	7,476	1,011
Other Objects	0	11,060	11,060	7,506	3,554
<b>Total support services</b>	<u>99,139</u>	<u>371,839</u>	<u>470,978</u>	<u>414,199</u>	<u>56,779</u>
Facilities acquisition and construction services					
Instructional equipment	0	14,572	14,572	14,572	0
Non-Instructional equipment	0	15,200	15,200	10,110	5,090
<b>Total facilities acquisition and construction services</b>	<u>0</u>	<u>29,772</u>	<u>29,772</u>	<u>24,682</u>	<u>5,090</u>
<b>Total expenditures</b>	<u>2,126,272</u>	<u>863,621</u>	<u>2,989,893</u>	<u>2,742,994</u>	<u>246,899</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**Notes to the Required Supplementary Information  
Part II**

**TOWN OF HAMMONTON 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
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$47,548,312	2,742,994
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		638
Current year		0
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,419,186	48,658
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(1,407,402)</u>	<u>(44,733)</u>
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>47,560,096</u>	<u>2,747,557</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	47,637,649	2,742,994
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		638
Current year		0
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$47,637,649</u>	<u>2,743,632</u>

**Required Supplementary Information**  
**Part III**

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Public Employee's Retirement System (PERS)**

	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.0703451934%
District's Proportionate Share of the Net Pension Liability (Asset)	\$15,791,086
District's Covered Employee Payroll	\$4,096,106
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered employee payroll	385.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%

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

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information Part III**  
**Schedule of District Contributions**  
**Public Employee's Retirement System (PERS)**

	2015
Contractually Required Contribution	\$604,780
Contributions in Relation to the Contractually Required Contribution	(604,780)
Contribution Deficiency (Excess)	\$0
 District's Covered Employee Payroll	 \$4,096,106
Contributions as a Percentage of Covered Employee Payroll	14.76%

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

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**Teachers Pension Annuity Fund**

	2015
District's Proportion of the Net Pension Liability (Asset)	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	\$122,951,456
Total	\$122,951,456
District's Covered Employee Payroll	\$20,445,981
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered employee payroll	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%

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

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**Notes to the Required Supplementary Information  
Part III**



**Town of Hammonton School District  
Notes to Required Supplementary Information Part III  
For the Fiscal Year Ended June 30, 2016**

**TEACHERS' PENSION AND ANNUITY FUND (TPAF)**

*Changes of benefit terms.* The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

*Change of assumptions.* 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. Pre-retirement mortality improvements for active members are projected using Scale AS from the base year 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.

**PUBLIC EMPLOYEES' RETIRMENT SYSTEM (PERS)**

*Changes of benefit terms.* The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

*Change of assumptions.* Mortality rates were based on the RP – 2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

## SPECIAL REVENUE FUND

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

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED June 30, 2016**

	HEF FY16 MS Teacher of the Year Grant	HEF FY16 HS Teacher of the Year Grant	HEF FY15 HS Teacher of the Year Grant	High School Energy Arts Grant	HEF Arts Supply Grant	HEF Chromebooks ECEC	HEF Library WES	HEF Chromebooks WES	HEF Chromebooks WES	HEF Tubano Drums Middle School
<b>REVENUES:</b>										
Local Sources										
State Sources	\$315	389	497	1,000	3,236	4,862	1,998	8,588	8,583	3,957
Federal Sources										
<b>Total revenues</b>	<u>315</u>	<u>389</u>	<u>497</u>	<u>1,000</u>	<u>3,236</u>	<u>4,862</u>	<u>1,998</u>	<u>8,588</u>	<u>8,583</u>	<u>3,957</u>
<b>EXPENDITURES:</b>										
Instruction:										
Salaries of teachers										
Other salaries of instruction										
Purchased professional, technical and educational svcs								1,348	1,348	
Other purchased services										
General supplies	315	389	497	1,000	1,035	4,862		7,240	7,235	
Textbooks										
Other objects					1,260					
<b>Total instruction</b>	<u>315</u>	<u>389</u>	<u>497</u>	<u>1,000</u>	<u>2,295</u>	<u>4,862</u>	<u>0</u>	<u>8,588</u>	<u>8,583</u>	<u>0</u>
Support services:										
Salaries of other professional staff										
Personal services- employee benefits										
Purchased professional and technical services										
Other purchased services										
Travel					941					
Supplies and materials										
Other objects							1,998			
<b>Total support services</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>941</u>	<u>0</u>	<u>1,998</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Facilities acquisition and construction services</b>										
Instructional equipment										3,957
Non-Instructional equipment										
<b>Total facilities acquisition and construction services</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,957</u>
<b>Total expenditures</b>	<u>\$315</u>	<u>389</u>	<u>497</u>	<u>1,000</u>	<u>3,236</u>	<u>4,862</u>	<u>1,998</u>	<u>8,588</u>	<u>8,583</u>	<u>3,957</u>

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**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED June 30, 2016**

REVENUES:	Home & School	Home & School	HEF	Walmart	Brain	Total	Nonpublic	Nonpublic Auxiliary Aid	
	Instructional Supply ECEC	Non-Instructional Supply High School	Library WES	Green Grant	Alliance Grant	Local Funds		Textbooks	Compensatory Education
Local Sources									
State Sources	590	963	92	942	80	36,092			
Federal Sources							25,884	116,410	690
<b>Total revenues</b>	<b>590</b>	<b>963</b>	<b>92</b>	<b>942</b>	<b>80</b>	<b>36,092</b>	<b>25,884</b>	<b>116,410</b>	<b>690</b>
EXPENDITURES:									
Instruction:									
Salaries of teachers									
Other salaries of instruction									
Purchased professional, technical and educational svcs						2,696		116,410	690
Other purchased services									
General supplies		963				23,536			
Textbooks							25,884		
Other objects						1,260			
<b>Total instruction</b>	<b>0</b>	<b>963</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,492</b>	<b>25,884</b>	<b>116,410</b>	<b>690</b>
Support services:									
Salaries of other professional staff									
Personal services- employee benefits									
Purchased professional and technical services									
Other purchased services									
Travel						941			
Supplies and materials	590		92	942		3,622			
Other objects						80			
<b>Total support services</b>	<b>590</b>	<b>0</b>	<b>92</b>	<b>942</b>	<b>80</b>	<b>4,643</b>	<b>0</b>	<b>0</b>	<b>0</b>
Facilities acquisition and construction services									
Instructional equipment									
Non-Instructional equipment						3,957			
<b>Total facilities acquisition and construction services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,957</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total expenditures</b>	<b>590</b>	<b>963</b>	<b>92</b>	<b>942</b>	<b>80</b>	<b>36,092</b>	<b>25,884</b>	<b>116,410</b>	<b>690</b>

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**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED June 30, 2016**

REVENUES:	Nonpublic Handicapped Aid			Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Preschool Education Aid	Total State Funds	Carryover Title I Part A	Title I Part A	Title III English Language Enhancement
	Examination & Classification	Corrective Speech	Supplemental Instruction								
Local Sources											
State Sources	48,943	20,649	52,718	46,928	12,194	12,068	501,504	837,988			
Federal Sources											
<b>Total revenues</b>	<u>48,943</u>	<u>20,649</u>	<u>52,718</u>	<u>46,928</u>	<u>12,194</u>	<u>12,068</u>	<u>501,504</u>	<u>837,988</u>	57,196	812,225	45,807
<b>EXPENDITURES:</b>									<u>57,196</u>	<u>812,225</u>	<u>45,807</u>
Instruction:											
Salaries of teachers											
Other salaries of instruction							316,805	316,805	41,509	487,916	
Purchased professional, technical and educational svcs	48,943	20,649	52,718				117,626	117,626		112,853	42,351
Other purchased services								239,410		199	
General supplies											
Textbooks					12,194		12,466	24,660	50	9,656	216
Other objects								25,884			
<b>Total instruction</b>	<u>48,943</u>	<u>20,649</u>	<u>52,718</u>	<u>0</u>	<u>12,194</u>	<u>0</u>	<u>446,897</u>	<u>724,385</u>	<u>41,559</u>	<u>612,299</u>	<u>42,567</u>
Support services:											
Salaries of other professional staff									7,210	34,853	
Personal services- employee benefits									4,536	124,023	3,240
Purchased professional and technical services				46,928			54,607	54,607			
Other purchased services								46,928			
Travel									230	35,389	
Supplies and materials											
Other objects						1,958		1,958	892	1,004	
<b>Total support services</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>46,928</u>	<u>0</u>	<u>1,958</u>	<u>54,607</u>	<u>103,493</u>	<u>15,637</u>	<u>199,926</u>	<u>3,240</u>
Facilities acquisition and construction services											
Instructional equipment											
Non-Instructional equipment							10,110	10,110			
<b>Total facilities acquisition and construction services</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,110</u>	<u>10,110</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total expenditures</b>	<u>48,943</u>	<u>20,649</u>	<u>52,718</u>	<u>46,928</u>	<u>12,194</u>	<u>12,068</u>	<u>501,504</u>	<u>837,988</u>	<u>57,196</u>	<u>812,225</u>	<u>45,807</u>

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**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED June 30, 2016**

REVENUES:	Carryover Title III English Language Enhanc.	Title III Language Instruction for Immigrant Students	I.D.E.A. Part - B Basic	Carryover I.D.E.A. Part - B Basic	I.D.E.A. Part - B Preschool	Carryover I.D.E.A. Part - B Preschool	Title II Part A	Carryover Title II Part A	Perkins Vocational	Total Federal Funds	Totals
Local Sources											36,092
State Sources											837,988
Federal Sources											1,868,914
<b>Total revenues</b>	<b>0</b>	<b>6,717</b>	<b>810,681</b>	<b>8,529</b>	<b>23,774</b>	<b>1,464</b>	<b>66,731</b>	<b>4,568</b>	<b>31,222</b>	<b>1,868,914</b>	<b>1,868,914</b>
<b>EXPENDITURES:</b>											
Instruction:											
Salaries of teachers										573,928	890,733
Other salaries of instruction							44,503			155,204	272,830
Purchased professional, technical and educational svcs			760,260		23,774	1,464				785,697	1,027,803
Other purchased services										0	0
General supplies		5,203								0	0
Textbooks									20,607	35,732	83,928
Other objects										0	25,884
<b>Total instruction</b>	<b>0</b>	<b>5,203</b>	<b>760,260</b>	<b>0</b>	<b>23,774</b>	<b>1,464</b>	<b>44,503</b>	<b>0</b>	<b>20,607</b>	<b>1,552,236</b>	<b>2,304,113</b>
Support services:											
Salaries of other professional staff										42,063	42,063
Personal services- employee benefits										142,898	197,505
Purchased professional and technical services			50,421	8,529			11,099			58,950	105,878
Other purchased services		1,514					11,129	4,568		52,830	53,771
Travel										0	0
Supplies and materials										1,896	7,476
Other objects										7,426	7,506
<b>Total support services</b>	<b>0</b>	<b>1,514</b>	<b>50,421</b>	<b>8,529</b>	<b>0</b>	<b>0</b>	<b>22,228</b>	<b>4,568</b>	<b>0</b>	<b>306,063</b>	<b>414,199</b>
Facilities acquisition and construction services											
Instructional equipment									10,615	10,615	14,572
Non-Instructional equipment											10,110
<b>Total facilities acquisition and construction services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,615</b>	<b>10,615</b>	<b>24,682</b>
<b>Total expenditures</b>	<b>0</b>	<b>6,717</b>	<b>810,681</b>	<b>8,529</b>	<b>23,774</b>	<b>1,464</b>	<b>66,731</b>	<b>4,568</b>	<b>31,222</b>	<b>1,868,914</b>	<b>2,742,994</b>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Preschool Education Aid Schedule of Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$338,805	316,805	22,000
Other Salaries for Instruction	117,626	117,626	0
Instructional Supplies	15,000	12,466	2,534
<b>Total instruction</b>	<u>471,431</u>	<u>446,897</u>	<u>24,534</u>
<b>Support services:</b>			
Personal Services-Employee Benefits	54,607	54,607	0
<b>Total support services</b>	<u>54,607</u>	<u>54,607</u>	<u>0</u>
<b>Total expenditures</b>	<u>\$526,038</u>	<u>501,504</u>	<u>24,534</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total Revised 2015-16 Preschool Education Aid Allocation	\$447,336
Add: Actual ECPA Carryover (June 30, 2015)	178,395
Add: Budgeted Transfer from the General Fund 2015-16	0
Total Preschool Education Aid Funds Available for 2015-16 Budget	<u>625,731</u>
Less: 2015-16 Budgeted Preschool Education Aid(Including prior year budgeted carryover)	<u>(526,038)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	99,693
Add: June 30, 2016 Unexpended Preschool Education Aid	24,534
Less: 2015-2016 Commissioner-approved Transfer to the General Fund	0
2015-16 Carryover - Preschool Education Aid/Preschool	<u>\$124,227</u>
<b>2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17</b>	<u>\$99,693</u>

**CAPITAL PROJECTS FUND**

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



**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Statement of Project Expenditures**  
**Year Ended June 30, 2016**

Exhibit F-1

<u>Number</u>	<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures and Other Financing Uses to Date</u>		<u>Canceled</u>	<u>Unexpended Balance</u>
				<u>Prior Years</u>	<u>Current Year</u>		
	Middle School HVAC		3,544,369	3,332,665	(109,721)		321,425
	Middle School Window Replacement		688,622	507,218	0		181,404
Totals			<u>\$4,232,991</u>	<u>3,839,883</u>	<u>(109,721)</u>	<u>0</u>	<u>502,829</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2016**

<b>Revenues and Other Financing Sources:</b>	
Transfer from Capital Reserve	-
State School Building Aid - EDA Grant	-
Interest earned	218
	<hr/>
Total revenues and other financing sources	218
	<hr/>
<b>Expenditures and Other Financing Uses:</b>	
Purchased professional & technical services	-
Construction services	(109,721)
	<hr/>
Total expenditures and other financing uses	(109,721)
	<hr/>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	109,939
Fund balance - beginning	236,323
Fund balance - ending	\$346,262
	<hr/> <hr/>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budgetary Basis**  
**Middle School HVAC**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources:</b>				
Transfer from Capital Reserve	2,040,758		2,040,758	2,040,758
State School Building Aid - EDA Grant	1,503,611		1,503,611	1,503,611
Interest earned	1,048	203	1,251	
<b>Total revenues and other financing sources</b>	<u>3,545,417</u>	<u>203</u>	<u>3,545,620</u>	<u>3,544,369</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional & technical services	247,685		247,685	247,685
Construction services	3,084,980	(109,721)	2,975,259	3,296,684
<b>Total expenditures and other financing uses</b>	<u>3,332,665</u>	<u>(109,721)</u>	<u>3,222,944</u>	<u>3,544,369</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>212,752</u>	<u>109,924</u>	<u>322,676</u>	<u>0</u>
	<u>\$212,752</u>	<u>109,924</u>	<u>322,676</u>	<u>0</u>

**Additional project information:**

Project number	1960-060-14-1002
Grant Date	
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	2,692,076
Additional Authorized Cost	852,293
Revised Authorized Cost	3,544,369
Percentage Increase over Original Authorized Cost	31.66%
Percentage Completion	100%
Original target completion date	8/29/2014
Revised target completion date	8/28/2016

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budgetary Basis**  
**Middle School Window Replacement**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources:</b>				
Transfer from Capital Reserve	246,871		246,871	246,871
State School Building Aid - EDA Grant	283,298		283,298	441,751
Interest earned	620	15	635	
<b>Total revenues and other financing sources</b>	<u>530,789</u>	<u>15</u>	<u>530,804</u>	<u>688,622</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional & technical services	55,718		55,718	56,680
Construction services	451,500		451,500	631,942
<b>Total expenditures and other financing uses</b>	<u>507,218</u>	<u>-</u>	<u>507,218</u>	<u>688,622</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>23,571</u>	<u>15</u>	<u>23,586</u>	<u>0</u>
	<u>\$23,571</u>	<u>15</u>	<u>23,586</u>	<u>0</u>

**Additional project information:**

Project number	1960-060-14-1003
Grant Date	
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	790,915
Additional Authorized Cost	(102,293)
Revised Authorized Cost	688,622
Percentage Increase over Original Authorized Cost	-12.93%
Percentage Completion	100%
Original target completion date	8/29/2014
Revised target completion date	6/30/2016

## PROPRIETARY FUNDS

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

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

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

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

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Schedule of Net Position**  
**June 30, 2016**

	<u>Food Service</u>	<u>Latchkey Program</u>	<u>2016</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$641,252	98,105	739,357
Accounts Receivable:			
State	1,050		1,050
Federal	60,689		60,689
Other	1,133		1,133
Inventories	6,264		6,264
<b>Total Current Assets</b>	<u>710,388</u>	<u>98,105</u>	<u>808,493</u>
<b>Capital Assets:</b>			
Equipment	747,880	119,467	867,347
Accumulated depreciation	(517,758)	(39,475)	(557,233)
<b>Total capital assets</b>	<u>230,122</u>	<u>79,992</u>	<u>310,114</u>
<b>Total assets</b>	<u>940,510</u>	<u>178,097</u>	<u>1,118,607</u>
<b>LIABILITIES AND FUND EQUITY:</b>			
<b>Current liabilities:</b>			
Interfund accounts payable	71,008		71,008
Accounts payable	32,828	2,910	35,738
Unearned revenue	16,010		16,010
Compensated absences payable	32,124		32,124
<b>Total current liabilities</b>	<u>151,970</u>	<u>2,910</u>	<u>154,880</u>
<b>Net Position:</b>			
<b>Restricted</b>	0		0
Unrestricted	558,418	95,195	653,613
Investment in capital assets	230,122	79,992	310,114
<b>Total net position</b>	<u>788,540</u>	<u>175,187</u>	<u>963,727</u>
<b>Total liabilities and net position</b>	<u>\$940,510</u>	<u>178,097</u>	<u>1,118,607</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Enterprise Funds**  
**Combining Schedule of Revenues, Expenses**  
**and Changes in Net Position**  
**For the Fiscal Year ended June 30, 2016**

	Food Service	Latchkey	2016
<b>OPERATING REVENUES:</b>			
Local Sources:			
Daily sales- reimbursable programs			
School lunch, breakfast, snack program	\$352,384		352,384
Daily sales non- reimbursable programs	314,768		314,768
Latchkey program revenue		83,433	83,433
Miscellaneous	2,073		2,073
Special Functions	40,513		40,513
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	709,738	83,433	793,171
<b>OPERATING EXPENSES:</b>			
Salaries	507,670	58,766	566,436
Employee benefits	220,321	1,012	221,333
Tuition		7,022	7,022
Supplies & Materials	56,132	3,949	60,081
Depreciation	60,722	7,441	68,163
Cost of sales	695,728		695,728
Loss on disposal of asset	995		995
Other	34,288		34,288
	<hr/>	<hr/>	<hr/>
Total operating expenses	1,575,856	78,190	1,654,046
Operating income (loss)	(866,118)	5,243	(860,875)
<b>Nonoperating revenues:</b>			
State sources			
State school lunch program	15,748		15,748
Federal sources			
National school lunch program	673,200		673,200
National school breakfast program	131,512		131,512
National school snack program	91		91
Food Distribution Program	79,696		79,696
Interest revenue	1,132	211	1,343
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	901,379	211	901,590
Net income/(loss)	35,261	5,454	40,715
Net Postion, July 1	753,279	169,733	923,012
	<hr/>	<hr/>	<hr/>
Net Postion, June 30	<u>\$788,540</u>	<u>175,187</u>	<u>963,727</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Combining Schedule of Cash Flows**  
**All Proprietary Fund Types and Similar Trust Funds**  
**For the Fiscal Year ended June 30, 2016**

	Food Service	Latchkey	2016
Cash flows from operating activities:			
Cash received from customers	\$712,757	78,157	790,914
Cash payments to employees for services	(719,115)	(70,251)	(789,366)
Cash payments to suppliers for goods and services	(720,325)	(11,431)	(731,756)
Net cash provided/(used) by operating activities	<u>(726,683)</u>	<u>(3,525)</u>	<u>(730,208)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements	813,920		813,920
Net cash provided by noncapital financing activities	<u>813,920</u>	<u>0</u>	<u>813,920</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(31,345)		(31,345)
Net cash (used) by capital and related financing activities	<u>(31,345)</u>	<u>0</u>	<u>(31,345)</u>
Cash flows from investing activities:			
Interest on investments	1,132	211	1,343
Net cash provided by investing activities	<u>1,132</u>	<u>211</u>	<u>1,343</u>
Net increase (decrease) in cash and cash equivalents	57,024	(3,314)	53,710
Cash and cash equivalents, July 1	<u>584,228</u>	<u>101,419</u>	<u>685,647</u>
Cash and cash equivalents, June 30	<u>\$641,252</u>	<u>98,105</u>	<u>739,357</u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:			
Operating income/(loss)	(\$866,118)	5,243	(860,875)
Adjustments to reconcile operating income/(loss) to cash provided (used) by operating activities:			
Depreciation	60,722	7,441	68,163
Loss on Disposal of Asset	995		995
Federal Commodities	79,696		79,696
Change in assets and liabilities:			
Decrease/(Increase) in accounts receivable	1,728	1,947	3,675
Decrease/(Increase) in inventory	(3,102)		(3,102)
(Decrease)/Increase in accounts payable	(11,109)	2,450	(8,659)
(Decrease)/Increase in interfund accounts payable	5,092	(9,899)	(4,807)
(Decrease)/Increase in unearned revenue	1,291	(7,223)	(5,932)
(Decrease)/Increase in compensated absence payable	4,122	(3,484)	638
Net cash provided/(used) by operating activities	<u>(726,683)</u>	<u>(3,525)</u>	<u>(730,208)</u>



## FIDUCIARY FUNDS

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

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

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

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

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Fiduciary Fund**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2016**

	Expendable Trusts		Student Activity	Agency	
	Scholarship	Unemployment		Payroll	Total
<b>ASSETS:</b>					
Cash and cash equivalents	\$48,102	287,798	302,666	184,841	823,407
<b>Total Assets</b>	<u>48,102</u>	<u>287,798</u>	<u>302,666</u>	<u>184,841</u>	<u>823,407</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable		10,604			10,604
Payroll deductions and withholdings				184,841	184,841
Due to student groups			302,666		302,666
<b>Total Liabilities</b>	<u>0</u>	<u>10,604</u>	<u>302,666</u>	<u>184,841</u>	<u>498,111</u>
<b>Net Position:</b>					
Reserved - Expendable Trust					
Unemployment		277,194			277,194
Scholarship	48,102				48,102
<b>Total net position</b>	<u>48,102</u>	<u>277,194</u>	<u>0</u>	<u>0</u>	<u>325,296</u>
<b>Total liabilities and net position</b>	<u>\$48,102</u>	<u>287,798</u>	<u>302,666</u>	<u>184,841</u>	<u>823,407</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Statement of Changes in Fiduciary Net Position**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$303,345	854,032	854,711	302,666
<b>Total assets</b>	<u>303,345</u>	<u>854,032</u>	<u>854,711</u>	<u>302,666</u>
<b>LIABILITIES:</b>				
Due to student groups	303,345	854,032	854,711	302,666
<b>Total liabilities</b>	<u>\$303,345</u>	<u>854,032</u>	<u>854,711</u>	<u>302,666</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Scholarship Expendable Trust Fund**  
**Statement of Revenues, Expenditures**  
**and Changes in Net Position**  
**for the Fiscal Year ended June 30, 2016**

	2016
<b>OPERATING REVENUES:</b>	
Local sources:	
Interest on investments	\$103
Total operating revenues	103
 <b>OPERATING EXPENSES:</b>	
Scholarship payments	3,700
Total operating expenses	3,700
Operating (loss)	(3,597)
Net (Loss)	(3,597)
Net Position, July 1	51,699
Net Position, June 30	\$48,102

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Unemployment Expendable Trust Fund**  
**Statement of Revenues, Expenditures**  
**and Changes in Net Position**  
**for the Fiscal Year ended June 30, 2016**

	2016
<b>OPERATING REVENUES:</b>	
Local sources:	
Interest on investments	\$532
Contributions	48,051
Total operating revenues	48,583
 <b>OPERATING EXPENSES:</b>	
Payments of unemployment claims	33,926
Total operating expenses	33,926
Operating Income	14,657
Net Income	14,657
Net Position, July 1	262,537
Net Position, June 30	\$277,194

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year ended June 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
ECEC	\$25,323	25,388	28,366	22,345
Elementary School	22,995	50,556	48,844	24,707
Middle School	63,070	111,149	113,578	60,641
Middle School Athletics	576	3,903	4,450	29
High School Students	170,805	569,158	565,330	174,633
High School Athletics	20,576	93,878	94,143	20,311
<b>Total all schools</b>	<u>\$303,345</u>	<u>854,032</u>	<u>854,711</u>	<u>302,666</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year ended June 30, 2016**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>ASSETS:</b>				
Cash and cash equivalents	\$20,848	14,609,744	14,445,751	184,841
<b>Total assets</b>	<u>20,848</u>	<u>14,609,744</u>	<u>14,445,751</u>	<u>184,841</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	20,848	14,609,744	14,445,751	184,841
<b>Total liabilities</b>	<u>\$20,848</u>	<u>14,609,744</u>	<u>14,445,751</u>	<u>184,841</u>

## LONG-TERM DEBT

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



**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**June 30, 2016**

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	9/19/06	7,385,000	8/1/16	200,000	3.250%	7,275,000	(7,050,000)	25,000	200,000				
Refunding School Bonds	5/11/16	7,050,000	8/1/16	60,000	2.000%								
			8/1/17	25,000	2.000%								
			8/1/18-22	30,000	2.000%								
			8/1/23-24	35,000	2.000%								
			8/1/25	535,000	3.000%								
			8/1/26	1,170,000	3.000%								
			8/1/27	1,205,000	3.000%								
			8/1/28	1,245,000	3.125%								
			8/1/29	1,285,000	3.250%								
			8/1/30	1,305,000	3.250%								
						7,050,000		7,050,000					
Refunding School Bonds	3/23/10	10,890,000	8/1/16	695,000	5.000%								
			8/1/17	735,000	5.000%								
			8/1/18	770,000	5.000%								
			8/1/19	810,000	4.250%								
			8/1/20	250,000	4.500%								
			8/1/20	605,000	5.000%								
			8/1/21	890,000	3.125%								
			8/1/22	925,000	3.250%								
			8/1/23	965,000	5.000%								
			8/1/24	1,015,000	4.250%								
			8/1/25	555,000	4.000%								
										8,875,000		660,000	8,215,000
			Reroofing & addition alterations to the Middle School	4/15/06	2,614,000					7/15/16	185,000	4.250%	
7/15/17	195,000	4.250%											
7/15/18	200,000	4.250%											
7/15/19	210,000	4.250%											
7/15/20	220,000	4.300%											
7/15/21	224,000	4.300%											
						1,414,000		180,000	1,234,000				
Various Improvements to W.E.S. Elementary School	6/24/10	11,800,000	7/1/16-20	550,000	3.500%								
			7/1/21-23	600,000	3.750%								
			7/1/24	600,000	4.000%								
			7/1/25-26	650,000	4.000%								
			7/1/27-28	700,000	4.000%								
			7/1/29	750,000	4.125%								
			7/1/30	800,000	4.125%								
										9,900,000		500,000	9,400,000
						<u>\$27,464,000</u>	<u>0</u>	<u>1,365,000</u>	<u>26,099,000</u>				

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2016**

Exhibit I-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$2,083,577	0	2,083,577	2,083,577	0
	<u>2,083,577</u>	<u>0</u>	<u>2,083,577</u>	<u>2,083,577</u>	<u>0</u>
State Sources:					
Debt Service Aid Type II	384,285	0	384,285	384,285	0
Total - State Sources	<u>384,285</u>	<u>0</u>	<u>384,285</u>	<u>384,285</u>	<u>0</u>
<b>Total Revenues</b>	<u>2,467,862</u>	<u>0</u>	<u>2,467,862</u>	<u>2,467,862</u>	<u>0</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	1,102,862	0	1,102,862	1,102,861	(1)
Redemption of Principal	1,365,000	0	1,365,000	1,365,000	0
Total Regular Debt Service	<u>2,467,862</u>	<u>0</u>	<u>2,467,862</u>	<u>2,467,861</u>	<u>(1)</u>
<b>Total expenditures</b>	<u>2,467,862</u>	<u>0</u>	<u>2,467,862</u>	<u>2,467,861</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	1	1
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in					
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total other financing sources (uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	0	0	0	1	1
Fund Balance, July 1	0	0	0	0	0
Fund Balance, June 30	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

## **Statistical Section**

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

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
*Unaudited*

J-1

	2007	2008	2009	2010	2011	(Restated) 2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets										
Restricted	8,686,694	8,695,671	19,768,759	8,040,999	8,417,262	8,693,209	8,768,081	10,324,981	12,924,025	13,211,245
Unrestricted	104,355	501,350	6,098,093	7,393,396	8,283,302	8,342,783	9,465,074	8,301,948	8,202,910	8,566,519
Total governmental activities net position	<u>(5,025,182)</u>	<u>(3,248,442)</u>	<u>(4,562,794)</u>	<u>(4,462,950)</u>	<u>(4,246,702)</u>	<u>(4,878,582)</u>	<u>(5,958,393)</u>	<u>(4,433,909)</u>	<u>(17,770,393)</u>	<u>(18,940,740)</u>
	<u>3,765,867</u>	<u>5,948,579</u>	<u>21,304,058</u>	<u>10,971,445</u>	<u>12,453,862</u>	<u>12,157,410</u>	<u>12,274,762</u>	<u>14,193,020</u>	<u>3,356,542</u>	<u>2,837,024</u>
<b>Business-type activities</b>										
Net investment in capital assets										
Restricted	274,464	257,926	212,338	168,986	147,804	256,944	316,848	266,964	347,927	310,114
Unrestricted	258,018	307,763	438,281	611,144	710,498	690,714	622,398	140,000	50,000	-
Total business-type activities net position	<u>532,482</u>	<u>565,689</u>	<u>650,619</u>	<u>780,130</u>	<u>858,302</u>	<u>947,658</u>	<u>939,246</u>	<u>949,210</u>	<u>923,012</u>	<u>963,727</u>
<b>District-wide</b>										
Net investment in capital assets										
Restricted	8,961,158	8,953,597	19,981,097	8,209,985	8,565,066	8,950,153	9,084,929	10,591,945	13,271,952	13,521,359
Unrestricted	104,355	501,350	6,098,093	7,393,396	8,283,302	8,342,783	9,465,074	8,441,948	8,252,910	8,566,519
Total district net position	<u>(4,767,164)</u>	<u>(2,940,679)</u>	<u>(4,124,513)</u>	<u>(3,851,806)</u>	<u>(3,536,204)</u>	<u>(4,187,868)</u>	<u>(5,335,995)</u>	<u>(3,891,663)</u>	<u>(17,245,308)</u>	<u>(18,287,127)</u>
	<u>4,298,349</u>	<u>6,514,268</u>	<u>21,954,677</u>	<u>11,751,575</u>	<u>13,312,164</u>	<u>13,105,068</u>	<u>13,214,008</u>	<u>15,142,230</u>	<u>4,279,554</u>	<u>3,800,751</u>

Source: CAFR Schedule A-1

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Changes in Net Position, Last Ten Fiscal Years**  
*Unaudited*

J-2

Expenses	2007	2008	2009	2010	2011	(Restated) 2012	2013	2014	2015	2016
	<b>Governmental activities</b>									
Instruction										
Regular	17,826,984	19,897,236	20,399,302	21,833,680	21,995,805	22,343,706	23,104,424	23,211,784	23,340,075	23,616,748
Special education	3,895,199	3,515,516	3,616,097	3,685,328	3,776,332	4,146,570	4,471,670	4,118,687	4,044,510	3,930,847
Other instruction	1,032,040	1,064,603	1,237,852	1,338,591	1,126,267	1,450,845	1,579,809	1,544,098	1,742,035	1,859,616
Support Services:										
Tuition	657,085	783,618	689,630	627,344	820,226	1,349,883	1,631,360	1,809,423	1,972,518	2,240,798
Student & instruction related services	4,191,705	4,723,057	4,896,573	5,467,848	5,065,316	5,688,499	6,446,175	6,248,551	6,795,710	6,502,957
General administrative services	908,488	971,266	1,060,889	970,211	872,481	810,159	799,956	908,255	890,705	2,535,640
School administrative services	2,486,401	2,947,349	2,635,498	2,928,115	2,652,668	2,555,242	2,551,495	2,532,936	2,413,952	905,976
Business administrative services	1,159,896	1,161,158	1,294,613	1,175,899	870,618	968,567	1,016,998	1,020,546	970,690	4,794,990
Plant operations and maintenance	3,219,932	3,515,188	4,464,788	4,419,129	4,639,128	4,214,054	3,950,396	4,259,158	4,321,308	2,358,823
Pupil transportation	1,067,345	1,856,207	1,899,215	1,939,813	1,919,705	2,095,802	2,179,395	2,180,090	2,196,897	1,428,241
Capital Outlay										
Interest on long-term debt	1,439,113	1,031,095	984,436	978,539	1,303,565	1,242,891	1,200,898	1,167,844	1,132,063	1,109,565
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities expenses</b>	<b>37,884,188</b>	<b>41,466,293</b>	<b>43,178,893</b>	<b>45,364,497</b>	<b>45,042,111</b>	<b>46,866,218</b>	<b>48,932,576</b>	<b>49,001,372</b>	<b>49,820,463</b>	<b>51,284,201</b>
<b>Business-type activities:</b>										
Food service	1,243,655	1,154,383	1,217,002	1,263,475	1,328,841	1,401,364	1,521,362	1,597,799	1,571,045	1,575,856
Child Care	63,514	80,793	69,604	87,504	101,050	88,896	99,632	93,032	112,572	78,190
<b>Total business-type activities expense</b>	<b>1,307,169</b>	<b>1,235,176</b>	<b>1,286,606</b>	<b>1,350,979</b>	<b>1,429,891</b>	<b>1,490,260</b>	<b>1,620,994</b>	<b>1,690,831</b>	<b>1,683,617</b>	<b>1,654,046</b>
<b>Total district expenses</b>	<b>39,191,357</b>	<b>42,701,469</b>	<b>44,465,499</b>	<b>46,715,476</b>	<b>46,472,002</b>	<b>48,356,478</b>	<b>50,553,570</b>	<b>50,692,203</b>	<b>51,504,080</b>	<b>52,938,247</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
Tuition							10,031,406	10,368,696	9,854,615	10,157,368
Transportation fees from other LEA's							106,688	89,274	72,947	94,371
Operating grants and contributions	7,211,854	7,729,233	4,879,173	5,484,198	5,474,420	6,026,604	6,692,741	6,204,617	6,115,780	5,604,529
Capital grants and contributions										
<b>Total governmental activities program revenues</b>	<b>7,211,854</b>	<b>7,729,233</b>	<b>4,879,173</b>	<b>5,484,198</b>	<b>5,474,420</b>	<b>6,026,604</b>	<b>16,830,835</b>	<b>16,662,587</b>	<b>16,043,342</b>	<b>15,856,268</b>
<b>Business-type activities:</b>										
Charges for services:										
Food service	717,065	704,928	737,605	775,789	762,141	731,502	711,676	722,274	695,274	709,738
Child care	109,467	90,284	95,832	85,874	86,676	95,865	108,506	116,366	117,173	83,433
Operating grants and contributions	416,430	462,285	534,146	612,206	649,340	741,431	789,090	860,941	843,503	900,247
Capital grants and contributions										
<b>Total business type activities program revenues</b>	<b>1,242,962</b>	<b>1,257,497</b>	<b>1,367,583</b>	<b>1,473,869</b>	<b>1,498,157</b>	<b>1,568,798</b>	<b>1,609,272</b>	<b>1,699,581</b>	<b>1,655,950</b>	<b>1,693,418</b>
<b>Total district program revenues</b>	<b>8,454,816</b>	<b>8,986,729</b>	<b>6,246,756</b>	<b>6,958,067</b>	<b>6,972,577</b>	<b>7,595,402</b>	<b>18,440,107</b>	<b>18,362,168</b>	<b>17,699,292</b>	<b>17,549,686</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(30,672,334)	(33,737,060)	(38,299,720)	(39,880,299)	(39,567,691)	(40,839,614)	(32,101,741)	(32,338,785)	(33,777,121)	(35,427,933)
Business-type activities	(64,207)	22,321	80,977	122,890	68,266	78,538	(11,722)	8,750	(27,667)	39,372
<b>Total district-wide net expense</b>	<b>(30,736,541)</b>	<b>(33,714,740)</b>	<b>(38,218,743)</b>	<b>(39,757,409)</b>	<b>(39,499,425)</b>	<b>(40,761,076)</b>	<b>(32,113,463)</b>	<b>(32,330,035)</b>	<b>(33,804,788)</b>	<b>(35,388,561)</b>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Changes in Net Position, Last Ten Fiscal Years**  
*Unaudited*

J-2

	2007	2008	2009	2010	2011	(Restated) 2012	2013	2014	2015	2016
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	14,521,766	15,286,742	15,551,044	15,754,360	15,873,706	15,868,258	16,147,974	16,212,385	16,506,429	16,506,429
Taxes levied for debt service	1,531,726	1,355,828	1,472,365	1,457,168	1,457,168	1,457,168	1,498,206	1,498,206	1,673,376	2,083,577
Unrestricted grants and contributions	7,301,497	9,018,736	11,953,996	12,612,680	11,993,921	13,328,842	14,349,088	16,376,166	16,882,546	15,918,801
Tuition Received	6,734,504	9,673,374	10,332,988	10,935,928	11,004,932	10,763,744				
Authorized bond proceeds			13,680,341	(11,800,000)		(1,380,341)				
Transportation fees from other LEA's	-	372,546	374,232	268,006	108,608	65,528				
Premium on BANS				86,725						
Investment earnings	176,431	104,908	29,673	82,818	136,986	122,949	36,456	13,302	17,799	17,502
Miscellaneous income	1,568,078	107,638	555,375	148,088	474,787	169,439	184,997	156,984	190,592	323,399
Canceled accounts payable prior year				1,913		361,812	2,372		1,763	
Prior year adjustment			(294,815)							
Prior year depreciation adjustment	968,961									58,707
<b>Total governmental activities</b>	<b>32,802,963</b>	<b>35,919,772</b>	<b>53,655,199</b>	<b>29,547,686</b>	<b>41,050,108</b>	<b>40,757,399</b>	<b>32,219,093</b>	<b>34,257,043</b>	<b>35,272,505</b>	<b>34,908,415</b>
<b>Business-type activities:</b>										
Investment earnings	14,392	10,886	3,953	6,621	9,906	10,943	3,310	1,214	1,469	1,343
Transfers										
<b>Total business-type activities</b>	<b>14,392</b>	<b>10,886</b>	<b>3,953</b>	<b>6,621</b>	<b>9,906</b>	<b>10,943</b>	<b>3,310</b>	<b>1,214</b>	<b>1,469</b>	<b>1,343</b>
<b>Total district-wide</b>	<b>32,817,355</b>	<b>35,930,658</b>	<b>53,659,152</b>	<b>29,554,307</b>	<b>41,060,014</b>	<b>40,768,342</b>	<b>32,222,403</b>	<b>34,258,257</b>	<b>35,273,974</b>	<b>34,909,758</b>
<b>Change in Net Position</b>										
Governmental activities	2,130,629	2,182,712	15,355,479	(10,332,613)	1,482,417	(82,215)	117,352	1,918,258	1,495,384	(519,518)
Business-type activities	(49,815)	33,207	84,930	129,511	78,172	89,481	(8,412)	9,964	(26,198)	40,715
<b>Total district</b>	<b>2,080,814</b>	<b>2,215,919</b>	<b>15,440,409</b>	<b>(10,203,102)</b>	<b>1,560,589</b>	<b>7,266</b>	<b>108,940</b>	<b>1,928,222</b>	<b>1,469,186</b>	<b>(478,803)</b>

Source: CAFR Schedule A-2

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>										
Restricted					6,571,595	8,019,117	8,080,045	8,029,844	7,951,568	8,278,946
Assigned							1,057,814	316,838	300,000	332,306
Committed					379,814	195,926	82,586	82,644	85,195	86,444
Unassigned					(361,174)	(709,662)	(994,931)	(791,592)	(460,749)	(840,528)
Reserved	48,638	623,123	3,884,621	5,706,667						
Unreserved	(1,475,707)	318,301	(775,524)	(609,351)						
<b>Total general fund</b>	<u>(1,427,069)</u>	<u>941,424</u>	<u>3,109,097</u>	<u>5,097,316</u>	<u>6,590,235</u>	<u>7,505,381</u>	<u>8,225,514</u>	<u>7,637,734</u>	<u>7,876,014</u>	<u>7,857,168</u>
<b>All Other Governmental Funds</b>										
Restricted					1,697,081	161,833	139,902	(44,734)	(48,658)	(44,733)
Assigned								789,814	236,323	346,263
Committed					14,626					
Unassigned					(48,032)	134,027				
Reserved	257,409	72,632	2,232,790	1,737,244						
Unreserved, reported in:										
Special revenue fund	(89,166)	(110,054)	(45,752)	(46,531)						
Debt service fund	34,288	53,763								
<b>Total all other governmental funds</b>	<u>202,531</u>	<u>16,341</u>	<u>2,187,038</u>	<u>1,690,713</u>	<u>1,663,675</u>	<u>295,860</u>	<u>139,902</u>	<u>745,080</u>	<u>187,665</u>	<u>301,530</u>

Source: CAFR Schedule B-1

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax levy	16,053,492	16,642,570	17,023,409	17,211,528	17,330,874	17,325,426	17,646,180	17,710,591	18,179,805	18,590,006
Tuition charges	6,734,504	9,673,374	10,332,988	10,935,928	11,004,932	10,763,744	10,031,406	10,368,696	9,854,815	10,157,368
Transportation fees from other LEA's		372,546	374,232	268,006	108,608	65,528	106,688	89,274	72,947	94,371
Authorized bond proceeds			13,680,341							
Premium on BANS				86,725						
Interest earnings	176,431	104,908	29,673	82,818	136,986	122,949	36,456	13,302	17,799	17,502
Miscellaneous	1,568,078	107,638	555,375	148,088	474,787	169,439	184,997	156,984	190,592	323,399
Local sources			845	15,090	24,821	30,732	39,102	38,541	44,422	36,561
State sources	12,999,729	15,296,007	15,495,103	14,066,255	15,324,843	17,153,603	19,234,007	20,690,437	21,777,444	21,629,304
Federal sources	1,513,622	1,451,962	1,337,221	4,015,534	2,118,677	2,171,111	1,768,721	1,851,806	2,228,162	1,927,222
<b>Total revenue</b>	<b>39,045,856</b>	<b>43,649,005</b>	<b>58,829,187</b>	<b>46,829,972</b>	<b>46,524,528</b>	<b>47,802,532</b>	<b>49,047,557</b>	<b>50,919,631</b>	<b>52,365,786</b>	<b>52,775,733</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	13,632,222	14,263,014	14,514,741	15,737,602	16,000,702	15,953,026	15,988,102	16,429,630	17,030,103	17,292,906
Special education instruction	2,641,398	2,411,048	2,715,445	2,768,922	2,775,736	2,991,466	3,114,831	2,996,318	2,833,375	2,820,809
Other instruction	737,417	789,801	917,775	984,650	832,708	1,034,069	1,096,932	1,102,996	1,311,181	1,396,175
<b>Support Services:</b>										
Tuition	444,086	530,869	480,244	430,965	562,886	907,174	1,064,516	1,216,548	1,375,645	1,581,196
Student & instruction related services	3,012,741	3,454,749	3,855,442	4,288,327	3,987,763	4,508,703	5,019,181	4,972,797	5,025,883	4,876,964
General administrative services	803,757	858,373	940,582	838,312	751,321	683,550	659,991	775,753	771,690	789,706
School Administrative services	1,742,670	2,048,926	1,884,748	2,055,120	1,862,916	1,769,602	1,707,374	1,744,611	1,729,050	1,832,249
Plant operations and maintenance	2,844,734	3,096,687	3,981,895	3,868,452	3,143,460	3,319,292	3,172,144	3,450,414	3,577,016	4,043,281
Pupil transportation	844,777	1,428,176	1,480,764	1,571,381	1,576,219	1,720,327	1,738,395	1,772,024	1,715,234	1,765,000
Business administrative services	936,446	916,767	1,044,682	907,958	654,854	715,728	722,338	740,424	725,770	840,089
Unallocated employee benefits	8,526,050	9,270,248	8,526,385	9,598,786	9,348,170	10,440,306	11,260,668	11,233,264	11,214,715	12,229,785
Capital outlay	1,791,581	1,240,699	12,198,110	983,768	1,303,782	725,012	484,015	1,970,512	2,896,801	803,399
<b>Debt service:</b>										
Principal	464,953	624,953	649,953	643,953	1,270,000	1,205,000	1,235,000	1,310,000	1,330,000	1,365,000
Interest and other charges	986,860	1,032,392	1,005,236	976,798	1,139,830	1,263,417	1,222,267	1,186,942	1,150,211	1,102,861
<b>Total expenditures</b>	<b>39,409,692</b>	<b>41,966,702</b>	<b>54,196,002</b>	<b>45,654,994</b>	<b>45,210,347</b>	<b>47,236,672</b>	<b>48,485,754</b>	<b>50,902,233</b>	<b>52,686,684</b>	<b>52,739,421</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(363,836)</b>	<b>1,682,303</b>	<b>4,633,185</b>	<b>1,174,978</b>	<b>1,314,181</b>	<b>565,860</b>	<b>561,803</b>	<b>17,398</b>	<b>(320,898)</b>	<b>36,312</b>
<b>Other Financing sources (uses)</b>										
Prior year adjustment			(294,815)							58,707
Canceled accounts payable prior year				1,913		361,812	2,372		1,763	
Canceled bond proceeds						(1,380,341)				
Capital leases (non-budgeted)	28,500			315,003	151,700					
Increase in Maintenance Reserve		500,000								
Bond proceeds										
Transfers in	84,287	92,107		93,176	818,799	724,837	413,100	1,953,850	1,167,967	
Transfers out	(84,287)	(92,107)		(93,176)	(818,799)	(724,837)	(413,100)	(1,953,850)	(1,167,967)	
<b>Total other financing sources (uses)</b>	<b>28,500</b>	<b>500,000</b>	<b>(294,815)</b>	<b>316,916</b>	<b>151,700</b>	<b>(1,018,529)</b>	<b>2,372</b>	<b>-</b>	<b>1,763</b>	<b>58,707</b>
<b>Net change in fund balances</b>	<b>(335,336)</b>	<b>2,182,303</b>	<b>4,338,370</b>	<b>1,491,894</b>	<b>1,465,881</b>	<b>(452,669)</b>	<b>564,175</b>	<b>17,398</b>	<b>(319,135)</b>	<b>95,019</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.86%</b>	<b>4.07%</b>	<b>3.94%</b>	<b>3.63%</b>	<b>5.49%</b>	<b>5.31%</b>	<b>5.12%</b>	<b>5.10%</b>	<b>4.98%</b>	<b>4.75%</b>

Source: CAFR Schedule B-2



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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Transportation Fees from other LEA's	Misc.	Total
2007	176,431	6,734,504		1,568,078	8,479,013
2008	104,908	9,673,374	372,546	107,638	19,931,840
2009	29,673	10,332,988	374,232	555,375	11,292,268
2010	82,818	10,935,928	268,006	148,088	11,434,840
2011	136,986	11,004,932	108,608	474,787	11,725,313
2012	122,949	10,763,744	65,528	169,439	11,121,660
2013	36,456	10,031,406	106,688	184,997	10,359,547
2014	13,302	10,368,696	89,274	156,984	10,628,256
2015	17,799	9,854,615	72,947	190,592	10,135,953
2016	17,502	10,157,368	94,371	323,399	10,592,640

Source: District Records

**TOWN OF HAMMONTON 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.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2007	19,674,500	590,584,400	23,686,300	5,889,800	145,483,600	21,031,700	7,732,900	814,083,200	1,332,300	3,778,874	816,529,774	2.039	1,363,394,393
2008	19,334,600	607,801,900	23,043,600	5,842,900	147,236,700	23,512,800	7,732,900	834,505,400	2,879,100	3,605,816	835,232,116	2.038	1,493,581,717
2009	18,665,200	614,622,900	23,667,400	5,821,900	153,108,200	20,219,400	7,732,900	843,837,900	2,686,000	3,310,989	844,462,889	2.038	1,560,289,186
2010	18,359,200	617,744,600	23,051,900	5,877,300	156,430,100	20,219,400	7,732,900	849,415,400	2,592,500	3,490,780	850,313,680	2.038	1,485,264,070
2011	18,128,500	620,302,800	21,771,600	5,726,000	155,236,500	20,290,700	7,732,900	849,189,000	2,228,800	3,086,138	850,046,338	2.038	1,528,585,395
2012	17,929,300	621,441,600	22,363,700	5,689,800	179,267,900	13,320,200	7,608,200	867,620,700	928,900	3,328,262	870,020,662	2.028	1,411,600,333
2013	17,881,600	626,431,400	23,053,000	5,587,700	176,415,800	13,320,200	7,608,200	870,297,900	525,700	2,934,449	872,706,649	2.028	1,386,195,699
2014	17,158,800	629,107,800	23,171,000	5,646,100	175,014,400	13,320,200	7,608,200	871,026,500	222,000	2,550,308	873,354,808	2.082	1,324,214,087
2015	29,576,100	975,867,900	40,985,200	6,629,100	265,759,500	23,079,100	13,575,100	1,355,472,000	222,000	3,977,331	1,359,227,331	1.367	1,349,929,444
2016	29,106,200	979,218,400	40,698,900	6,634,500	265,007,500	18,006,800	18,459,400	1,357,131,700			1,357,131,700	1.404	1,337,470,878

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

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

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

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

Fiscal Year Ended June 30,	Town of Hammonton Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General	Total Direct	Town of Hammon- ton	Atlantic County	
		Obligation Debt Service <sup>b</sup>				
2007	1.873	0.166	2.039	0.755	0.513	3.307
2008	1.872	0.166	2.038	0.760	0.519	3.317
2009	1.865	0.173	2.038	0.761	0.559	3.358
2010	1.867	0.171	2.038	0.765	0.562	3.365
2011	1.867	0.171	2.038	0.769	0.656	3.463
2012	1.856	0.172	2.028	0.825	0.628	3.481
2013	1.856	0.172	2.028	0.875	0.746	3.649
2014	1.890	0.192	2.082	0.905	0.722	3.709
2015	1.214	0.153	1.367	0.624	0.495	2.486
2016	1.269	0.135	1.404	0.653	0.504	2.561

Source: District Records and Municipal Tax Collector

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

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

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
NJ Manufacturers Insurance Company	26,918,400	1	1.98%			
Rt 206 Inc.	9,138,200	2	0.67%			
Kramer Beverage RE LLC	9,000,000	3	0.66%			
	8,488,900	4	0.63%			
Atlantic Health Land Holdings LLC	8,358,900	5	0.62%			
Wal-Mart RE Bus Trst	7,939,200	6	0.58%			
Copper Atlantic Commerce Holdings	7,200,000	7	0.53%			
Peachtree LLC	6,367,800	8	0.47%			
Bellevue Property Group	3,650,500	9	0.27%			
Vision Property, Blueberry Crossing	3,614,800	10	0.27%			
Kramer Beverage Co. LLC				7,800,500	1	0.96%
Alan Litt Exchange, LLC				6,601,600	2	0.81%
FR Grand Avenue LLC				6,500,000	3	0.80%
Rt 206 Inc				5,614,000	4	0.69%
ARG Hammonton Holdings LLC				5,186,100	5	0.64%
1001 Grand Ave Assoc, LP				5,150,900	6	0.63%
Wal-mart RE Bus. Trust				4,658,700	7	0.57%
Peachtree LLC				3,440,600	8	0.42%
Bellevue Property Group				2,291,100	9	0.28%
Vision Properties Blueberry Crossing				2,223,700	10	0.27%
Total	<u>90,676,700</u>		<u>6.68%</u>	<u>49,467,200</u>		<u>6.07%</u>

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

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	16,053,492	16,053,492	100%	
2008	16,642,570	16,642,570	100%	
2009	17,023,409	17,023,409	100%	
2010	17,211,528	17,211,528	100%	
2011	17,330,874	17,330,874	100%	
2012	17,325,426	17,325,426	100%	
2013	17,646,180	17,646,180	100%	
2014	17,710,591	17,710,591	100%	
2015	18,179,805	18,179,805	100%	
2016	18,590,006	18,590,006	100%	

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

**Note:** School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, which is the amount voted upon or certified prior to the end of the school year.

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)			
2007	23,287,859		1,246,554		24,534,413	0.146%	35,738
2008	22,662,906		372,816		23,035,722	0.161%	37,198
2009	22,012,953		125,214		22,138,167	0.178%	38,110
2010	33,314,000		341,965	7,100,000	40,755,965	0.098%	39,106
2011	32,544,000		353,143		32,897,143	0.126%	39,153
2012	31,339,000		238,429		31,577,429	0.134%	39,545
2013	30,104,000		146,484		30,250,484	0.140%	41,338
2014	28,794,000		50,317		28,844,317	0.147%	41,927
2015	27,464,000		-		27,464,000	0.152%	41,659
2016	26,099,000		-		26,099,000	0.166%	43,336

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 J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b Includes Early Retirement Incentive Plan (ERIP) refunding. Also includes funds in the amount of \$6,600,000 used to Bond Anticipation Notes.

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2007	23,174,000		23,174,000	2.84%	1,721
2008	22,599,000		22,599,000	2.71%	1,684
2009	21,999,000		21,999,000	2.61%	1,638
2010	33,314,000		33,314,000	3.92%	2,253
2011	32,544,000		32,544,000	3.83%	2,205
2012	31,339,000		31,339,000	3.60%	2,125
2013	30,104,000		30,104,000	3.46%	2,039
2014	28,794,000		28,794,000	3.30%	1,946
2015	27,464,000		27,464,000	2.02%	1,867
2016	26,099,000		26,099,000	1.92%	1,774

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

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

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

**TOWN OF HAMMONTON**  
**Ratios of Overlapping Governmental Activities Debt**  
**As of June 30, 2016**  
**Unaudited**

J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b> Town of Hammonton	15,232,104	100.00%	15,232,104
<b>Other debt</b> Atlantic County	155,437,199	3.66%	<u>5,689,001</u>
Subtotal, overlapping debt			20,921,105
<b>Town of Hammonton School District Direct Debt</b>		100.00%	<u>26,099,000</u>
<b>Total direct and overlapping debt</b>			<u><u>47,020,105</u></u>

**Sources:** Town of Hammonton Finance Officer, 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 Hammonton. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.



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

J-13

**Legal Debt Margin Calculation for Fiscal Year 2016**

		Equalized valuation basis
	2015	1,335,616,438
	2014	1,315,215,979
	2013	1,312,072,818
	<b>[A]</b>	<u><u>3,962,905,235</u></u>
Average equalized valuation of taxable property	<b>[A/3]</b>	1,320,968,412
Debt limit (4 % of average equalization value)	<b>[B]</b>	52,838,736 <sup>a</sup>
Net bonded school debt	<b>[C]</b>	<u>26,099,000</u>
Legal debt margin	<b>[B-C]</b>	<u><u>26,739,736</u></u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	31,904,554	51,366,979	57,358,013	59,620,835	60,462,261	58,715,336	57,352,146	54,542,599	53,257,474	52,838,736
Total net debt applicable to limit	<u>23,174,000</u>	<u>22,599,000</u>	<u>21,999,000</u>	<u>33,314,000</u>	<u>32,544,000</u>	<u>31,339,000</u>	<u>30,104,000</u>	<u>28,794,000</u>	<u>27,464,000</u>	<u>26,099,000</u>
Legal debt margin	<u>8,730,554</u>	<u>28,767,979</u>	<u>35,359,013</u>	<u>26,306,835</u>	<u>27,918,261</u>	<u>27,376,336</u>	<u>27,248,146</u>	<u>25,748,599</u>	<u>25,793,474</u>	<u>26,739,736</u>
Total net debt applicable to the limit as a percentage of debt limit	72.64%	44.00%	38.35%	55.88%	53.83%	53.37%	52.49%	52.79%	51.57%	49.39%

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

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

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2007	13,464	523,857	35,738	7.20%
2008	13,463	536,218	37,198	7.20%
2009	13,420	529,164	38,110	8.90%
2010	13,433	535,104	39,106	15.60%
2011	14,784	612,593	39,153	16.00%
2012	14,761	624,129	39,545	16.20%
2013	14,750	627,126	41,338	16.80%
2014	14,766	628,442	41,927	8.40%
2015	14,713	626,405	41,659	8.30%
2016	14,618	633,486	43,336	8.10%

**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

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

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

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Principal Employers,**  
**Current Year and Nine Years Ago**  
*Unaudited*

J-15

<u>Employer</u>	<u>2015</u>			<u>2006</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>
		1	-			0.00%
		2	-			0.00%
		3	-			0.00%
		4	-			0.00%
		5	-			0.00%
		6	-			0.00%
		7	-			0.00%
		8	-			0.00%
		9	-			0.00%
		10	-			0.00%
	-		-	-		-

**Source:**

GASB requires this table to present the principal taxpayers for the current year and nine years ago, however the information was not available.

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

J-16

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	202.0	206.0	213.0	213.0	208.0	203.6	191.0	199.5	199.5	199.5
Special education	64.0	81.0	95.0	96.0	86.0	62.0	66.0	60.0	60.0	60.0
Other special education						13.0	9.0	8.0	8.0	8.0
Vocational	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Support Services:										
Tuition										
Student & instruction related services	49.5	36.0	42.0	45.0	42.0	65.4	83.0	82.0	82.0	82.0
General administrative services	4.0	4.0	6.5	6.0	4.8	3.0	3.0	3.0	3.0	3.0
School administrative services	22.5	31.0	32.5	33.0	24.0	24.5	24.5	24.5	24.5	24.5
Business administrative services	9.0	9.0	11.5	10.0	8.0	9.0	10.0	9.5	9.5	9.5
Plant operations and maintenance	28.0	42.5	47.5	45.5	44.0	44.6	44.2	44.3	44.3	44.3
Pupil transportation	37.0	37.5	36.5	41.0	39.0	40.0	42.0	42.0	42.0	42.0
Food Service	18	17	19	19.5	19.5	19.0	19.0	21.0	21.0	21.0
Child Care	1	1	4	4	4	4	4.0	3.0	3.0	-
Total	<u>436</u>	<u>466</u>	<u>508</u>	<u>514</u>	<u>481</u>	<u>490</u>	<u>496</u>	<u>499</u>	<u>499</u>	<u>496</u>

Source: District Personnel Records

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

J-17

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2007	3,284	36,445,075	11,098	-0.86%	267	1:15	1:12	1:14	3,294	3,071	-2.16%	93.22%
2008	3,266	40,435,198	12,381	11.56%	288	1:15	1:12	1:14	3,265	3,057	-0.89%	93.63%
2009	3,395	42,194,457	12,428	0.39%	309	1:15	1:12	1:14	3,362	3,143	2.97%	93.49%
2010	3,434	44,385,958	12,925	4.00%	310	1:15	1:12	1:14	3,420	3,179	1.73%	92.95%
2011	3,551	43,738,546	12,317	-4.70%	296	1:15	1:12	1:14	3,521	3,280	2.95%	93.16%
2012	3,567	45,636,878	12,794	3.87%	281	1:15	1:12	1:14	3,540	3,312	0.54%	93.56%
2013	3,605	47,731,678	13,240	3.48%	268	1:15	1:12	1:14	3,595	3,352	1.55%	93.24%
2014	3,629	47,833,528	13,181	-0.45%	270	1:15	1:12	1:14	3,623	3,419	0.78%	94.37%
2015	3,601	48,688,400	13,521	2.58%	270	1:15	1:12	1:14	3,585	3,386	-1.05%	94.45%
2016	3,630	50,174,636	13,822	2.23%	270	1:15	1:12	1:14	3,627	3,416	1.17%	94.18%

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

Note: Enrollment based on annual October district count.

- a Enrollment is based on the annual October district count.
- b Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-2
- c Teaching staff includes only full-time equivalents of certificated staff.
- d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>District Building</b>										
<b><u>Early Childhood Learning Center</u></b>										
(2001)										
Square Feet	35,365	35,365	35,365	35,365	35,365	35,365	35,365	35,365	35,365	35,365
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	497	499	418	432	451	408	413	383	384	372
<b><u>Elementary</u></b>										
(1973)										
Square Feet	97,240	97,240	97,240	97,240	97,240	97,240	97,240	97,240	97,240	97,240
Capacity (students)	1,464	1,464	1,464	1,464	1,464	1,464	1,464	1,464	1,464	1,464
Enrollment	846	648	809	840	873	907	933	979	962	923
<b><u>Middle School</u></b>										
(1965)										
Square Feet	109,950	109,950	109,950	109,950	109,950	109,950	109,950	109,950	109,950	109,950
Capacity (students)	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604	1,604
Enrollment	648	816	849	827	811	823	816	817	868	926
<b><u>High School</u></b>										
(2002)										
Square Feet	190,641	190,641	190,641	190,641	190,641	190,641	190,641	190,641	190,641	190,641
Capacity (students)	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Enrollment	1,293	1,303	1,319	1,335	1,415	1,427	1,443	1,450	1,387	1,409
<b><u>Other</u></b>										
Transportation										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

**Number of Schools at June 30, 2016**

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

**Source: District records, ASSA**

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

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

J-19

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
High School	SP99341L	99,644	134,785	330,661	147,195	286,799	187,754	170,105	262,752	426,596	297,036
Middle School	N/A	59,132	79,985	196,224	94,181	110,111	278,713	200,192	101,463	76,895	275,677
Elementary School	N/A	49,470	66,916	164,161	56,446	74,101	92,894	61,900	82,776	82,863	107,882
Early Childhood Center	SP99343	19,097	25,832	63,370	37,553	38,188	54,277	40,744	72,212	49,524	48,227
Total School Facilities		<u>227,342</u>	<u>307,518</u>	<u>754,416</u>	<u>335,375</u>	<u>509,199</u>	<u>613,638</u>	<u>472,941</u>	<u>519,203</u>	<u>635,878</u>	<u>728,822</u>
Other Facilities											
Grand Total		<u><u>227,342</u></u>	<u><u>307,518</u></u>	<u><u>754,416</u></u>	<u><u>335,375</u></u>	<u><u>509,199</u></u>	<u><u>613,638</u></u>	<u><u>472,941</u></u>	<u><u>519,203</u></u>	<u><u>635,878</u></u>	<u><u>728,822</u></u>

# TOWN OF HAMMONTON SCHOOL DISTRICT

Insurance Schedule

June 30, 2016

*Unaudited*

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Assoc. Insurance Group - Cape May Atlantic Insurance Pool		
Property Package	121,179,152	5,000
Environmental Package	1,000,000	10,000
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Business Income/Tuition	10,700,000	5,000
EDP	500,000	1,000
Equipment Breakdown	100,000,000	5,000
General Liability	16,000,000	
Automobile Liability	16,000,000	
Auto Phys. Damage	ACV Basis	1,000
Workers' Compensation and Supplemental Indemnity		
Workers' Compensation Part #1	Statutory	
Employers' Liability Part #2		
Each Accident/Each Employee/Limit by Disease	2,000,000	
School Leaders Errors and Omissions Liability		
Coverage A	6,000,000	10,000
Coverage B	100,000/300,000	10,000
Surety Bond - RLI Insurance Company		
Business Administrator - Barbara S. Prettyman	25,000	

Source: District Records.



**Single Audit Section**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board of Education of the Town of Hammonton's basic financial statements and have issued our report thereon dated November 17, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Hammonton Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hammonton Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Hammonton Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 Town of Hammonton Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and is described in the accompanying schedule of findings and questioned costs as item labeled Finding 2016-1.

### **Town of Hammonton Board of Education's Response to Findings**

Town of Hammonton Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915  
November 17, 2016

# NIGHTLINGER, COLAVITA & VOLPA

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE  
OF EXPENDITURES REQUIRED BY THE UNIFORM ADMINISTRATIVE REQUIREMENTS,  
COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS  
(UNIFORM GUIDANCE) AND NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Town of Hammonton School District's major federal and state programs for the fiscal year ended June 30, 2016. The Town of Hammonton Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Hammonton Board of Education's major federal and state compliance based on our audit of the types of compliance requirements referred 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; the audit requirements *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey, Uniform Guidance* and New Jersey OMB 15-08. Those standards, Uniform Guidance and New Jersey OMB 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Town of Hammonton Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Town of Hammonton Board of Education's compliance with those requirements.

## Opinion on Each Major Program

In our opinion, the Board of Education of the Town of Hammonton School District, in the County of Atlantic, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

## Report on Internal Control Over Compliance

Management of the Town of Hammonton School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to major federal and state programs. In planning and performing our audit, we considered Town of Hammonton Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance in accordance with Uniform Guidance and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Hammonton School District Board of Education's internal control over compliance.

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

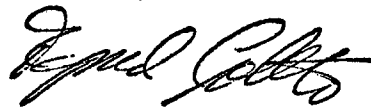
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 17, 2016. 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 Uniform Guidance and New Jersey OMB 15-08.

This report is intended solely for the information and use of the audit committee, management, the Town of Hammonton Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant

No. 915

November 17, 2016

TOWN OF HAMMONTON SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year Ended June 30, 2016

Exhibit K-3  
Schedule A

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 6/30/15	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures	Unearned Revenue 6/30/16	(Accounts Receivable) 6/30/16	Due to Grantor at 6/30/16
<b>U.S. Department of Education General Fund:</b>														
Medical Assistance Program	93.778	1805NJSMAP	N/A	58,139	07/01/15-06/30/16									
Medical Assistance Program	93.778	1805NJSMAP	N/A	93,556	07/01/14-06/30/15	\$ (17,334)		43,022	(58,139)		(58,139)		(15,117)	
<b>Total General Fund</b>														
<b>U.S. Department of Agriculture Passed-through State Department of Education:</b>						(17,334)		60,356	(58,139)		(58,139)		(15,117)	
<b>Enterprise Fund:</b>														
Food Distribution Program	10.555	Unknown	N/A	79,903	07/01/15-06/30/16									
National School Lunch Program	10.555	16161NJ304N1099	N/A	673,200	07/01/15-06/30/16			79,903	(79,896)		(79,896)	(79,489)		
National School Lunch Program	10.555	16161NJ304N1099	N/A	645,105	07/01/14-06/30/15	(43,549)		622,874	(673,200)		(673,200)		(50,326)	
School Snack Program	10.555	16161NJ304N1099	N/A	91	07/01/15-06/30/16			91	(91)		(91)			
School Breakfast Program	10.553	16161NJ304N1099	N/A	131,512	07/01/15-06/30/16			121,149	(131,512)		(131,512)		(10,363)	
School Breakfast Program	10.553	16161NJ304N1099	N/A	126,315	07/01/14-06/30/15	(10,010)		10,010						
<b>Total Enterprise Fund</b>						(53,559)		877,576	(884,499)		(884,499)	(79,489)	(60,689)	
<b>U.S. Department of Education Passed-through State Department of Education:</b>														
<b>Special Revenue Fund:</b>														
<b>No Child Left Behind (N.C.L.B.)</b>														
Title I	84.010A	S010A150030	NCLB-1980-16	867,779	07/01/15-06/30/16									
Title I, Carryover	84.010A	S010A150030	NCLB-1980-15	841,842	07/01/14-06/30/15	(191,685)		643,912	(612,225)		(612,225)		(188,313)	
Title I, Carryover	84.010A	S010A150030	NCLB-1980-14	865,785	07/01/13-06/30/14	(64,872)		225,770	(57,196)		(57,196)		(23,111)	
Title II, Part A	84.367A	S367A150029	NCLB-1980-16	73,043	07/01/15-06/30/16			64,872						
Title II, Part A, Carryover	84.367A	S367A150029	NCLB-1980-15	74,713	07/01/14-06/30/15	(19,785)		50,989	(66,731)		(66,731)		(15,742)	
Title II, Part A, Carryover	84.367A	S367A150029	NCLB-1980-14	73,193	07/01/13-06/30/14	(402)		24,171	(4,568)		(4,568)		(182)	
Title III, English Lang Enhancement	84.365A	S365A150030	NCLB-1980-16	47,808	07/01/15-06/30/16			402						
Title III, Eng Lang Enhance, Carryover	84.365A	S365A150030	NCLB-1980-15	50,376	07/01/14-06/30/15	(9,072)		41,050	(45,807)		(45,807)		(4,757)	
Title III, Eng Lang Enhance, Carryover	84.365A	S365A150030	NCLB-1980-14	54,845	07/01/13-06/30/14	(120)		120						
Title III, Immigrant	84.365A	S365A150030	NCLB-1980-16	6,842	07/01/15-06/30/16			4,355						
IDEA Part B, Basic Regular	84.027A	H027A150100	IDEA-1980-16	837,812	07/01/15-06/30/16			120	(6,717)		(6,717)			
IDEA Part B, Basic Reg, Carryover	84.027A	H027A150100	IDEA-1980-15	820,041	07/01/14-06/30/15	(161,284)		677,264	(810,681)		(810,681)		(2,362)	
IDEA Part B, Preschool	84.173A	H173A150114	IDEA-1980-16	23,774	07/01/15-06/30/16			169,813	(8,529)		(8,529)		(133,417)	
IDEA Part B, Preschool, Carryover	84.173A	H173A150114	IDEA-1980-15	22,865	07/01/14-06/30/15	(7,128)		23,774	(23,774)		(23,774)			
Carl D. Perkins, Secondary	84.048A	V048A150030	PERK-1980-16	31,222	07/01/15-06/30/16			8,592	(1,464)		(1,464)			
Carl D. Perkins, Secondary	84.048A	V048A150030	PERK-1980-15	37,453	07/01/14-06/30/15	(20,243)		20,598	(31,222)		(31,222)		(10,656)	
IIS Competitive Grant	84.413A	B413A120008	14-RT04-A01	145,551	07/01/14-11/30/15	(145,551)		145,551						
<b>Total Special Revenue Fund</b>						(620,142)		2,130,516	(1,868,914)		(1,868,914)		(358,540)	
<b>Total Federal Financial Assistance</b>						(691,035)		3,098,448	(2,811,552)		(2,811,552)	(79,489)	(434,346)	

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



**Town of Hammonton School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 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, Town of Hammonton School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from budgetary basis to GAAP basis is \$11,784 for the general fund and \$3,925 for the special revenue fund. See the following schedules and Note 1(E)9 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. There are no differences in the reporting of the food service or debt service funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:



**Town of Hammonton School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2016**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>State Assistance:</b>			
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of State Financial Assistance	\$20,391,322	837,988	21,229,310
Difference – budget to “GAAP” Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
	11,784	3,925	15,709
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$20,403,106</u>	<u>841,913</u>	<u>21,245,019</u>

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$58,139	20,403,106	20,461,245
Special Revenue Fund	1,869,083	841,913	2,710,996
Debt Service Fund		384,285	384,285
Food Service Fund	884,499	15,748	900,247
Total Awards and Financial Assistance	<u>\$2,811,721</u>	<u>21,645,052</u>	<u>24,456,773</u>

**Town of Hammonton School District  
Notes to the Schedules of Financial Assistance  
June 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b>Federal Assistance:</b>			
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of Federal Awards	\$58,139	1,868,914	1,927,053
Difference – budget to “GAAP” Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		169	169
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	<u>\$58,139</u>	<u>1,869,083</u>	<u>1,927,222</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.

**NOTE 6. SCHOOLWIDE PROGRAM FUNDS**

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

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

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal control over major programs:

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

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 2 CFR 200 section .516(a) of Uniform Guidance? \_\_\_\_\_ yes  X  no

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	16161NJ304N1099	Child Nutrition Cluster
84.027	H027A150100	IDEA Part B Basic
84.173	H173A150114	IDEA Part B Preschool

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**TOWN OF HAMMONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)**

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

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:     \$ 750,000

Auditee qualified as low-risk auditee?                     \_\_\_\_\_ X \_\_\_\_\_ yes     \_\_\_\_\_ no

Internal control over major programs:

1) Material weakness (es) identified?                     \_\_\_\_\_ yes     \_\_\_\_\_ X \_\_\_\_\_ no

2) Significant deficiencies identified that  
are not considered to be material  
weaknesses?                     \_\_\_\_\_ yes     \_\_\_\_\_ X \_\_\_\_\_ none  
reported

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 NJOMB  
Circular Letter 15-08                     \_\_\_\_\_ yes     \_\_\_\_\_ X \_\_\_\_\_ no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-068	School Choice Aid
16-495-034-5120-096	Under Adequacy Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-014	Transportation Aid
16-495-034-5120-086	Preschool Aid

**TOWN OF HAMMONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)**

**Section II - Financial Statement Findings**

This section identifies the significant deficiencies, material weakness, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Circular 15-08 audit.

**Finding: 2016-1(AMR Finding 2016-1)**

**Criteria or specific requirement:**

The New Jersey Department of Agriculture requires a School Food Authority to maintain a nonprofit School Food Service. The nonprofit status of the School Food Service is determined by evaluating net cash resources, which may not exceed three months average expenditures.

**Condition:**

Net cash resources in the Food Service Fund exceeded three months average expenditures.

**Context:**

Utilizing the USDA net cash resource calculation form, it was determined the District's net cash resources exceeded three months average expenditures by \$92,634, as of June 30, 2016.

**Effect:**

The New Jersey Department of Agriculture requirement regarding Net Cash Resources was not met.

**Cause:**

Inadvertent oversight.

**Recommendation:**

The District should implement a corrective action plan to effectively reduce the net cash resources on hand in the Food Service Fund through capital expenditure or otherwise.

**Management's response:**

Management is aware of the necessary procedures to be updated and followed.

**TOWN OF HAMMONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)**

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

This section identifies the audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable, for State Financial Assistance.

**FEDERAL AWARDS**

**Finding:** NONE

**Information on the federal program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**STATE AWARDS**

**Finding:** NONE

**Information on the state program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**TOWN OF HAMMONTON SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior - year findings related to the basic financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

**STATUS OF PRIOR - YEAR FINDINGS**

There were no prior year findings.