

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, 2018

# **Comprehensive Annual Financial Report**

of the

Town of Hammonton Board of Education

Hammonton, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

Town of Hammonton Board of Education

Business Administration

# TOWN OF HAMMONTON SCHOOL DISTRICT

## TABLE OF CONTENTS

<b>INTRODUCTORY SECTION</b>		<b>Page</b>
	Letter of Transmittal	1-5
	Organizational Chart	6
	Roster of Officials	7
	Consultants and Advisors	8
 <b>FINANCIAL SECTION</b>		
	<b>Independent Auditor's Report</b>	9-11
	<b>Required Supplementary Information - Part I</b> Management's Discussion and Analysis	12-18
	<b>Basic Financial Statements</b>	
<b>A</b>	District-wide Financial Statements:	
	A-1 Statement of Net Position	19
	A-2 Statement of Activities	20
<b>B</b>	Fund Financial Statement	
	Governmental Funds:	
	B-1 Balance Sheet	21
	B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	22
	B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
	Proprietary Funds:	
	B-4 Statement of Net Position	24
	B-5 Statement of Revenues, Expenses, and Changes in Net Position	25
	B-6 Statement of Cash Flows	26
	Fiduciary Funds:	
	B-7 Statement of Fiduciary Net Position	27
	B-8 Statement of Changes in Fiduciary Net Position	28
	<b>Notes to the Financial Statements</b>	29-68

# TOWN OF HAMMONTON SCHOOL DISTRICT TABLE OF CONTENTS (continued)

## FINANCIAL SECTION (continued)

		Page
	<b>Required Supplementary Information - Part II</b>	
C	Budgetary Comparison Schedules	
	C-1 Budgetary Comparison Schedule - General Fund	69-78
	C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	N/A
	C-1b Community Development Block grant - Budget and Actual	N/A
	C-2 Budgetary Comparison Schedule - Special Revenue Fund	79-80
	<b>Notes to the Required Supplementary Information - Part II</b>	
	C-3 Budget-to-GAAP Reconciliation	81
	<b>Required Supplementary Information - Part III (Unaudited)</b>	
L	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
	L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	82
	L-2 Schedule of District Contributions - PERS	83
	L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	84
	L-4 Schedule of the Districts' Contributions - TPAF	85
M	Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	
	M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	86
	<b>Notes to the Required Supplementary Information - Part III</b>	87
	<b>Other Supplementary Information</b>	
D	School Based Budget Schedules (if applicable)	
	D-1 Combining Balance Sheet	N/A
	D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
	D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E	Special Revenue Fund:	
	E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	88-91
	E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis Expenditures - Budgetary Basis	92
F	Capital Projects Fund:	
	F-1 Summary Schedule of Project Expenditures	N/A
	F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	N/A

# TOWN OF HAMMONTON SCHOOL DISTRICT

## TABLE OF CONTENTS (continued)

FINANCIAL SECTION (continued)	Page
F-2a Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis- Middle School HVAC	N/A
F-2b Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis - Middle School Windows	N/A
<b>G Proprietary Funds</b>	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	93
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	94
G-3 Combining Schedule of Cash Flows	95
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
<b>H Fiduciary Funds:</b>	
H-1 Combining Statement of Fiduciary Net Position	96
H-2 Combining Statement of Changes in Fiduciary Net Position	97
H-3 Scholarship Expendable Trust Statement of Revenues, Expenditures and Changes in Fund Balance	98
H-4 Unemployment Trust Statement of Revenues, Expenditures and Changes in Fund Balance	99
H-5 Student Activity Schedule of Receipts and Disbursements	100
H-6 Payroll Agency Schedule of Receipts and Disbursements	101
<b>I Long-Term Debt:</b>	
I-1 Schedule of Serial Bonds	102
I-2 Debt Service Budgetary Comparison Schedule	103
<b>STATISTICAL SECTION (Unaudited)</b>	
<b>Financial Trends</b>	
J-1 Net Assets by Component	104
J-2 Changes in Net Position	105-106
J-3 Fund Balances - Governmental Funds	107
J-4 Changes in Fund Balances - Governmental Funds	108
J-5 General Fund Other Local Revenue by Source	109
<b>Revenue Capacity</b>	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	110
J-7 Direct and Overlapping Property Tax Rates	111
J-8 Principal Property Taxpayers	112
J-9 Property Tax Levies and Collections	113
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type	114
J-11 Ratios of General Bonded Debt Outstanding	115
J-12 Direct and Overlapping Governmental Activities Debt	116
J-13 Legal Debt Margin Information	117

# TOWN OF HAMMONTON SCHOOL DISTRICT

## TABLE OF CONTENTS (continued)

STATISTICAL SECTION (Unaudited,continued)	Page
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	118
J-15 Principal Employers	119
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	120
J-17 Operating Statistics	121
J-18 School Building Information	122
J-19 Schedule of Required Maintenance Expenditures by School Facility	123
J-20 Insurance Schedule	124
 <b>SINGLE AUDIT SECTION</b> 	
K-1 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	125-126
K-2 Report on Compliance for Each major Program; Report on Internal Control Over Compliance; and Report on Schedule of Awards required by OMB Circular A-133 and New Jersey OMB Circular Letter 04-04 and/or 15-08	127-128
K-3 Schedule of Expenditures of Federal Awards, Schedule A	129
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	130-131
K-5 Notes to the Schedules of Awards and Financial Assistance	132-134
K-6 Schedule of Findings and Question Costs - Summary of Auditor's Results	135-136
K-7 Schedule of Findings and Question Costs - Financial Statement Findings and Federal Awards and State Financial Assistance Findings and Questioned Costs	137-138
K-8 Summary Schedule of Prior Audit Findings	139

## **Introductory Section**

# Hammonton Board of Education

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

ROBIN CHIECO  
*Superintendent of Schools*

BARBARA S. PRETTYMAN  
*Business Administrator/Board Secretary*

January 22, 2019

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, 2018, 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 2017-2018 fiscal year with an average daily enrollment of 3,495 students, which is 86 students below 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>
2017-2018	3,495	(2.40)
2016-2017	3,581	(1.02)
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

**2) ECONOMIC CONDITION AND OUTLOOK:** The amount of money a district spends is not the sole indicator of the effectiveness of the educational programs. Hammonton is in desperate need of adequate funding. Although state funding has slightly increased for the second year in a row, the district is still substantially underfunded. We are at the minimum number of teachers, administrators, and support staff necessary to provide our students with a thorough and efficient education. Any reductions in personnel would decrease student learning and negatively impact their health and safety. The NJ Department of Education provides an analysis of 2017-18 Budgeted Costs Amount Per Pupil. Hammonton spends \$11,478 and is one of the lowest spending of districts.

Hammonton Schools are highly effective as reflected in our classroom practices, formative assessments of student learning, and the NJ State Assessments. Over the past three years in administering the PARCC we have seen growth in most grade levels in both math and English language arts. For the 2018 PARCC administration, 66% of Hammonton students met or exceeded expectation on PARCC ELA 10, while the state average was 50%. Additionally, 46% of Hammonton students met or exceeded expectations on PARCC Algebra 1, while the state average was 45%. SAT scores for Hammonton High School rank second in Atlantic County and AP Scores of students scoring a 3 or greater are 76.8% for Hammonton High School with a state average of 71.6% and global average of 61.3%. These results are achieved while spending approximately \$3,000 less than other Atlantic County schools.

With a student population of approximately 3500 students in connection with our sending districts of Waterford and Folsom, the Hammonton School District provides educational opportunities to prepare 21<sup>st</sup> century learners with the skill set necessary to compete in an ever-changing world. Our professional staff continuously researches and implements best practices to provide a well-rounded education. The ability to achieve this goal is through the commitment of all stakeholders to promote the mission of inspiring all students.

**3) MAJOR INITIATIVES:** For the 2018-2019 school year, Hammonton will continue with staff development and monitoring in the areas of differentiated instruction, Sheltered Instruction Observation Protocol (SIOP), Readers, Writers and Math Workshop, and pre-college opportunities. In addition, professional development on trauma informed instruction will be a major focus for the school year. We are dedicated to providing an educational environment that develops, fosters and enhances student achievement with a mission to provide educational opportunities that inspire students to achieve their full academic, social and civic potential. Additionally, the district is committed to providing teachers with support to refine subject matter mastery and expertise to allow students to function as independent learners through the implementation of the New Jersey Student Learning Standards. Our focus is to foster the gradual release of responsibility to develop learners that are college and career ready.

School security has also been a major focus for the 2018-2019 school year. All building entrances have been upgraded with secured vestibules to regulate and control visitors to the buildings. Security entrance monitors along with upgraded equipment have been added to all buildings along with a night security position at the high school.

**Curriculum:** The Hammonton School District is committed to the goal that all students can learn. Each grade level builds on the foundations set by the previous one. Throughout the school year and through the summer months, we devote resources to vertically and horizontally articulate our district curriculum to continuously improve our programs. In addition to course offerings in the content areas, we have also developed offerings in fine and practical arts, STEM academies, drama, AP classes and numerous dual-enrollment courses. Additional courses in World Language, History and Music have been added to the high school curriculum to better prepare students for future challenges. At the elementary level, tiered system of supports for early reading are being provided with the assistance of the NJTSS-Early Reading Grant. Students are also provided opportunities to give back to their community through various clubs and organizations that donate food, clothing, money and various resources to families in need, thus fulfilling our mission to providing opportunities for students to achieve to their full potential.

**Professional Development:** As well as providing opportunities to our students, the Hammonton School District is committed to providing teachers with resources to refine subject matter mastery and expertise needed to allow students to function as independent learners and problem-solvers. Through the professional learning community structure, we utilize our in-house “experts” to train our staff. Our professional development committees survey our teachers and identify areas of interests and concerns. Based on these findings, in-service trainings are implemented to meet the needs of our professional staff. During the 2018-2019 school year, we will continue to focus on teacher wellness and best practices and will continue this initiative this year. In addition, building level trauma teams have been established to implement trauma informed instructional practices throughout the district to better meet student needs.

**Technology:** As a Choice district, Hammonton has upgraded the number of student devices in grades 6-12 to achieve a 1:1 ratio within all classrooms to assist students in becoming college and career ready. With the availability of devices, all content areas have developed technology-infused instructional programs. Students and teachers are adept at utilizing various resources through Google Classroom and Ipad apps. The curriculum has been adjusted to connect academics with application. In order to support this initiative, numerous infrastructure upgrades have been required throughout the district and devices are regularly updated and replaced.

**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, 2018.

**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, 2018, the District's outstanding debt issues included \$22,949,000 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;

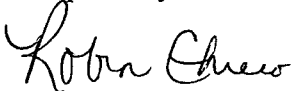
**10) OTHER INFORMATION:**

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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. 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,

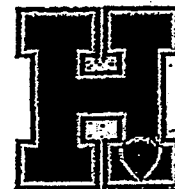
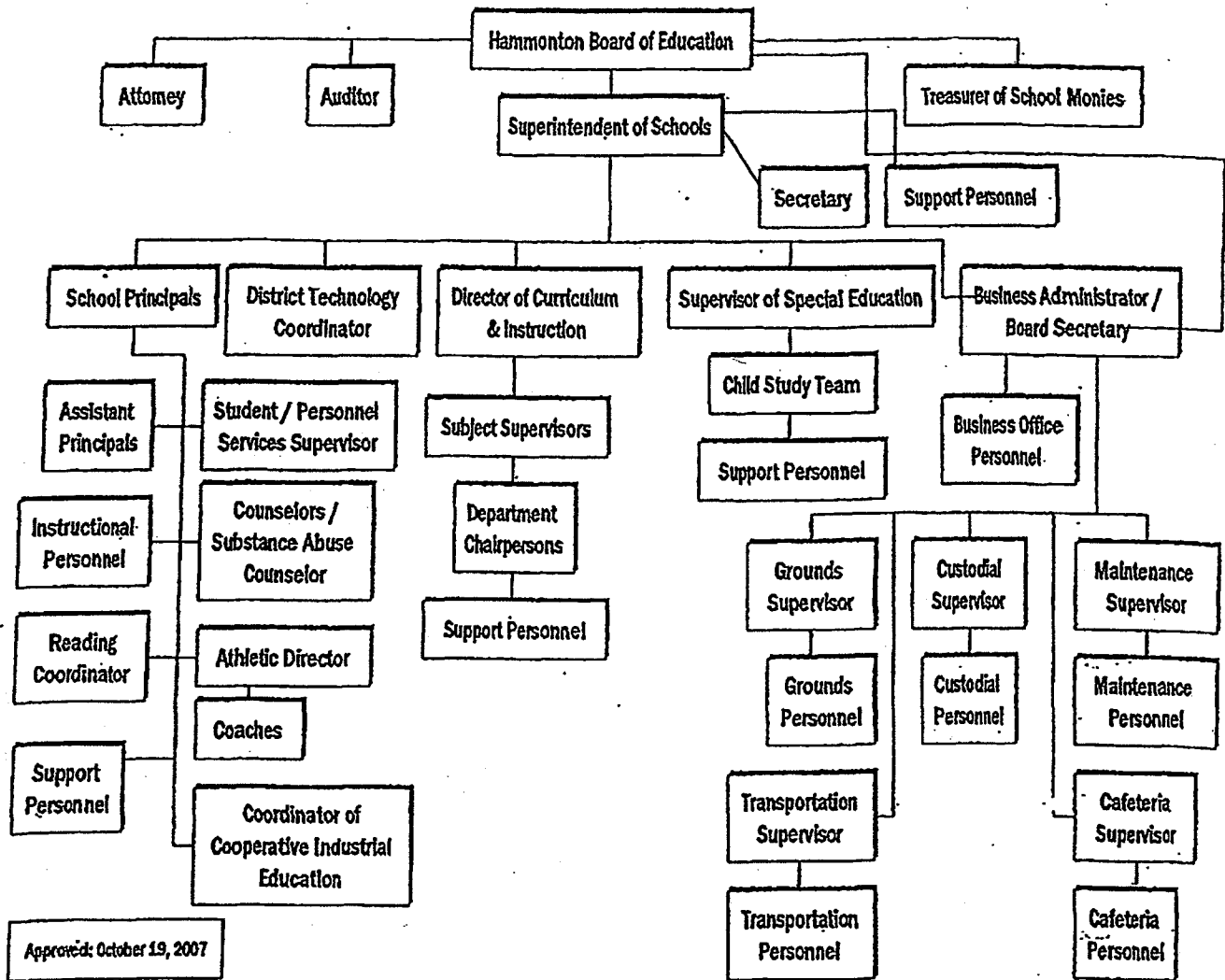


Robin Chieco  
Superintendent



Barbara S. Prettyman  
School Business Administrator/  
Board Secretary

# Hammonton Board of Education District Organizational Chart



**TOWN OF HAMMONTON BOARD OF EDUCATION**

**Roster of Officials  
June 30, 2018**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Sam Mento III, President	2020
Thomas Attanasi, Vice President	2018
Barbara Berenato	2019
Manuel Bermudez	2018
Linda Byrnes	2019
Kelli Fallon	2020
John Lyons	2019
Linda Sacco	2018
Ray Scipione	2020
Al Pangia - Waterford Representative	2018
John Thomas - Folsom Representative	2018
<b><u>Other Officials</u></b>	
Robin Chieco, Superintendent	
Barbara S. Prettyman, Business Administrator/Board Secretary	
William Donio, Esq., Solicitor	

**TOWN OF HAMMONTON BOARD OF EDUCATION**

**Consultants and Advisors**

**Audit Firm**

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

**Attorney**

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

**Bond Counsel**

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

**Official Depository**

Capital Bank  
245 Bellevue Avenue  
Hammonton, NJ 08037

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*  
*Certified Public Accountants*

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Williamstown, NJ 08094

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## 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 year ended June 30, 2018, 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, 2018, 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, budgetary comparison information and schedules related to accounting and reporting for pensions 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 School 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 accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by 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 New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance 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 and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


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 January 22, 2019 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 effectiveness of the Town of Hammonton Board of Education's of 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  
January 22, 2019

**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, 2018. 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 \$2,018,073. This amount represents net position, which decreased by \$601,984 from the previous year end.
- The District's total net position of governmental activities totaled \$1,193,599.
- General revenues accounted for \$43,053,017 in revenue, or 58% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions and capital grants accounted for \$30,595,679 or 42% to total revenues of \$73,648,696.
- Total net assets of governmental activities decreased by \$589,805 made up of changes in cash and cash equivalents, various receivables and various liabilities.
- The district had \$72,667,095 in governmental expenses, of which \$29,024,273 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 \$43,053,017 adequately provided for governmental activity programs.
- The General Fund had \$50,865,701 in revenues, \$240,502 in transfers and prior year adjustments and \$51,009,878 in expenditures. As a result, the General Fund balance decreased by \$384,679.

### 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 2018 and 2017.

Table 1  
Net Position

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current and other assets	\$7,658,956	8,922,196
Capital assets, net	36,182,628	37,555,199
<b>Total assets</b>	<u>43,841,584</u>	<u>46,477,395</u>
<b>Deferred Outflows</b>	<u>3,908,839</u>	<u>5,542,764</u>
<b>Liabilities</b>		
Long-term liabilities	39,719,819	45,449,137
Other liabilities	1,110,221	2,070,840
<b>Total liabilities</b>	<u>40,830,040</u>	<u>47,519,977</u>
<b>Deferred Inflows</b>	<u>4,902,310</u>	<u>1,880,125</u>
<b>Net position</b>		
Invested in capital assets	13,233,628	14,121,274
Restricted	7,998,797	7,846,385
Unrestricted	<u>(19,214,352)</u>	<u>(19,347,602)</u>
<b>Total net position</b>	<u>\$2,018,073</u>	<u>2,620,057</u>

Table 2  
Changes in Net Position

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for Services	\$10,601,760	10,738,337
Operating Grants and Contributions	19,993,919	3,655,521
<b>General Revenues</b>		
Property Taxes	19,400,738	19,056,242
Grants and Entitlements	23,450,750	21,731,505
Other	279,462	238,640
<b>Total Revenues</b>	<u>73,726,629</u>	<u>55,420,245</u>
<b>Program Expenses</b>		
Instruction	44,850,319	31,837,427
<b>Support Services</b>		
Tuition	2,318,045	3,228,284
Pupils and Instructional Staff	9,214,405	6,727,957
<b>General Administration, School</b>		
Administration, Business	6,735,375	4,866,164
Operation and Maintenance	5,748,212	5,029,133
Pupil Transportation	2,972,101	2,573,389
Interest on Debt	828,638	623,150
Business Type Activities	1,661,518	1,715,435
<b>Total Expenses</b>	<u>74,328,613</u>	<u>56,600,939</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$(601,984)</u>	<u>(1,180,694)</u>

## Business-type Activities

The District's business-type activities net position decreased \$12,179 from the previous year end. Operating revenues decreased \$15,642, non-operating revenue increased \$76,620 and expenses decreased by \$53,917 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 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
<b>Revenues</b>				
Instruction	\$44,850,319	20,591,812	31,837,427	19,479,112
Support services:				
Tuition	2,318,045	2318,045	3,228,284	3,212,282
Pupils and instructional staff	9,214,405	6,684,715	6,727,957	6,515,725
General Administration, School				
Administration, Business	6,735,375	5,306,343	4,866,164	4,775,177
Plant operations/maintenance	5,748,212	5,354,415	5,029,133	5,018,216
Pupil transportation	2,972,101	2,558,854	2,573,389	2,455,032
Interest on long term debt	828,638	828,638	623,150	623,150
<b>Total expenses</b>	<u>72,667,095</u>	<u>43,642,822</u>	<u>54,885,504</u>	<u>42,078,694</u>

## 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 net revenues of \$55,748,629 and expenditures of \$56,108,302. The net change in fund balance for the year was a decrease of \$(359,673).

### 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 2018, the District had invested \$37.5 million in a broad range of capital assets, including land, buildings, improvements, machinery and equipment.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	324,908	324,908			324,908	324,908
Construction in progress	0	0			0	0
Site improvements	463,033	562,978			463,033	562,978
Bldgs and Bldg impr.	33,533,038	34,542,225			33,533,038	34,542,225
Machinery & equipment	1,129,032	1,360,608	732,617	764,480	1,861,649	2,125,088
<b>Total</b>	<b>35,450,011</b>	<b>36,790,719</b>	<b>732,617</b>	<b>764,480</b>	<b>36,182,628</b>	<b>37,555,199</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 \$22,949,000.

	Balance 6/30/17	Issued	Retired	Balance 6/30/18
<b>Governmental Activities</b>				
Bonds payable	\$24,409,000	45,000	1,505,000	22,949,000
Compensated absences Payable	3,043,045	9,381		3,052,426
<b>Total Governmental Activities</b>	<b>\$27,452,045</b>	<b>54,381</b>	<b>1,505,000</b>	<b>26,001,426</b>
<b>Business-type Activities</b>				
Compensated absences Payable	\$33,699		539	33,160
<b>Total Business-type Activities</b>	<b>\$33,699</b>	<b>0</b>	<b>539</b>	<b>33,160</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 \$54,019,400 of which \$31,070,400 or 57.52% 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 2018-2019 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, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$5,775,204	183,102	5,958,306
Receivables, net	\$8,500	4,780	13,280
Due from other governments	\$1,626,898	54,345	1,681,243
Internal balances	\$80,657	(80,657)	
Inventory		6,127	6,127
Capital assets not being depreciated:			
Land	\$324,908		324,908
Capital assets, net of accumulated depreciation	\$35,125,103	732,617	35,857,720
<b>Total Assets</b>	<u>\$42,941,270</u>	<u>900,314</u>	<u>43,841,584</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	<u>\$3,908,839</u>	<u>0</u>	<u>3,908,839</u>
<b>LIABILITIES</b>			
Accounts payable	\$529,968	22,893	552,861
Accrued interest payable	\$375,607		375,607
Intergovernmental payable	\$66,538		66,538
Unearned revenue	\$95,428	19,787	115,215
Net Pension Liability	\$13,685,233		13,685,233
Noncurrent liabilities:			
Due within one year	\$1,652,162		1,652,162
Due beyond one year	\$24,349,264	33,160	24,382,424
<b>Total liabilities</b>	<u>\$40,754,200</u>	<u>75,840</u>	<u>40,830,040</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Refunding of Long Term Debt	\$589,327		589,327
Pension Deferred Inflows	\$4,312,983		4,312,983
	<u>\$4,902,310</u>	<u>0</u>	<u>4,902,310</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$12,501,011	732,617	13,233,628
Restricted for:			
Other Purposes	\$7,998,797		7,998,797
Unrestricted (Deficit)	(\$19,306,209)	91,857	(19,214,352)
<b>Total net position</b>	<u>\$1,193,599</u>	<u>824,474</u>	<u>2,018,073</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>							
<b>Instruction:</b>							
Regular	\$28,200,273	7,650,223	9,883,460	12,341,812	(13,625,224)		(13,625,224)
Special education	5,120,840	1,513,960		1,737,157	(4,897,643)		(4,897,643)
Other instruction	1,777,856	587,167		296,078	(2,068,945)		(2,068,945)
<b>Support services:</b>							
Tuition	2,318,045				(2,318,045)		(2,318,045)
Student & instruction related services	7,247,788	1,966,617		2,529,690	(6,684,715)		(6,684,715)
School administrative services	2,865,854	874,948		960,282	(2,780,520)		(2,780,520)
General administrative services	893,011	139,102		141,308	(890,805)		(890,805)
Plant operations and maintenance	4,967,253	780,959		393,797	(5,354,415)		(5,354,415)
Pupil transportation	2,320,119	651,982	84,489	328,758	(2,558,854)		(2,558,854)
Business and other support services	1,615,032	347,428		327,442	(1,635,018)		(1,635,018)
Unallocated benefits	14,512,386	(14,512,386)			0		0
Interest on long-term debt	828,638				(828,638)		(828,638)
<b>Total governmental activities</b>	<b>72,667,095</b>	<b>0</b>	<b>9,967,949</b>	<b>19,056,324</b>	<b>(43,642,822)</b>		<b>(43,642,822)</b>
<b>Business-type activities:</b>							
Food Service	1,651,452		633,811	937,595		(80,046)	(80,046)
After School Program	10,066					(10,066)	(10,066)
<b>Total business-type activities</b>	<b>1,661,518</b>		<b>633,811</b>	<b>937,595</b>		<b>(90,112)</b>	<b>(90,112)</b>
<b>Total primary government</b>	<b>\$74,328,613</b>		<b>10,601,760</b>	<b>19,993,919</b>	<b>(43,642,822)</b>	<b>(90,112)</b>	<b>(43,732,934)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes, net					17,665,378		17,665,378
Taxes levied for debt service					1,735,360		1,735,360
Federal and State aid not restricted					23,450,750		23,450,750
Investment Earnings					17,244	835	18,079
Miscellaneous Income					152,787		152,787
Prior year adjustment					108,596		108,596
Transfer to cover deficit					(77,098)	77,098	0
<b>Total general revenues, special items, adjustments, extraordinary items and transfers</b>					<b>43,053,017</b>	<b>77,933</b>	<b>43,130,950</b>
<b>Change in Net Position</b>					<b>(589,805)</b>	<b>(12,179)</b>	<b>(601,984)</b>
<b>Net Position—beginning</b>					<b>1,783,404</b>	<b>836,653</b>	<b>2,620,057</b>
<b>Net Position—ending</b>					<b>\$1,193,599</b>	<b>824,474</b>	<b>2,018,073</b>

## **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, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$2,814,761			111,925	2,926,686
Capital reserve cash	2,848,518				2,848,518
Interfund accounts receivable	217,495				217,495
Receivables, net	8,500				8,500
Receivables from other governments	1,289,896	337,002			1,626,898
<b>Total assets</b>	<u>7,179,170</u>	<u>337,002</u>	<u>0</u>	<u>111,925</u>	<u>7,628,097</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	413,452	116,516			529,968
Interfund payable		136,838			136,838
Due to other governments		66,538			66,538
Unearned revenue	33,584	61,844			95,428
<b>Total liabilities</b>	<u>447,036</u>	<u>381,736</u>	<u>0</u>	<u>0</u>	<u>828,772</u>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve	2,848,518				2,848,518
Tuition Reserve	800,000				800,000
Maintenance Reserve	1,803,922				1,803,922
Emergency Reserve	197,441				197,441
<b>Assigned:</b>					
Encumbrances	84,402				84,402
Designated for subsequent year's expenditures	2,152,589			111,925	2,264,514
<b>Unassigned:</b>					
General fund	(1,154,738)				(1,154,738)
Special revenue fund		(44,734)			(44,734)
<b>Total Fund balances</b>	<u>6,732,134</u>	<u>(44,734)</u>	<u>0</u>	<u>111,925</u>	<u>6,799,325</u>
<b>Total liabilities and fund balances</b>	<u>\$7,179,170</u>	<u>337,002</u>	<u>0</u>	<u>111,925</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.

35,450,011

Pension Liabilities Net of Deferred Outflows & Inflows

(14,089,377)

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

(375,607)

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

(26,590,753)

Net position of governmental activities

\$1,193,599

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local tax levy	\$17,665,378			1,735,360	19,400,738
Tuition charges	9,882,710				9,882,710
Tuition from individuals	750				750
Transportation fees from other leas	84,489				84,489
Interest earned on capital reserves	9,822				9,822
Interest	7,422				7,422
Miscellaneous	152,787				152,787
Local sources		33,402			33,402
State sources	22,941,013	825,692		388,407	24,155,112
Federal sources	121,330	1,868,569			1,989,899
<b>Total revenues</b>	<b>50,865,701</b>	<b>2,727,663</b>	<b>0</b>	<b>2,123,767</b>	<b>55,717,131</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Regular instruction	15,083,648	2,229,352			17,313,000
Special education instruction	3,230,194				3,230,194
Other instruction	1,422,249				1,422,249
<b>Support services and undistributed costs:</b>					
Tuition	2,318,045				2,318,045
Student & instruction related services	4,518,718	266,819			4,785,537
General administrative services	737,601				737,601
School administrative services	1,816,867	43,043			1,859,910
Plant operations and maintenance	4,331,123				4,331,123
Pupil transportation	1,925,262				1,925,262
Business and other support services	918,505				918,505
Unallocated Benefits	14,259,657	163,641			14,423,298
<b>Debt service:</b>					
Principal				1,505,000	1,505,000
Interest and other charges				866,545	866,545
Capital outlay	448,009	24,024			472,033
<b>Total expenditures</b>	<b>51,009,878</b>	<b>2,726,879</b>	<b>0</b>	<b>2,371,545</b>	<b>56,108,302</b>
<b>Excess (Deficiency) of revenues over expenditures</b>	<b>(144,177)</b>	<b>784</b>	<b>0</b>	<b>(247,778)</b>	<b>(391,171)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in				272,000	272,000
Transfers out	(349,098)				(349,098)
Prior year adjustment	108,596				108,596
<b>Total other financing sources and uses</b>	<b>(240,502)</b>	<b>0</b>	<b>0</b>	<b>272,000</b>	<b>31,498</b>
<b>Net change in fund balances</b>	<b>(384,679)</b>	<b>784</b>	<b>0</b>	<b>24,222</b>	<b>(359,673)</b>
Fund balance—July 1	7,116,813	(45,518)	0	87,703	7,158,998
Fund balance—June 30	<u>\$6,732,134</u>	<u>(44,734)</u>	<u>0</u>	<u>111,925</u>	<u>6,799,325</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, 2018**

<b>Total net change in fund balances - governmental funds (from B-2)</b>		<b>(\$359,673)</b>
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	(1,649,584)
	Capital outlays	<u>308,876</u>
		(1,340,708)
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		1,505,000
Proceeds from debt refundings are not a revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		(45,000)
Premium on bond refunding is reported in governmental funds as a deferred inflow of resources. Amortization of premium on bond refunding in the statement of activities.	(337,973)	
	<u>49,111</u>	(288,862)
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.		37,907
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.		(89,088)
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 (+).		(9,381)
<b>Change in net position of governmental activities</b>		<u><u>(\$589,805)</u></u>

**PROPRIETARY FUNDS**

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Food Service</b>	<b>Latchkey Program (Non Major Fund)</b>	<b>Totals</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$91,245	91,857	183,102
Accounts receivable	54,345		54,345
Other accounts receivable	4,780		4,780
Inventories	6,127		6,127
Total current assets	<u>156,497</u>	<u>91,857</u>	<u>248,354</u>
Noncurrent assets:			
Furniture, machinery & equipment	1,277,253	119,467	1,396,720
Less accumulated depreciation	<u>(609,746)</u>	<u>(54,357)</u>	<u>(664,103)</u>
Total noncurrent assets	<u>667,507</u>	<u>65,110</u>	<u>732,617</u>
Total assets	<u><u>824,004</u></u>	<u><u>156,967</u></u>	<u><u>980,971</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Interfund Accounts Payable	80,657		80,657
Accounts Payable	22,893		22,893
Unearned Revenue	19,787		19,787
Compensated absences	33,160		33,160
Total current liabilities	<u>156,497</u>	<u>0</u>	<u>156,497</u>
Total liabilities	<u>156,497</u>	<u>0</u>	<u>156,497</u>
<b>NET POSITION</b>			
Net investment in capital assets	667,507	65,110	732,617
Unrestricted		91,857	91,857
Total net position	<u><u>\$667,507</u></u>	<u><u>156,967</u></u>	<u><u>824,474</u></u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	Business-type Activities - Enterprise Fund		
	Food Service	Latchkey Program (Non Major Fund)	Total Enterprise
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$325,876		325,876
Daily sales - non-reimbursable programs	269,145		269,145
Special functions	37,041		37,041
Miscellaneous	1,749		1,749
Total operating revenues	633,811	0	633,811
Operating expenses:			
Cost of sales-Reimbursable programs	544,917		544,917
Cost of sales-Nonreimbursable programs	121,523		121,523
Salaries	558,153		558,153
Employee benefits	288,664		288,664
Tuition		2,625	2,625
General supplies & materials	54,783		54,783
Other costs	29,311		29,311
Depreciation	54,101	7,441	61,542
Total operating expenses	1,651,452	10,066	1,661,518
Operating (loss)	(1,017,641)	(10,066)	(1,027,707)
Nonoperating revenues:			
State sources:			
State school lunch program	16,314		16,314
Federal sources:			
National school lunch program	706,688		706,688
National school breakfast program	140,063		140,063
Food distribution program	74,530		74,530
Interest and investment revenue	574	261	835
Total nonoperating revenues	938,169	261	938,430
Income(loss) before transfers	(79,472)	(9,805)	(89,277)
Transfers in (out)	77,098		77,098
Change in net position	(2,374)	(9,805)	(12,179)
Total net position—beginning	669,881	166,772	836,653
Total net position—ending	\$667,507	156,967	824,474

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<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	\$633,975		633,975
Payments to employees	(846,447)		(846,447)
Payments to suppliers	(1,178,332)	(2,709)	(1,181,041)
Net cash provided/(used) by operating activities	<u>(1,390,804)</u>	<u>(2,709)</u>	<u>(1,393,513)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash received from state and federal reimbursements	867,431		867,431
Operating subsidies	77,098		77,098
Net cash provided by non-capital financing activities	<u>944,529</u>	<u>0</u>	<u>944,529</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(29,679)		(29,679)
Net cash (used) by capital and related financing activities	<u>(29,679)</u>	<u>0</u>	<u>(29,679)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	574	261	835
Net cash provided by investing activities	<u>574</u>	<u>261</u>	<u>835</u>
Net increase (decrease) in cash and cash equivalents	(475,380)	(2,448)	(477,828)
Balances—beginning of year	566,625	94,305	660,930
Balances—end of year	<u>\$91,245</u>	<u>91,857</u>	<u>183,102</u>
<b>Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:</b>			
Operating income/(loss)	(\$1,017,641)	(\$10,066)	(1,027,707)
Adjustments to reconcile operating income(loss) to net cash provided/(used) by operating activities			
Depreciation and net amortization	54,101	7,441	61,542
Federal commodities	74,530		74,530
(Increase)/Decrease in accounts receivable, net	(2,025)		(2,025)
Decrease in inventories	2,678		2,678
(Decrease)/Increase in accounts payable	(505,118)	(84)	(505,202)
(Decrease)/Increase in interfund accounts payable	1,021		1,021
(Decrease)/Increase in unearned revenue	2,189		2,189
(Decrease)/Increase in compensated absences payable	(539)		(539)
Total adjustments	<u>(373,163)</u>	<u>7,357</u>	<u>(365,806)</u>
Net cash provided/(used) by operating activities	<u>(\$1,390,804)</u>	<u>(2,709)</u>	<u>(1,393,513)</u>

**FIDUCIARY FUNDS**



**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$336,819	43,430	414,031
	<hr/>	<hr/>	<hr/>
Total assets	<u>336,819</u>	<u>43,430</u>	<u>414,031</u>
<b>LIABILITIES</b>			
Accounts payable	6,331		
Payroll deductions and withholdings			143,219
Payable to student groups			270,812
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>6,331</u>	<u>0</u>	<u>414,031</u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	<u>\$330,488</u>	<u>43,430</u>	

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2018**

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
<b>ADDITIONS</b>		
Contributions:		
Plan member	\$51,644	
Donations		1,652
Total Contributions	<u>51,644</u>	<u>1,652</u>
Investment earnings:		
Interest	895	128
Net investment earnings	<u>895</u>	<u>128</u>
Total additions	<u>52,539</u>	<u>1,780</u>
<b>DEDUCTIONS</b>		
Unemployment claims	34,179	
Scholarships awarded		3,550
Total deductions	<u>34,179</u>	<u>3,550</u>
Change in net position	18,360	(1,770)
Net position—beginning of the year	312,128	45,200
Net position—end of the year	<u>\$330,488</u>	<u>43,430</u>

**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2018**

**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, 2018 of 3,495 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, 2018**

**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, 2018**

**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, 2018**

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, 2018**

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



**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

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	280,442
Tuition to Private Schools for the Disabled – Within State	286,328
Required Maintenance – Cleaning, Repair and Maintenance Services	467,986
Unallocated Benefits – Health Benefits	(756,524)

**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.

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

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

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.

**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

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

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 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.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

**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.
- 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.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

- 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.

**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

**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2018**

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**

The School District has adopted the following GASB statements:

- **GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75 will impact the financial statements of the School District.
- **GASB No. 85 - *Omnibus 2017***: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 85 is not expected to impact the financial statements of the School District.
- **GASB No. 86 - *Certain Debt Extinguishment Issues***: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for

**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2018**

reporting periods beginning after June 15, 2017. The adoption of GASB 86 is not expected to impact the financial statements of the School District.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- **GASB No. 83 - *Certain Asset Retirement Obligations*:** This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.
- **GASB No. 84 - *Fiduciary Activities*:** The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- **GASB No. 87 - *Leases*:** The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.

**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2018**

- GASB No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 88 on the School District’s financial statements.
  
- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District’s financial statements.
  
- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement



**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund.

Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.

**NOTE 2. – INVESTMENTS**

As of June 30, 2018, 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.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

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

NOTE 3. – CASH

**Custodial Credit Risk—Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the 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, 2018, the carrying amount of the District’s deposits (cash and cash equivalents) was \$6,752,586 and the bank balance was \$7,672,518.

As of June 30, 2018, the School District’s bank balance was exposed to custodial credit risk as follows:

FDIC Insured	\$ 250,000
GUDPA Insured	7,422,518
Bank balance, June 30, 2018	<u>\$ 7,672,518</u>

NOTE 4 – RECEIVABLES

Receivables at June 30, 2018, 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	\$ 1,626,898	\$ 1,681,243
Interfunds	217,495	0
Other		13,280
Total Receivables, Net	<u>\$ 1,852,893</u>	<u>\$ 1,694,523</u>

NOTE 5. INVENTORY

Inventory in the Food Service Enterprise Fund at June 30, 2018, consisted of the following which included \$2,214 in Federal Commodities:

Food	\$ 4,143
Supplies	<u>1,984</u>
	<u>\$ 6,127</u>

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Disposals / Adjustments</u>	<u>Balance June 30, 2018</u>
<b>Governmental Activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 324,908			324,908
Construction in Progress	0			0
Total capital assets not being depreciated	<u>324,908</u>	<u>0</u>	<u>0</u>	<u>324,908</u>
Site improvements	3,511,272			3,511,272
Bldg and bldg improve	56,394,211	202,852		56,597,063
Machinery & equipment	6,802,432	106,024		6,908,456
Total at historical cost	<u>66,707,915</u>	<u>308,876</u>		<u>67,016,791</u>
Less accum depr for:				
Site improvements	(2,948,293)	(99,946)		(3,048,239)
Bldg and bldg improve	(21,851,987)	(1,212,038)		(23,064,025)
Machinery & equipment	(5,441,824)	(337,600)		(5,779,424)
Total accum deprec	<u>(30,242,104)</u>	<u>(1,649,584)</u>		<u>(31,891,688)</u>
Total capital assets being depr, net of accum depr	<u>36,465,811</u>	<u>(1,340,708)</u>		<u>(35,125,103)</u>
<b>Governmental activities capital assets, net</b>	<u>36,790,719</u>	<u>(1,340,708)</u>		<u>35,450,011</u>
<b>Business-type activities:</b>				
Construction in Progress	510,091		(510,091)	0
Equipment	872,677	539,770	(15,727)	1,396,720
Less accum depr for:				
Equipment	(618,288)	(61,542)	15,727	(664,103)
<b>Business-type activities capital assets, net</b>	<u>\$ 764,480</u>	<u>478,228</u>	<u>(510,091)</u>	<u>732,617</u>

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

Depreciation expense as charged to governmental functions as follows:

Regular instruction	869,580
Special education	172,088
Other instruction	66,742
Student & instruction related services	223,540
School administrative services	99,453
General administrative services	15,811
Plant operations and maintenance	88,770
Pupil transportation	74,109
Business and other support services	39,491
	\$ 1,649,584

**NOTE 7. LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Balance 6-30-17</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6-30-18</u>	<u>Amounts Due Within One year</u>
<b>Governmental Activities</b>					
Bonds & loans payable:					
School bonds	\$ 24,409,000	45,000	1,505,000	22,949,000	1,550,000
Other liabilities:					
Compensated absences Payable	<u>3,043,045</u>	<u>9,381</u>		<u>3,052,426</u>	<u>102,162</u>
Governmental activities long- term liabilities	<u>27,452,045</u>	<u>54,381</u>	<u>1,505,000</u>	<u>26,001,426</u>	<u>1,652,162</u>
<b>Business-type Activities:</b>					
Other liabilities:					
Compensated absences Payable	<u>33,699</u>		<u>539</u>	<u>33,160</u>	
Business-type activities long- term liabilities	<u>\$ 33,699</u>	<u>0</u>	<u>539</u>	<u>33,160</u>	<u>0</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.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

**Description of Bonds Payable**

At June 30, 2018, 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, 2018 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, 2018 was \$6,785,000.

\$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, 2018 was \$0. \$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, 2018 was \$6,965,000.

\$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, 2018 was \$854,000.

\$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, 2018 was \$1,650,000. \$6,650,000 of these bonds were refunded on 12/20/17.

\$6,695,000 Refunding School Bonds dated 12/20/17 payable in annual installments through July 1, 2030. Interest is paid semiannually at varying rates between 3.00% and 4.00% per annum. The balance as of June 30, 2018 was \$6,695,000.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

Debt service requirements on serial bonds payable at June 30, 2018 are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	1,550,000	806,861	2,356,861
2020	1,600,000	741,837	2,341,837
2021	1,655,000	674,832	2,329,832
2022	1,749,000	608,303	2,357,303
2023	1,560,000	549,750	2,109,750
2024-2028	8,755,000	1,758,137	10,513,137
2029-2031	6,080,000	291,702	6,371,702
	<u>\$ 22,949,000</u>	<u>5,431,422</u>	<u>28,380,422</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018 the Board had authorized but not issued bonds in the amount of \$0.

C. Operating Lease:

The District has commitments to lease various copiers. Total costs for such leases during the year ended June 30, 2018 were \$11,064. The future minimum lease payments for this lease are as follows:

Year ending June 30,	
2019	11,064
2020	11,064
2021	11,064
2022	2,766
	<u>\$ 35,958</u>

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)

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

**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.

**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

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

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.

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, 2018, 2017, 2016 were \$547,556, 539,844 and \$604,780 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2018, 2017 and 2016, the State of New Jersey contributed \$4,840,410, \$4,060,894 and \$3,427,459 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 \$1,533,925, \$1,503,931 and \$1,499,270 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



**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

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 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  $\frac{1}{60}$ <sup>th</sup> from  $\frac{1}{55}$ <sup>th</sup>, 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.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

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<sup>th</sup> of the required amount, beginning in fiscal years 2012.

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

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

**NOTE 9. TEACHERS' PENSION AND ANNUITY FUND (TPAF)**

At June 30, 2018, 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	.1969377%
State's proportionate share of the net pension liability Associated with the District	<u>\$ 132,782,502</u>
Total	<u>\$ 132,782,502</u>

The net pension liability was measured as of June 30, 2017 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, 2018, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the district.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

For the year ended June 30, 2018, the District recognized pension expense of \$9,198,499 and revenue of \$9,198,499 for support provided by the State. At June 30, 2018, 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, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	2.25%
Salary Increases:	
2012-2021:	Varies based on experience
Thereafter:	Varies based on experience
Investment Rate of Return:	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
US equity	30.00%	8.19%
Non-US developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

*Discount rate.* The discount rate used to measure the State's total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.25% 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 (3.25%) or 1-percentage-point higher (5.25%) than the current rate:

	<u>1% Decrease</u> <u>(3.25%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(4.25%)</u>	<u>1% Increase</u> <u>(5.25%)</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,

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

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.

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

At June 30, 2018, the District reported a liability of \$13,685,233 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017 was 0.058789% which was a decrease of 0.00186% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$641,688. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 322,240	\$
Changes of assumptions	2,757,103	2,746,995
Net difference between projected and actual earnings on pension plan investments	93,187	
Changes in proportion	188,753	1,565,988
Contributions subsequent to the measurement date	547,556	
<b>Total</b>	<b>\$ 3,908,839</b>	<b>\$ 4,312,983</b>

**Additional Information** - Collective Balances at June 30, 2018 and 2017 are as follows:

Year		6/30/2018		6/30/2017
Collective deferred outflows of resources	\$	3,908,839	\$	5,542,764
Collective deferred inflows of resources	\$	4,312,983	\$	1,579,660
Collective Net Pension Liability	\$	13,685,233	\$	17,963,393
District's Proportion		0.058789%		0.060652%

**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2018**

*Actuarial assumptions* . The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation:	2.25%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Thereafter	2.65%-5.15% based on age
Investment Rate on Return:	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
US equity	30.00%	8.19%
Non-US developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

*Discount rate.* The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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, 2017, calculated using the discount rate disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

	<u>1% Decrease</u> (4.00%)	<u>Current</u> <u>Discount Rate</u> (5.00%)	<u>1% Increase</u> (6.00%)
District's proportionate share of the net pension liability	\$16,977,460	\$13,685,233	\$10,942,400

*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. 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 employer paid 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 School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotate, Title 52, Article 17.25 et. Seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

*Employees covered by benefit terms.* At June 30, 2017, the following employees were covered by the benefit terms:

**TPAF participant retirees**

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

**PERS participant retirees**

The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal year 2017.

*Total OPEB Liability.* The State, a nonemployer contributing entity, is the only entity that has a



**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State's CAFR.

(<https://www.nj.gov/treasury/omb/publications/archives.shtml>)

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%	
	<u>TPAF</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 – 4.55% based on years of service	2.15 – 4.15% based on age
Thereafter	2.00 – 5.45% based on years of service	3.15 – 5.15% based on age

The discount rate for June 30, 2017 was 3.58%, This represents the municipal bond return rate as chose by the Division. The source is the bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Preretirement mortality rates were based on the RP-2014 Headcount-weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disability Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the period July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

*Changes in the Total OPEB Liability reported by the State of New Jersey.*

	<u>Total OPEB Liability</u>
Balance at 6/30/16	\$57,831,784,184
Changes for the year:	
Service cost	2,391,878,884
Interest	1,699,441,736
Contributions from Members	45,748,749
Changes in assumptions or other inputs	(7,086,599,129)
Benefit payments	<u>(1,242,412,566)</u>
Net changes	<u>4,191,942,326</u>
Balance at 6/30/17	\$53,639,841,858

There were no changes of benefit terms.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.58%)</u>	<u>(3.58%)</u>	<u>(4.58%)</u>
Total OPEB Liability (School Retirees)	\$63,674,362,200	53,639,841,858	45,680,364,953

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability for school board would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>Healthcare Cost</u>		
	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$44,113,584,560	53,639,841,858	66,290,599,457

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

For the year ended June 30, 2018, the board of education/board of trustees recognized OPEB expense of \$7,130,162 determined by the State as the total OPEB liability for benefits provided

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the board of education/board of trustees proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	
Changes of assumptions		6,343,769,032
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and differences between District contributions and proportionate share of contributions		
Contributions subsequent to measurement date	<u>1,190,373,242</u>	
Total	\$ 1,190,373,242	<u>6,343,769,032</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (742,930,097)
2020	(742,930,097)
2021	(742,930,097)
2022	(742,930,097)
2023	(742,930,097)
Thereafter	<u>(2,629,618,547)</u>
Total	\$ (6,343,769,032)

**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

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

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.

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, 2018, a liability existed for compensated absences in the Food Service Program in the amount of \$33,160.

**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

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

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 in the capital reserve for the 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$3,905,210
Interest Earnings	9,822
Budgeted Withdrawal	<u>(631,357)</u>
Ending balance, June 30, 2018	<u>\$3,283,675</u>

The 2018-2019 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 \$455,564 for the 2018 fiscal year) up to a maximum of \$1 million, whichever is greater. Withdrawals require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent.

The activity in the emergency reserve for the 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 317,886
Interest Earnings	1,555
Ending balance, June 30, 2018	<u>\$ 319,441</u>

The 2018-2019 Budget includes a withdrawal from the Emergency Reserve Account in the amount of \$122,000.

**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.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

The activity in the maintenance reserve for the 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$1,648,798
Interest Earnings	2,624
Budgeted Withdrawal	(774,155)
Unspent Appropriations Returned	751,655
Board Resolution, dated June 7, 2018	500,000
Ending balance, June 30, 2018	<u>2,128,922</u>

The 2018-2019 Budget includes a withdrawal from the Maintenance Reserve Account in the amount of \$325,000.

**NOTE 17. 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 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 800,000
Budget Appropriation	(800,000)
Ending balance, June 30, 2018	<u>\$ 0</u>

**NOTE 18. TUITION RESERVE 2016-2017**

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 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 800,000
Budget Appropriation	0
Ending balance, June 30, 2018	<u>\$ 800,000</u>

The 2018-2019 Budget includes a withdrawal from the Tuition Reserve Account in the amount of \$800,000.

**NOTE 19. TUITION RESERVE 2017-2018**

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.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

The activity in the tuition reserve for the 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 0
Board Resolution, dated June 7, 2018	800,000
Ending balance, June 30, 2018	<u>\$ 800,000</u>

**NOTE 20. DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$1,154,738 in the General Fund and \$44,734 in the Special Revenue Fund as of June 30, 2018 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 \$1,154,738 in the General Fund and \$44,734 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, 2018, there is a balance of \$3,283,675 in the Capital Reserve Account of which \$435,157 has been appropriated and included as anticipated revenue for the year ended June 30, 2019.

Tuition Reserve – As of June 30, 2018, there is a balance of \$800,000 in the 2016/2017 Tuition Reserve Account which has been included as anticipated revenue for the year ended June 30, 2019; and \$800,000 in the 2017/2018 Tuition Reserve Account.

Maintenance Reserve – As of June 30, 2018, there is a balance of \$2,128,922 in the Maintenance Reserve Account of which \$325,000 has been appropriated and included as anticipated revenue for the year ended June 30, 2019.

**Town of Hammonton School District  
Notes to Financial Statements  
June 30, 2018**

Emergency Reserve – As of June 30, 2018, there is a balance of \$319,441 in the Emergency Reserve Account of which \$122,000 has been appropriated and included as anticipated revenue for the year ended June 30, 2019.

Debt Service Fund – As of June 30, 2018, there is a balance of \$111,925 in the Debt Service Fund of which \$87,702 has been appropriated and included as anticipated revenue for the year ended June 30, 2019.

Assigned Fund Balance

General Fund – As of June 30, 2018, \$470,432 has been included as anticipated revenue for the year ended June 30, 2019. Additionally, 84,402 is for year-end encumbrances.

Unassigned Fund Balance Deficit

General Fund – As of June 30, 2018, the unassigned fund balance of the general fund was a deficit of \$1,154,738. The deficit is a result from the delay in the payment of state aid until the following fiscal year.

Special Revenue Fund Deficit – As of June 30, 2018, the special revenue fund deficit is \$44,734. 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 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, 2018 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, 2018 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”.



**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2018**

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>
2017-2018	\$0	51,644	895	(34,179)	330,488
2016-2017	0	51,162	575	(16,803)	312,128
2015-2016	0	48,051	532	(33,926)	277,194
2014-2015	0	47,456	522	(41,786)	262,537

**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 2017-2018 governmental operations.

**NOTE 25. INTERFUND RECEIVABLES AND PAYABLES**

The following Interfund balances remained on the balance sheet at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 217,495	
Special Revenue Fund		\$ 136,838
Food Service Program		80,657
	<u>\$ 217,495</u>	<u>\$ 217,495</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.

**NOTE 26. LITIGATION**

The School District is a defendant in one legal proceeding that is currently awaiting a court hearing. In addition, there are three other legal matters, two of which are still ongoing and one that was settled subsequent to year end. The Board's insurance carrier is defending one of the previously mentioned claims. In addition, the Board is still aware of four open Notice of Tort Claims and the outcome, or exposure to the Board, is still either unknown or potential losses, if any, would not be material to the financial statements.

**Town of Hammonton School District**  
**Notes to Financial Statements**  
**June 30, 2018**

**NOTE 27. SUBSEQUENT EVENTS**

There were no other events noted between the year-end and the date of the audit report requiring disclosure.

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

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$17,948,013	(282,635)	17,665,378	17,665,378	0
Tuition	9,735,842		9,735,842	9,882,710	146,868
Tuition from Individuals				750	750
Transportation Fees from Other LEA's	80,000		80,000	84,489	4,489
Interest earned on Capital Reserves	6,900		6,900	9,822	2,922
Interest earned				7,422	7,422
Miscellaneous	100,000		100,000	152,787	52,787
<b>Total - Local Sources</b>	<b>27,870,755</b>	<b>(282,635)</b>	<b>27,588,120</b>	<b>27,803,358</b>	<b>215,238</b>
<b>State Sources:</b>					
Equalization Aid	11,255,855	875,168	12,131,023	12,131,023	0
Categorical Special Education Aid	1,426,194		1,426,194	1,426,194	0
Categorical Security Aid	151,790		151,790	151,790	0
Categorical Transportation Aid	151,898		151,898	151,898	0
Special Education Extraordinary Aid	150,000		150,000	209,549	59,549
Public School Choice Aid	1,993,663		1,993,663	1,993,663	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				12,760	12,760
Professional Learning Community Aid	27,510		27,510	27,510	0
Host District Support Aid	152		152	152	0
Lead Testing for Schools Aid				6,281	6,281
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				1,899,483	1,899,483
TPAF Non-Contributory (On-Behalf - Non-Budgeted)				2,940,927	2,940,927
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				3,534	3,534
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,533,925	1,533,925
<b>Total - State Sources</b>	<b>15,711,742</b>	<b>875,168</b>	<b>16,586,910</b>	<b>23,043,369</b>	<b>6,456,459</b>
<b>Federal Sources:</b>					
Medicaid Reimbursement and unrestricted federal funds	90,762		90,762	121,330	30,568
	90,762	0	90,762	121,330	30,568
<b>Total Revenues</b>	<b>\$43,673,259</b>	<b>592,533</b>	<b>44,265,792</b>	<b>50,968,057</b>	<b>6,702,265</b>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
<b>Salaries of Teachers:</b>					
Kindergarten	629,427	0	629,427	617,974	11,453
Grades 1-5	4,176,868	90,870	4,267,738	4,191,997	75,741
Grades 6-8	3,577,999	34,090	3,612,089	3,607,582	4,507
Grades 9-12	5,815,237	(42,136)	5,773,101	5,721,887	51,214
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	125,000	57,416	182,416	178,131	4,285
Purchased Professional-Educational Services	42,000	2,700	44,700	34,173	10,527
<b>Regular Programs - Undistributed Instruction:</b>					
Purchased Professional-Educational Services	39,100	8,056	47,156	43,422	3,734
Purchased Technical Services	51,550	(2,850)	48,700	33,900	14,800
Other Purchased Services	29,110	13,800	42,910	33,469	9,441
General Supplies	477,907	280,442	758,349	586,286	172,063
Textbooks	58,450	0	58,450	27,641	30,809
Other Objects	13,300	(6,200)	7,100	3,658	3,442
<b>Total Regular Programs</b>	<b>15,035,948</b>	<b>436,188</b>	<b>15,472,136</b>	<b>15,080,120</b>	<b>392,016</b>
<b>Special Education - Instruction:</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	454,311	5,000	459,311	452,191	7,120
Other Salaries for Instruction	212,402	(6,900)	205,502	204,867	635
General Supplies	2,495	(1,000)	1,495		1,495
<b>Total Learning and/or Language Disabilities</b>	<b>669,208</b>	<b>(2,900)</b>	<b>666,308</b>	<b>657,058</b>	<b>9,250</b>
<b>Behavioral Disabilities</b>					
Salaries of Teachers	386,798	0	386,798	384,350	2,448
Other Salaries for Instruction	117,470	(3,900)	113,570	113,453	117
Purchased Professional-Educational Services	1,500	195	1,695	1,395	300
General Supplies	3,540	2,505	6,045	4,424	1,621
Other Objects	1,000	0	1,000	837	163
<b>Total Behavioral Disabilities</b>	<b>510,308</b>	<b>(1,200)</b>	<b>509,108</b>	<b>504,459</b>	<b>4,649</b>
<b>Multiple Disabilities</b>					
Salaries of Teachers	403,031	11,000	414,031	403,255	10,776
Other Salaries for Instruction	390,205	9,000	399,205	390,964	8,241
Purchased Professional Educational Services	277	2,150	2,427	907	1,520
General Supplies	33,700	(9,664)	24,036	14,993	9,043
Textbooks		3,330	3,330	2,234	1,096
<b>Total Multiple Disabilities</b>	<b>827,213</b>	<b>15,816</b>	<b>843,029</b>	<b>812,353</b>	<b>30,676</b>

70

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	991,776	26,074	1,017,850	1,017,850	0
Other Salaries for Instruction	78,837	16,000	94,837	92,183	2,654
General Supplies		6,000	6,000	4,139	1,861
<b>Total Resource Room/Resource Center</b>	<b>1,070,613</b>	<b>48,074</b>	<b>1,118,687</b>	<b>1,114,172</b>	<b>4,515</b>
<b>Preschool Disabilities - Part-Time</b>					
Salaries of Teachers	100,512	(14,398)	86,114	86,114	0
Other Salaries for Instruction	83,616	(28,017)	55,599	55,214	385
Other Purchased Services	100	0	100		100
General Supplies	2,100	(115)	1,985	709	1,276
Other Objects		115	115	115	0
<b>Total Preschool Disabilities - Part-Time</b>	<b>186,328</b>	<b>(42,415)</b>	<b>143,913</b>	<b>142,152</b>	<b>1,761</b>
<b>Total Special Education - Instruction</b>	<b>3,263,670</b>	<b>17,375</b>	<b>3,281,045</b>	<b>3,230,194</b>	<b>50,851</b>
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	561,570	10,000	571,570	570,789	781
Other Salaries for Instruction	28,973	(1,083)	27,890		27,890
Purchased Professional Educational Services	6,080	926	7,006	5,801	1,205
General Supplies	10,450	16,574	27,024	25,181	1,843
<b>Total Bilingual Education - Instruction</b>	<b>607,073</b>	<b>26,417</b>	<b>633,490</b>	<b>601,771</b>	<b>31,719</b>
<b>School Sponsored Cocurricular Activities - Instruction:</b>					
Salaries	298,590	9,267	307,857	276,527	31,330
Purchased Services	7,300	9,115	16,415	4,878	11,537
Supplies and Materials	49,280	9,769	59,049	18,419	40,630
Other Objects	7,200	0	7,200	3,355	3,845
<b>Total School Sponsored Cocurricular Activities - Instruction</b>	<b>362,370</b>	<b>28,151</b>	<b>390,521</b>	<b>303,179</b>	<b>87,342</b>
<b>School-Sponsored Athletics - Instruction</b>					
Salaries	319,500	21,000	340,500	339,117	1,383
Purchased Services	30,900	325	31,225	24,537	6,688
Supplies and Materials	90,438	(10,748)	79,690	70,055	9,635
Other Objects	5,050	0	5,050	3,090	1,960
Transfers to Cover Deficit (Agency Funds)	75,000	5,500	80,500	80,500	0
<b>Total School-Sponsored Athletics - Instruction</b>	<b>520,888</b>	<b>16,077</b>	<b>536,965</b>	<b>517,299</b>	<b>19,666</b>
<b>Total Instruction</b>	<b>19,789,949</b>	<b>524,208</b>	<b>20,314,157</b>	<b>19,732,563</b>	<b>581,594</b>

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

Table with 6 columns: Description, Original Budget, Budget Transfers, Final Budget, Actual, and Variance Under/(Over) Final to Actual. Rows include categories like Undistributed Expenditures - Instruction, Attendance and Social Work, Health Services, and Other Support Services.

72

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	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	793,445	10,400	803,845	773,984	29,861
Salaries of Secretarial and Clerical Assistants	128,883	23,100	151,983	151,922	61
Purchased Professional Educational Services	3,600	4,776	8,376	2,376	6,000
Other Purchased Professional & Technical Services	5,689	1,100	6,789	3,240	3,549
Other Purchased Services	5,550	2,259	7,809	2,334	5,475
Supplies and Materials	27,950	(9,267)	18,683	9,227	9,456
Other Objects	725	1,088	1,813	992	821
<b>Total Undistributed Expenditures - Other Support Services - Regular</b>	<b>965,842</b>	<b>33,456</b>	<b>999,298</b>	<b>944,075</b>	<b>55,223</b>
<b>Undistributed Expenditures - Other Support Services -</b>					
<b>Students - Special:</b>					
Salaries of Other Professional Staff	984,105	0	984,105	982,321	1,784
Salaries of Secretarial and Clerical Assistants	97,684	(9,000)	88,684	88,348	336
Purchased Professional Educational Services	58,122	17,776	75,898	68,443	7,455
Other Purchased Professional and Technical Services	19,475	(2,365)	17,110	9,485	7,625
Miscellaneous Purchased Services	4,195	1,300	5,495	2,149	3,346
Supplies and Materials	22,045	(1,450)	20,595	12,356	8,239
Other Objects	1,075	300	1,375	450	925
<b>Total Undistributed Expenditures - Other Support Services - Students - Special</b>	<b>1,186,701</b>	<b>6,561</b>	<b>1,193,262</b>	<b>1,163,552</b>	<b>29,710</b>
<b>Undistributed Expenditures - Other Support Services -</b>					
<b>Improvement of Instructional Services</b>					
Purchased Professional Educational Services	8,455	(500)	7,955	3,724	4,231
Purchased Professional and Technical Services	4,055	0	4,055	2,660	1,395
Supplies and Materials	2,400	0	2,400		2,400
<b>Total Undistributed Expenditures - Other Support Services - Improvement of Instructional Services</b>	<b>14,910</b>	<b>(500)</b>	<b>14,410</b>	<b>6,384</b>	<b>8,026</b>
<b>Undistributed Expenditures - Educational Media Services -</b>					
<b>School Library</b>					
Salaries	150,560	0	150,560	143,213	7,347
Purchased Professional and Technical Services	23,300	300	23,600	19,531	4,069
Other Purchased Services	8,700	100	8,800	4,246	4,554
Supplies and Materials	50,500	(3,575)	46,925	38,589	8,336
Other Objects	31,615	3,575	35,190	31,325	3,865
<b>Total Undistributed Expenditures - Educational Media Services - School Library</b>	<b>264,675</b>	<b>400</b>	<b>265,075</b>	<b>236,904</b>	<b>28,171</b>



**TOWN OF HAMMONTON SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2018

	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	746,898	0	746,898	679,062	67,836
Salaries of Secretarial and Clerical Assistants	52,807	1,806	54,613	54,613	0
Other Salaries	7,950	0	7,950		7,950
Purchased Professional-Educational Services	9,750	0	9,750	4,812	4,938
Purchased Professional and Technical Services	1,300	1,687	2,987	1,888	1,099
Other Purchased Services	32,300	(6,962)	25,338	5,884	19,454
Supplies and Materials	5,050	(1,598)	3,452	1,449	2,003
Other Objects	2,566	1,873	4,439	2,167	2,272
<b>Total Undistributed Expenditures - Instructional Staff Training Svcs</b>	<b>858,621</b>	<b>(3,194)</b>	<b>855,427</b>	<b>749,875</b>	<b>105,552</b>
<b>Undistributed Expenditures - Support Services - Gen. Admin.:</b>					
Salaries	283,992	0	283,992	281,071	2,921
Legal Services	145,000	(11,000)	134,000	121,113	12,887
Audit Fees	20,000	0	20,000	17,970	2,030
Architectural/Engineering Services	16,000	12,500	28,500	25,121	3,379
Other Purchased Professional Services	13,000	(12,920)	80	80	0
Communications/Telephone	126,700	(7,130)	119,570	96,685	22,885
BOE Other Purchased Services	1,400	300	1,700	1,649	51
Other Purchased Services	157,025	10,500	167,525	165,687	1,838
General Supplies	2,878	(50)	2,828	2,828	0
BOE IN-House Training/Meeting Supplies	325	0	325	244	81
Miscellaneous Expenditures	5,900	1,100	7,000	5,952	1,048
Membership Dues and Fees	19,800	(300)	19,500	19,201	299
<b>Total Undistributed Expenditures - Support Services - Gen. Admin.</b>	<b>792,020</b>	<b>(7,000)</b>	<b>785,020</b>	<b>737,601</b>	<b>47,419</b>
<b>Undistributed Expenditures - Support Serv. - School Admin.:</b>					
Salaries of Principals/Assistant Principals	1,076,826	29,200	1,106,026	1,103,726	2,300
Salaries of Secretarial and Clerical Assistants	637,143	(6,700)	630,443	621,154	9,289
Purchased Professional and Technical Services	600	0	600	420	180
Other Purchased Services	88,881	(8,600)	80,281	39,212	41,069
Supplies and Materials	68,950	(9,862)	59,088	38,998	20,090
Other Objects	14,395	4,000	18,395	13,357	5,038
<b>Total Undistributed Expenditures - Support Serv. - School Admin.</b>	<b>1,886,795</b>	<b>8,038</b>	<b>1,894,833</b>	<b>1,816,867</b>	<b>77,966</b>
<b>Undistributed Expenditures - Central Services</b>					
Salaries	416,989	23,500	440,489	440,428	61
Purchased Professional Services	35,000	5,050	40,050	39,928	122
Purchased Technical Services	33,000	5,000	38,000	37,991	9
Misc. Purchased Services (400-500 series)	17,600	(3,250)	14,350	13,348	1,002
Supplies and Materials	7,800	(2,950)	4,850	4,813	37
Interest on Lease Purchased Agreements	800	(50)	750	750	0
Miscellaneous Expenditures	4,670	(1,000)	3,670	3,200	470
<b>Total Undistributed Expenditures - Central Services</b>	<b>515,859</b>	<b>26,300</b>	<b>542,159</b>	<b>539,708</b>	<b>2,451</b>

74

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Undistributed Expenditures - Admin. Info Technology</b>					
Salaries	256,089	5,600	261,689	261,586	103
Purchased Technical Services	72,625	(105)	72,520	61,831	10,689
Other Purchased Services (400-500 series)	44,500	0	44,500	36,755	7,745
Supplies and Materials	21,400	2,469	23,869	18,625	5,244
Other Objects		820	820		820
<b>Total Undistributed Expenditures - Admin. Info Technology</b>	<b>394,614</b>	<b>8,784</b>	<b>403,398</b>	<b>378,797</b>	<b>24,601</b>
<b>Undistributed Expenditures - Required Maint for School Facilities</b>					
Interest Earned on Maintenance Reserve	2,500	(2,500)			0
Salaries	306,704	45,638	352,342	352,342	0
Cleaning, Repair, and Maintenance Services	231,500	467,986	699,486	685,069	14,417
General Supplies	40,480	23,697	64,177	43,430	20,747
Other Objects	850	0	850	500	350
<b>Total Undistributed Expenditures - Required Maint for School Facilities</b>	<b>582,034</b>	<b>534,821</b>	<b>1,116,855</b>	<b>1,081,341</b>	<b>35,514</b>
<b>Undistributed Expenditures - Operation and Maintenance of Plant Services:</b>					
Salaries	707,781	25,000	732,781	732,099	682
Salaries of Non-Instructional Aides	239,989	(23,000)	216,989	216,233	756
Purchased Professional and Technical Services	1,000	0	1,000		1,000
Cleaning, Repair, and Maintenance Services	71,000	55,200	126,200	106,072	20,128
Other Purchased Property Services	67,500	(1,300)	66,200	59,031	7,169
Insurance	170,000	20,000	190,000	187,778	2,222
Miscellaneous Purchased Services	7,050	0	7,050	5,965	1,085
General Supplies	164,400	67,450	231,850	211,331	20,519
Energy (Natural Gas)	223,725	63,000	286,725	237,028	49,697
Energy (Electricity)	951,100	0	951,100	878,654	72,446
Other Objects	610	0	610		610
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services</b>	<b>2,604,155</b>	<b>206,350</b>	<b>2,810,505</b>	<b>2,634,191</b>	<b>176,314</b>
<b>Undistributed Expenditures - Care and Upkeep of Grounds</b>					
Salaries	235,623	44,500	280,123	277,336	2,787
Purchased Professional & Technical Services	100	0	100		100
Cleaning, Repair, and Maintenance Services	10,000	26,900	36,900	35,258	1,642
General Supplies	89,000	(24,600)	64,400	55,465	8,935
Other Objects	4,650	1,800	6,450	6,350	100
<b>Total Undistributed Expenditures - Care and Upkeep of Grounds</b>	<b>339,373</b>	<b>48,600</b>	<b>387,973</b>	<b>374,409</b>	<b>13,564</b>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>Undistributed Expenditures - Security</b>					
Purchased Professional & Technical Services	214,100	1,173	215,273	212,096	3,177
Cleaning, Repair, & Maintenance Services	1,600	5,610	7,210	6,738	472
General Supplies	21,400	2,732	24,132	22,348	1,784
<b>Total Undistributed Expenditures - Security</b>	<b>237,100</b>	<b>9,515</b>	<b>246,615</b>	<b>241,182</b>	<b>5,433</b>
<b>Total Operation &amp; Maintenance Services</b>	<b>3,762,662</b>	<b>799,286</b>	<b>4,561,948</b>	<b>4,331,123</b>	<b>230,825</b>
<b>Undistributed Expenditures - Student Transportation Services:</b>					
Salaries of Non-Instructional Aides	366,223	1,000	367,223	357,556	9,667
Sal for Pupil Transp (Between Home and School)-Reg.	824,754	69,000	893,754	821,217	72,537
Sal for Pupil Transp (Between Home and School)-Sp Ed	139,231	(42,000)	97,231	84,335	12,896
Sal for Pupil Transp (Other than Between Home & School)	46,000	16,000	62,000	54,283	7,717
Other Purchased Professional and Technical Services	5,200	(232)	4,968	4,547	421
Cleaning, Repair, and Maintenance Services	90,000	(7,000)	83,000	68,897	14,103
Contracted Services - (Betw Home/Sch) - Vendors		652	652	652	0
Contracted Services - (Other than betw Home/Sch) - Vendors	10,000	18,000	28,000	25,888	2,112
Contracted Services - (Betw Home/Sch) - Joint Agr	17,449	(10,652)	6,797	5,000	1,797
Contracted Services - (Special Education) - Vendors	9,735	0	9,735	9,735	0
Contracted Services - (Special Education) - Joint Agr	16,000	0	16,000	4,973	11,027
Contracted Services - (Special Education) - ESCs	66,211	26,000	92,211	60,889	31,322
Contracted Services - Aid in Lieu of Payments-Non Pub Sch	39,000	11,000	50,000	46,255	3,745
Contracted Services - Aid in Lieu of Payments-Charter	1,768	(768)	1,000	1,000	0
Miscellaneous Purchased Services	113,300	(25,000)	88,300	86,730	1,570
Transportation Supplies	270,000	40,000	310,000	303,840	6,160
Other Objects	2,000	0	2,000	200	1,800
<b>Total Undistributed Expenditures - Student Transportation Serv.</b>	<b>2,016,871</b>	<b>96,000</b>	<b>2,112,871</b>	<b>1,925,262</b>	<b>187,609</b>
<b>Interest Earned on Current Expense Emergency Reserves</b>	<b>600</b>	<b>(600)</b>			<b>0</b>
<b>Unallocated Benefits:</b>					
Social Security Contributions	574,200	57,889	632,089	621,878	10,211
Other Retirement Contributions - PERS	695,000	(52,248)	642,752	634,494	8,258
Unemployment Compensation	2,000	0	2,000	1,165	835
Workmen's Compensation	545,000	(74,800)	470,200	467,543	2,657
Health Benefits	6,578,489	(756,524)	5,821,965	5,636,445	185,520
Tuition Reimbursement	61,769	(25,000)	36,769	27,809	8,960
Other Employee Benefits	337,900	1,600	339,500	333,248	6,252
Unused Vac Payment to Term/Ret Staff	160,866	0	160,866	159,206	1,660
<b>Total Unallocated Benefits</b>	<b>8,955,224</b>	<b>(849,083)</b>	<b>8,106,141</b>	<b>7,881,788</b>	<b>224,353</b>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				1,899,483	(1,899,483)
TPAF Non-Contributory (On-Behalf - Non-Budgeted)				2,940,927	(2,940,927)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				3,534	(3,534)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,533,925	(1,533,925)
<b>Total On-behalf Contributions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,377,869</b>	<b>(6,377,869)</b>
<b>Total Undistributed Expenditures</b>	<b>25,319,781</b>	<b>373,436</b>	<b>25,693,217</b>	<b>30,825,778</b>	<b>(5,132,561)</b>
<b>Total Current Expense</b>	<b>45,109,730</b>	<b>897,644</b>	<b>46,007,374</b>	<b>50,558,341</b>	<b>(4,550,967)</b>
<b>Capital Outlay:</b>					
Interest Deposit to Capital Reserve	3,800	0	3,800		3,800
<b>Equipment</b>					
Grades 1- 5		2,615	2,615	2,615	0
School sponsored		7,607	7,607	7,037	570
<b>Undistributed Expenditures:</b>					
School administration		13,408	13,408	7,046	6,362
Admin. Information Technology		45,963	45,963	34,103	11,860
Undistr. Expenditures - Care and Upkeep of Grounds		34,199	34,199	34,199	0
<b>Total Equipment</b>	<b>0</b>	<b>103,792</b>	<b>103,792</b>	<b>85,000</b>	<b>18,792</b>
<b>Facilities Acquisition and Construction Services</b>					
Construction Services		200,000	200,000	199,852	148
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>200,000</b>	<b>363,157</b>	<b>363,009</b>	<b>148</b>
<b>Total Capital Outlay</b>	<b>166,957</b>	<b>303,792</b>	<b>470,749</b>	<b>448,009</b>	<b>22,740</b>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Transfers to Charter Schools	7,705	0	7,705	3,528	4,177
<b>Total Expenditures</b>	<b>45,284,392</b>	<b>1,201,436</b>	<b>46,485,828</b>	<b>51,009,878</b>	<b>(4,524,050)</b>
<b>Other Financing Sources (Uses):</b>					
Capital Reserve-Transfer to Debt Service	(272,000)	0	(272,000)	(272,000)	0
Transfer to Food Service Fund - Board Contribution		(80,000)	(80,000)	(77,098)	2,902
Prior year adjustment				108,596	108,596
<b>Total Other Financing Sources (Uses)</b>	<b>(272,000)</b>	<b>(80,000)</b>	<b>(352,000)</b>	<b>(240,502)</b>	<b>111,498</b>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(1,883,133)</b>	<b>(688,903)</b>	<b>(2,572,036)</b>	<b>(282,323)</b>	<b>2,289,713</b>
<b>Fund Balances, July 1</b>	<b>8,528,976</b>		<b>8,528,976</b>	<b>8,528,976</b>	<b>0</b>
<b>Fund Balances, June 30</b>	<b>\$6,645,843</b>	<b>(688,903)</b>	<b>5,956,940</b>	<b>8,246,653</b>	<b>2,289,713</b>

**Recapitulation of Fund Balance:**

<b>Restricted Fund Balance:</b>	
Tuition Reserve	800,000
Maintenance Reserve	1,803,922
Emergency Reserve	197,441
Capital Reserve	2,848,518
<b>Assigned Fund Balance:</b>	
Year End Encumbrances	84,402
Designated for Subsequent Year's Expenditures	470,432
Capital Reserve Designated for Subsequent Year's Exp.	163,157
Capital Reserve Designated for Debt Service	272,000
Tuition Reserve Designated for Subsequent Year's Exp.	800,000
Emergency Reserve Designated for Subsequent Year's Exp.	122,000
Maintenance Reserve Designated for Subsequent Year's Exp.	325,000
Unassigned Fund Balance	359,781
	<u>8,246,653</u>
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>	
Last State Aid Payment Not Recognized on GAAP Basis:	<u>(1,514,519)</u>
<b>Fund Balance per Governmental Funds (GAAP)</b>	<u><u>\$6,732,134</u></u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Programs	26,904	12,939	39,843	33,402	(6,441)
<b>Total - Local Sources</b>	<b>26,904</b>	<b>12,939</b>	<b>39,843</b>	<b>33,402</b>	<b>(6,441)</b>
State Sources:					
Preschool Education Aid	471,870	0	471,870	465,240	(6,630)
Nonpublic aid	311,188	104,534	415,722	349,184	(66,538)
<b>Total - State Sources</b>	<b>783,058</b>	<b>104,534</b>	<b>887,592</b>	<b>814,424</b>	<b>(73,168)</b>
Federal Sources:					
Title I	680,343	224,674	905,017	896,099	(8,918)
I.D.E.A., Part B	646,012	194,671	840,683	815,141	(25,542)
Vocational Education	25,579	7,465	33,044	33,044	0
Other	90,634	80,102	170,736	124,853	(45,883)
<b>Total - Federal Sources</b>	<b>1,442,568</b>	<b>506,912</b>	<b>1,949,480</b>	<b>1,869,137</b>	<b>(80,343)</b>
<b>Total Revenues</b>	<b>2,252,530</b>	<b>624,385</b>	<b>2,876,915</b>	<b>2,716,963</b>	<b>(159,952)</b>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	1,053,015	(166,934)	886,081	885,012	1,069
Other Salaries for Instruction	162,994	92,234	255,228	255,484	(256)
Purchased Professional, Technical and Educational Services	871,492	163,268	1,034,760	983,898	50,862
General Supplies	85,785	4,212	89,997	84,171	5,826
Textbooks	22,090	753	22,843	19,669	3,174
Other Objects	0	1,686	1,686	1,686	0
<b>Total Instruction</b>	<b>2,195,376</b>	<b>95,219</b>	<b>2,290,595</b>	<b>2,229,920</b>	<b>60,675</b>

(continued)

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Support Services					
Salaries of Other Professional Staff	0	43,044	43,044	43,043	1
Other Salaries	0	41,000	41,000	38,500	2,500
Personal Services - Employee Benefits	0	163,762	163,762	163,641	121
Purchased Professional and Technical Services	37,992	128,457	166,449	135,526	30,923
Other Purchased Services	0	117,738	117,738	71,348	46,390
Travel	0	420	420	420	0
Supplies and Materials	0	25,657	25,657	20,525	5,132
Other Objects	0	600	600	500	100
<b>Total support services</b>	<u>37,992</u>	<u>520,678</u>	<u>558,670</u>	<u>473,503</u>	<u>85,167</u>
Facilities acquisition and construction services					
Non-Instructional equipment	19,162	8,488	27,650	13,540	14,110
<b>Total facilities acquisition and construction services</b>	<u>19,162</u>	<u>8,488</u>	<u>27,650</u>	<u>13,540</u>	<u>14,110</u>
<b>Total expenditures</b>	<u>2,252,530</u>	<u>624,385</u>	<u>2,876,915</u>	<u>2,716,963</u>	<u>159,952</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<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, 2018**

**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	\$50,968,057	2,716,963
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		10,484
Current year		(568)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,412,163	45,518
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(1,514,519)	(44,734)
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	50,865,701	2,727,663
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	51,009,878	2,716,963
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		10,484
Current year		(568)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$51,009,878	2,726,879

**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)**

	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability (Asset)	0.058789%	0.060652%	0.070345%	0.069498%	0.067962%
District's Proportionate Share of the Net Pension Liability (Asset)	\$13,685,233	\$17,963,393	\$15,791,086	\$13,011,915	\$12,988,945
District's Covered Employee Payroll	\$4,105,495	\$4,062,230	\$4,096,106	\$4,156,086	\$4,398,336
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered employee payroll	333.34%	442.21%	385.51%	313.08%	295.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$547,556	\$539,844	\$604,780	\$572,931	\$512,082
Contributions in Relation to the Contractually Required Contribution	<u>(547,556)</u>	<u>(539,844)</u>	<u>(604,780)</u>	<u>(572,931)</u>	<u>(512,082)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's Covered Employee Payroll	\$4,105,495	\$4,062,230	\$4,096,106	\$4,156,086	\$4,398,336
Contributions as a Percentage of Covered Employee Payroll	13.34%	13.29%	14.76%	13.79%	11.64%

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**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.196938%	0.195411%	0.194530%	0.196987%	0.193339%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>\$132,782,502</u>	<u>\$153,722,385</u>	<u>\$122,951,456</u>	<u>\$105,283,211</u>	<u>\$97,711,916</u>
<b>Total</b>	<u><b>\$132,782,502</b></u>	<u><b>\$153,722,385</b></u>	<u><b>\$122,951,456</b></u>	<u><b>\$105,283,211</b></u>	<u><b>\$97,711,916</b></u>
District's Covered Employee Payroll	\$21,222,897	\$20,831,365	\$20,445,981	\$20,056,657	\$18,688,353
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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 Contributions**  
**Teachers Pension Annuity Fund**

The School District was not required to make any contributions towards TPAF.

Note: This schedule is required by GASB 68 to show information for a 10 year period.

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Schedules of Required Supplementary Information**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**State Health Benefit Local Education Retired Employees Plan**

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 5,131,237
Interest	3,616,191
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(15,430,462)
Member contributions	97,051
Benefit payments	<u>(2,635,651)</u>
<b>Net change in total OPEB liability</b>	<b>(9,221,634)</b>
<b>Total OPEB liability - beginning</b>	<b><u>123,013,047</u></b>
<b>Total OPEB liability - ending</b>	<b>\$ <u>113,791,413</u></b>
<b>Covered-employee payroll</b>	<b>\$ 25,328,392</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>449.26%</b>

Notes to Schedule:

*Changes of benefit terms:* None

*Changes of assumptions:* The decrease in the liability from June 30,

Source: GASB 75 report on State of New Jersey State Health eenefits Program; 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, 2018**

Change of Benefit Terms: None

Change of Assumptions: None

## **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, 2018**

	HEF FY18 ECEC Teacher of the Year Grant	HEF FY18 WES Teacher of the Year Grant	HEF FY18 MS Teacher of the Year Grant	HEF FY17 WES Teacher of the Year Grant	HEF HS Film Making Grant	HEF Dream Night Award	HEF Instruments HS	HEF Tiny House HS	HEF Achieve MS	Lions Club Technology High School
<b>REVENUES:</b>										
Local Sources										
State Sources	\$299	500	496	22	3,526	249	2,985	20,000	1,500	266
Federal Sources										
<b>Total revenues</b>	<u>299</u>	<u>500</u>	<u>496</u>	<u>22</u>	<u>3,526</u>	<u>249</u>	<u>2,985</u>	<u>20,000</u>	<u>1,500</u>	<u>266</u>
<b>EXPENDITURES:</b>										
Instruction:										
Salaries of teachers										
Other salaries of instruction										
Purchased professional, technical and educational svcs										
Other purchased services										
General supplies	299	500	496	22	3,526	249	2,985	19,580	1,500	266
Textbooks										
Other objects										
<b>Total instruction</b>	<u>299</u>	<u>500</u>	<u>496</u>	<u>22</u>	<u>3,526</u>	<u>249</u>	<u>2,985</u>	<u>19,580</u>	<u>1,500</u>	<u>266</u>
Support services:										
Salaries of other professional staff										
Other salaries										
Personal services- employee benefits										
Purchased professional and technical services										
Other purchased services										
Travel								420		
Supplies and materials										
Other objects										
<b>Total support services</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>420</u>	<u>0</u>	<u>0</u>
<b>Facilities acquisition and construction services</b>										
Instructional equipment										
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>0</u>
<b>Total expenditures</b>	<u>\$299</u>	<u>500</u>	<u>496</u>	<u>22</u>	<u>3,526</u>	<u>249</u>	<u>2,985</u>	<u>20,000</u>	<u>1,500</u>	<u>266</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, 2018

	Home & School Instructional Supply ECEC	HEF Lego Story ECEC	HEF FY17 ECEC Teacher of the Year Grant	HEF FY17 HS Teacher of the Year Grant	HEF ECEC Instructional Supply	Brain Alliance Grant	Total Local Funds	Nonpublic Textbooks	Nonpublic Auxiliary Aid	
									Compensatory Education	ESL
<b>REVENUES:</b>										
Local Sources	410	1,617	500	482	250	300	33,402			
State Sources								19,669	112,674	
Federal Sources										
<b>Total revenues</b>	<b>410</b>	<b>1,617</b>	<b>500</b>	<b>482</b>	<b>250</b>	<b>300</b>	<b>33,402</b>	<b>19,669</b>	<b>112,674</b>	<b>0</b>
<b>EXPENDITURES:</b>										
Instruction:										
Salaries of teachers										
Other salaries of instruction										
Purchased professional, technical and educational svcs						300	300		112,674	
Other purchased services										
General supplies	410	1,617	500	482	250		32,682			
Textbooks								19,669		
Other objects							0			
<b>Total Instruction</b>	<b>410</b>	<b>1,617</b>	<b>500</b>	<b>482</b>	<b>250</b>	<b>300</b>	<b>32,982</b>	<b>19,669</b>	<b>112,674</b>	<b>0</b>
Support services:										
Salaries of other professional staff										
Other salaries										
Personal services- employee benefits										
Purchased professional and technical services										
Other purchased services										
Travel							420			
Supplies and materials										
Other objects										
<b>Total support services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>420</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Facilities acquisition and construction services</b>										
Instructional equipment										
Non-Instructional equipment										
<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>0</b>	<b>0</b>
<b>Total expenditures</b>	<b>410</b>	<b>1,617</b>	<b>500</b>	<b>482</b>	<b>250</b>	<b>300</b>	<b>33,402</b>	<b>19,669</b>	<b>112,674</b>	<b>0</b>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Program Revenue and Expenditures  
Budgetary Basis  
FOR THE FISCAL YEAR ENDED June 30, 2018

	Nonpublic Handicapped Aid			Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Preschool Education Aid	Total State Funds	Temporary Emergency Impact Aid	Title I Part A	Carryover Title I Part A	Title III English Language Enhancement
	Examination & Classification	Corrective Speech	Supplemental Instruction									
<b>REVENUES:</b>												
Local Sources												
State Sources	64,065	21,963	55,582	39,400	14,216	21,615	465,240	814,424				
Federal Sources									41,000	844,565	51,534	43,782
<b>Total revenues</b>	<b>64,065</b>	<b>21,963</b>	<b>55,582</b>	<b>39,400</b>	<b>14,216</b>	<b>21,615</b>	<b>465,240</b>	<b>814,424</b>	<b>41,000</b>	<b>844,565</b>	<b>51,534</b>	<b>43,782</b>
<b>EXPENDITURES:</b>												
Instruction:												
Salaries of teachers							333,760	333,760		514,287	34,040	
Other salaries of instruction							125,552	125,552	2,500	78,654	8,941	39,837
Purchased professional, technical and educational svcs	64,065	21,963	55,582					254,284		199		413
Other purchased services												
General supplies					14,216		5,928	20,144		6,443		424
Textbooks								19,669				
Other objects										1,686		
<b>Total instruction</b>	<b>64,065</b>	<b>21,963</b>	<b>55,582</b>	<b>0</b>	<b>14,216</b>	<b>0</b>	<b>465,240</b>	<b>753,409</b>	<b>2,500</b>	<b>601,269</b>	<b>42,981</b>	<b>40,674</b>
Support services:												
Salaries of other professional staff										40,757	1,311	
Other salaries									38,500			
Personal services- employee benefits										156,907	3,388	3,047
Purchased professional and technical services				39,400				39,400				
Other purchased services										37,117		
Travel												
Supplies and materials							8,075	8,075		8,015	3,854	61
Other objects										500		
<b>Total support services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>39,400</b>	<b>0</b>	<b>8,075</b>	<b>0</b>	<b>47,475</b>	<b>38,500</b>	<b>243,296</b>	<b>8,553</b>	<b>3,108</b>
<b>Facilities acquisition and construction services</b>												
Instructional equipment								0				
Non-Instructional equipment							13,540	13,540				
<b>Total facilities acquisition and construction services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,540</b>	<b>0</b>	<b>13,540</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total expenditures</b>	<b>64,065</b>	<b>21,963</b>	<b>55,582</b>	<b>39,400</b>	<b>14,216</b>	<b>21,615</b>	<b>465,240</b>	<b>814,424</b>	<b>41,000</b>	<b>844,565</b>	<b>51,534</b>	<b>43,782</b>

06

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenue and Expenditures**  
**Budgetary Basis**  
**FOR THE FISCAL YEAR ENDED June 30, 2018**

	Carryover Title III English Language Enhanc.	Title III Language Instruction for Immigrant Students	Carryover 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
<b>REVENUES:</b>												
Local Sources												33,402
State Sources												814,424
Federal Sources		567	3	760,810	30,370	23,961		38,029	1,472	33,044	1,869,137	1,869,137
<b>Total revenues</b>	<b>0</b>	<b>567</b>	<b>3</b>	<b>760,810</b>	<b>30,370</b>	<b>23,961</b>	<b>0</b>	<b>38,029</b>	<b>1,472</b>	<b>33,044</b>	<b>1,869,137</b>	<b>2,716,963</b>
<b>EXPENDITURES:</b>												
Instruction:												
Salaries of teachers										2,925	551,252	885,012
Other salaries of instruction											129,932	255,484
Purchased professional, technical and educational svcs		137		699,804		23,961				4,800	729,314	963,898
Other purchased services											0	0
General supplies		430	3							24,045	31,345	84,171
Textbooks											0	19,669
Other objects											1,686	1,686
<b>Total instruction</b>	<b>0</b>	<b>567</b>	<b>3</b>	<b>699,804</b>	<b>0</b>	<b>23,961</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31,770</b>	<b>1,443,529</b>	<b>2,229,920</b>
Support services:												
Salaries of other professional staff										975	43,043	43,043
Other salaries											38,500	38,500
Personal services- employee benefits										299	163,641	163,641
Purchased professional and technical services				61,006	30,370			4,750			96,126	135,526
Other purchased services								32,759	1,472		71,348	71,348
Travel											0	420
Supplies and materials								520			12,450	20,525
Other objects											500	500
<b>Total support services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>61,006</b>	<b>30,370</b>	<b>0</b>	<b>0</b>	<b>38,029</b>	<b>1,472</b>	<b>1,274</b>	<b>425,608</b>	<b>473,503</b>
<b>Facilities acquisition and construction services</b>												
Instructional equipment											0	0
Non-Instructional equipment												13,540
<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>0</b>	<b>0</b>	<b>0</b>	<b>13,540</b>
<b>Total expenditures</b>	<b>0</b>	<b>567</b>	<b>3</b>	<b>760,810</b>	<b>30,370</b>	<b>23,961</b>	<b>0</b>	<b>38,029</b>	<b>1,472</b>	<b>33,044</b>	<b>1,869,137</b>	<b>2,716,963</b>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Preschool Education Aid Schedule of Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2018**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$334,529	333,760	769
Other Salaries for Instruction	125,806	125,552	254
Instructional Supplies	8,035	5,928	2,107
<b>Total instruction</b>	<u>468,370</u>	<u>465,240</u>	<u>3,130</u>
<b>Support services:</b>			
Other Purchased Professional Services	3,500		3,500
<b>Total support services</b>	<u>3,500</u>	<u>0</u>	<u>3,500</u>
<b>Total expenditures</b>	<u>\$471,870</u>	<u>465,240</u>	<u>6,630</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total Revised 2017-18 Preschool Education Aid Allocation	\$447,336
Add: Actual ECPA Carryover (June 30, 2017)	50,892
Add: Budgeted Transfer from the General Fund 2017-18	0
Total Preschool Education Aid Funds Available for 2017-18 Budget	498,228
Less: 2017-18 Budgeted Preschool Education Aid(Including prior year budgeted carryover)	(471,870)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018	26,358
Add: June 30, 2018 Unexpended Preschool Education Aid	6,630
Less: 2017-2018 Commissioner-approved Transfer to the General Fund	0
2017-18 Carryover - Preschool Education Aid/Preschool	<u>\$32,988</u>
2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs 2018-19	<u>\$26,358</u>

## 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, 2018**

	Food Service	Latchkey Program	2018
<b>ASSETS:</b>			
Cash and cash equivalents	\$91,245	91,857	183,102
Accounts Receivable:			
State	996		996
Federal	53,349		53,349
Other	4,780		4,780
Inventories	6,127		6,127
<b>Total Current Assets</b>	<u>156,497</u>	<u>91,857</u>	<u>248,354</u>
<b>Capital Assets:</b>			
Equipment	1,277,253	119,467	1,396,720
Accumulated depreciation	(609,746)	(54,357)	(664,103)
<b>Total capital assets</b>	<u>667,507</u>	<u>65,110</u>	<u>732,617</u>
<b>Total assets</b>	<u>824,004</u>	<u>156,967</u>	<u>980,971</u>
<b>LIABILITIES AND FUND EQUITY:</b>			
<b>Current liabilities:</b>			
Interfund accounts payable	80,657		80,657
Accounts payable	22,893		22,893
Unearned revenue	19,787		19,787
Compensated absences payable	33,160		33,160
<b>Total current liabilities</b>	<u>156,497</u>	<u>0</u>	<u>156,497</u>
<b>Net Position:</b>			
Unrestricted (Deficit)		91,857	91,857
Investment in capital assets	667,507	65,110	732,617
<b>Total net position</b>	<u>667,507</u>	<u>156,967</u>	<u>824,474</u>
<b>Total liabilities and net position</b>	<u>\$824,004</u>	<u>156,967</u>	<u>980,971</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, 2018**

	Food Service	Latchkey	2018
<b>OPERATING REVENUES:</b>			
Local Sources:			
Daily sales- reimbursable programs			
School lunch, breakfast, snack, summer program	\$325,876		325,876
Daily sales non- reimbursable programs	269,145		269,145
Miscellaneous	1,749		1,749
Special Functions	37,041		37,041
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	633,811	0	633,811
<b>OPERATING EXPENSES:</b>			
Salaries	558,153		558,153
Employee benefits	288,664		288,664
Tuition		2,625	2,625
Supplies & Materials	54,783		54,783
Depreciation	54,101	7,441	61,542
Cost of sales-Reimbursable programs	544,917		544,917
Cost of sales-Nonreimbursable programs	121,523		121,523
Other	29,311		29,311
	<hr/>	<hr/>	<hr/>
Total operating expenses	1,651,452	10,066	1,661,518
Operating income (loss)	<u>(1,017,641)</u>	<u>(10,066)</u>	<u>(1,027,707)</u>
<b>Nonoperating revenues:</b>			
State sources			
State school lunch program	16,314		16,314
Federal sources			
National school lunch program	706,688		706,688
National school breakfast program	140,063		140,063
Food Distribution Program	74,530		74,530
Interest revenue	574	261	835
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	938,169	261	938,430
Net income/(loss) before transfers	(79,472)	(9,805)	(89,277)
Transfers in (out)	77,098		77,098
Change in Net Position	<u>(2,374)</u>	<u>(9,805)</u>	<u>(12,179)</u>
Net Position, July 1	<hr/>	<hr/>	<hr/>
Net Position, July 1	669,881	166,772	836,653
Net Position, June 30	<u>\$667,507</u>	<u>\$156,967</u>	<u>\$824,474</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, 2018**

	Food Service	Latchkey	2018
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$633,975		633,975
Cash payments to employees for services	(846,447)		(846,447)
Cash payments to suppliers for goods and services	(1,178,332)	(2,709)	(1,181,041)
<b>Net cash provided/(used) by operating activities</b>	<b>(1,390,804)</b>	<b>(2,709)</b>	<b>(1,393,513)</b>
<b>Cash flows from noncapital financing activities:</b>			
Cash received from state and federal reimbursements	867,431		867,431
Operating subsidies	77,098		77,098
<b>Net cash provided by noncapital financing activities</b>	<b>944,529</b>	<b>0</b>	<b>944,529</b>
<b>Cash flows from capital and related financing activities:</b>			
Purchases of capital assets	(29,679)		(29,679)
<b>Net cash (used) by capital and related financing activities</b>	<b>(29,679)</b>	<b>0</b>	<b>(29,679)</b>
<b>Cash flows from investing activities:</b>			
Interest on investments	574	261	835
<b>Net cash provided by investing activities</b>	<b>574</b>	<b>261</b>	<b>835</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(475,380)</b>	<b>(2,448)</b>	<b>(477,828)</b>
<b>Cash and cash equivalents, July 1</b>	<b>566,625</b>	<b>94,305</b>	<b>660,930</b>
<b>Cash and cash equivalents, June 30</b>	<b>\$91,245</b>	<b>91,857</b>	<b>183,102</b>
<b>Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:</b>			
Operating income/(loss)	(\$1,017,641)	(10,066)	(1,027,707)
<b>Adjustments to reconcile operating income/(loss) to cash provided (used) by operating activities:</b>			
Depreciation	54,101	7,441	61,542
Federal Commodities	74,530		74,530
<b>Change in assets and liabilities:</b>			
Decrease/(Increase) in accounts receivable	(2,025)		(2,025)
Decrease/(Increase) in inventory	2,678		2,678
(Decrease)/Increase in accounts payable	(505,118)	(84)	(505,202)
(Decrease)/Increase in interfund accounts payable	1,021		1,021
(Decrease)/Increase in unearned revenue	2,189		2,189
(Decrease)/Increase in compensated absence payable	(539)		(539)
<b>Net cash provided/(used) by operating activities</b>	<b>(1,390,804)</b>	<b>(2,709)</b>	<b>(1,393,513)</b>

## 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, 2018**

	Expendable Trusts		Agency		Total
	Scholarship	Unemployment	Student Activity	Payroll	
<b>ASSETS:</b>					
Cash and cash equivalents	\$43,430	336,819	270,812	143,219	794,280
<b>Total Assets</b>	<u>43,430</u>	<u>336,819</u>	<u>270,812</u>	<u>143,219</u>	<u>794,280</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable		6,331			6,331
Payroll deductions and withholdings				143,219	143,219
Due to student groups			270,812		270,812
<b>Total Liabilities</b>	<u>0</u>	<u>6,331</u>	<u>270,812</u>	<u>143,219</u>	<u>420,362</u>
<b>Net Position:</b>					
Reserved - Expendable Trust					
Unemployment		330,488			330,488
Scholarship	43,430				43,430
<b>Total net position</b>	<u>43,430</u>	<u>330,488</u>	<u>0</u>	<u>0</u>	<u>373,918</u>
<b>Total liabilities and net position</b>	<u>\$43,430</u>	<u>336,819</u>	<u>270,812</u>	<u>143,219</u>	<u>794,280</u>

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

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$300,420	808,525	838,133	270,812
<b>Total assets</b>	<u><u>300,420</u></u>	<u><u>808,525</u></u>	<u><u>838,133</u></u>	<u><u>270,812</u></u>
<b>LIABILITIES:</b>				
Due to student groups	300,420	808,525	838,133	270,812
<b>Total liabilities</b>	<u><u>\$300,420</u></u>	<u><u>808,525</u></u>	<u><u>838,133</u></u>	<u><u>270,812</u></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, 2018**

	2018
<b>OPERATING REVENUES:</b>	
Local sources:	
Scholarship receipts	\$1,652
Interest on investments	128
Total operating revenues	1,780
 <b>OPERATING EXPENSES:</b>	
Scholarship payments	3,550
Total operating expenses	3,550
Operating (loss)	(1,770)
Net (Loss)	(1,770)
Net Position, July 1	45,200
Net Position, June 30	\$43,430

**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, 2018**

	2018
<b>OPERATING REVENUES:</b>	
Local sources:	
Interest on investments	\$895
Contributions	51,644
Total operating revenues	52,539
 <b>OPERATING EXPENSES:</b>	
Payments of unemployment claims	34,179
Total operating expenses	34,179
Operating Income	18,360
Net Income	18,360
Net Position, July 1	312,128
Net Position, June 30	\$330,488



**TOWN OF HAMMONTON SCHOOL DISTRICT  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year ended June 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
ECEC	\$18,243	24,037	24,636	17,644
Elementary School	25,154	54,869	48,705	31,318
Middle School	58,451	122,934	128,279	53,106
Middle School Athletics	84	4,503	4,553	34
High School Students	186,971	499,726	519,776	166,921
High School Athletics	11,517	102,456	112,184	1,789
<b>Total all schools</b>	<b><u>\$300,420</u></b>	<b><u>808,525</u></b>	<b><u>838,133</u></b>	<b><u>270,812</u></b>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year ended June 30, 2018**

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$246,833	15,284,003	15,387,617	143,219
<b>Total assets</b>	<u>246,833</u>	<u>15,284,003</u>	<u>15,387,617</u>	<u>143,219</u>
<b>LIABILITIES:</b>				
Payroll deductions and withholdings	246,833	15,284,003	15,387,617	143,219
<b>Total liabilities</b>	<u>\$246,833</u>	<u>15,284,003</u>	<u>15,387,617</u>	<u>143,219</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, 2018**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2017	Issued	Retired	Balance June 30, 2018
			Date	Amount					
Refunding School Bonds	5/11/16	\$ 7,050,000	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%				
					6,990,000		25,000	6,965,000	
Refunding School Bonds	3/23/10	10,890,000	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%				
Reroofing & addition alterations to the Middle School	4/15/06	2,614,000	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%				
					1,049,000		195,000	854,000	
Various Improvements to W.E.S. Elementary School	6/24/10	11,800,000	7/1/18-20	550,000	3.500%	8,850,000	(6,650,000)	550,000	1,650,000
Refunding School Bonds W.E.S. Elementary School	12/20/17	6,695,000	7/1/21-24	605,000	4.000%				
			7/1/25-26	660,000	4.000%				
			7/1/27	710,000	4.000%				
			7/1/28	705,000	3.000%				
			7/1/29	750,000	3.000%				
			7/1/30	790,000	3.000%				
						6,695,000		6,695,000	
						<u>\$24,409,000</u>	<u>45,000</u>	<u>1,505,000</u>	<u>22,949,000</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$1,735,360	0	1,735,360	1,735,360	0
	<u>1,735,360</u>	<u>0</u>	<u>1,735,360</u>	<u>1,735,360</u>	<u>0</u>
State Sources:					
Debt Service Aid Type II	388,407	0	388,407	388,407	0
	<u>388,407</u>	<u>0</u>	<u>388,407</u>	<u>388,407</u>	<u>0</u>
Total - State Sources	<u>388,407</u>	<u>0</u>	<u>388,407</u>	<u>388,407</u>	<u>0</u>
<b>Total Revenues</b>	<u>2,123,767</u>	<u>0</u>	<u>2,123,767</u>	<u>2,123,767</u>	<u>0</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	890,768	0	890,768	866,545	(24,223)
Redemption of Principal	1,505,000	0	1,505,000	1,505,000	0
	<u>2,395,768</u>	<u>0</u>	<u>2,395,768</u>	<u>2,371,545</u>	<u>(24,223)</u>
<b>Total expenditures</b>	<u>2,395,768</u>	<u>0</u>	<u>2,395,768</u>	<u>2,371,545</u>	<u>(24,223)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(272,001)	0	(272,001)	(247,778)	24,223
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	272,000		272,000	272,000	0
	<u>272,000</u>	<u>0</u>	<u>272,000</u>	<u>272,000</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(1)	0	(1)	24,222	24,223
Fund Balance, July 1	1	(1)	0	87,703	87,703
Fund Balance, June 30	<u>\$0</u>	<u>(1)</u>	<u>(1)</u>	<u>111,925</u>	<u>111,926</u>
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance	<u>(\$1)</u>		<u>(1)</u>		<u>1</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*

	2009	2010	2011	(Restated) 2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets	19,768,759	8,040,999	8,417,262	8,693,209	8,768,081	10,324,981	12,924,025	13,211,245	13,356,794	12,501,011
Restricted	6,098,093	7,393,396	8,283,302	8,342,783	9,465,074	8,301,948	8,202,910	8,566,519	7,846,385	7,998,797
Unrestricted (Deficit)	(4,562,794)	(4,462,950)	(4,246,702)	(4,878,582)	(5,958,393)	(4,433,909)	(17,770,393)	(18,940,740)	(19,419,775)	(19,306,209)
<b>Total governmental activities net position</b>	<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>	<u>1,783,404</u>	<u>1,193,599</u>
<b>Business-type activities</b>										
Net investment in capital assets	212,338	168,986	147,804	256,944	316,848	266,964	347,927	310,114	764,480	732,617
Restricted						140,000	50,000	-		
Unrestricted	438,281	611,144	710,498	690,714	622,398	542,246	525,085	653,613	72,173	91,857
<b>Total business-type activities net position</b>	<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>	<u>836,653</u>	<u>824,474</u>
<b>District-wide</b>										
Net investment in capital assets	19,981,097	8,209,985	8,565,066	8,950,153	9,084,929	10,591,945	13,271,952	13,521,359	14,121,274	13,233,628
Restricted	6,098,093	7,393,396	8,283,302	8,342,783	9,465,074	8,441,948	8,252,910	8,566,519	7,846,385	7,998,797
Unrestricted (Deficit)	(4,124,513)	(3,851,806)	(3,536,204)	(4,187,868)	(5,335,995)	(3,891,663)	(17,245,308)	(18,287,127)	(19,347,602)	(19,214,352)
<b>Total district net position</b>	<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>	<u>2,620,057</u>	<u>2,018,073</u>

Source: CAFR Schedule A-1

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction										
Regular	20,399,302	21,833,680	21,995,805	22,343,706	23,104,424	23,211,784	23,340,075	23,616,748	25,253,408	35,850,496
Special education	3,616,097	3,685,328	3,776,332	4,146,570	4,471,670	4,118,687	4,044,510	3,930,847	4,594,059	6,634,800
Other instruction	1,237,852	1,338,591	1,126,267	1,450,845	1,579,809	1,544,098	1,742,035	1,859,616	1,989,960	2,365,023
Support Services:										
Tuition	689,630	627,344	820,226	1,349,883	1,631,360	1,809,423	1,972,518	2,240,798	3,228,284	2,318,045
Student & instruction related services	4,896,573	5,467,848	5,065,316	5,688,499	6,446,175	6,248,551	6,795,710	6,502,957	6,727,957	9,214,405
General administrative services	1,060,889	970,211	872,481	810,159	799,956	908,255	890,705	905,976	940,450	1,032,113
School administrative services	2,635,498	2,928,115	2,652,668	2,555,242	2,551,495	2,532,936	2,413,952	2,535,640	2,709,324	3,740,802
Business administrative services	1,294,613	1,175,899	870,618	968,567	1,016,998	1,020,546	970,690	1,428,241	1,216,390	1,962,460
Plant operations and maintenance	4,464,788	4,419,129	4,639,128	4,214,054	3,950,396	4,259,158	4,321,308	4,794,990	5,029,133	5,748,212
Pupil transportation	1,899,215	1,939,813	1,919,705	2,095,802	2,179,395	2,180,090	2,196,897	2,358,823	2,573,389	2,972,101
Capital Outlay										
Interest on long-term debt	984,436	978,539	1,303,565	1,242,891	1,200,898	1,167,844	1,132,063	1,109,565	623,150	828,638
Unallocated depreciation										
<b>Total governmental activities expenses</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>54,885,504</b>	<b>72,667,095</b>
<b>Business-type activities:</b>										
Food service	1,217,002	1,263,475	1,328,841	1,401,364	1,521,362	1,597,799	1,571,045	1,575,856	1,706,805	1,651,452
Child Care	69,604	87,504	101,050	88,896	99,632	93,032	112,572	78,190	8,630	10,066
<b>Total business-type activities expense</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>1,715,435</b>	<b>1,661,518</b>
<b>Total district expenses</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>56,600,939</b>	<b>74,328,613</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	9,975,782	9,883,460
Transportation fees from other LEA's					106,688	89,274	72,947	94,371	108,371	84,489
Operating grants and contributions	4,879,173	5,484,198	5,474,420	6,026,604	6,692,741	6,204,617	6,115,780	5,604,529	2,722,657	19,056,324
Capital grants and contributions										
<b>Total governmental activities program revenues</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>12,806,810</b>	<b>29,024,273</b>
<b>Business-type activities:</b>										
Charges for services										
Food service	737,605	775,789	762,141	731,502	711,676	722,274	695,274	709,738	654,159	633,811
Child care	95,832	85,874	86,676	95,865	108,506	116,366	117,173	83,433	25	
Operating grants and contributions	534,146	612,206	649,340	741,431	789,090	860,941	843,503	900,247	932,864	937,595
Capital grants and contributions										
<b>Total business type activities program revenues</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>1,587,048</b>	<b>1,571,406</b>
<b>Total district program revenues</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>14,393,858</b>	<b>30,595,679</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental activities</b>	<b>(38,299,720)</b>	<b>(39,880,299)</b>	<b>(39,567,691)</b>	<b>(40,839,614)</b>	<b>(32,101,741)</b>	<b>(32,338,785)</b>	<b>(33,777,121)</b>	<b>(35,427,933)</b>	<b>(42,078,694)</b>	<b>(43,642,822)</b>
<b>Business-type activities</b>	<b>80,977</b>	<b>122,890</b>	<b>68,266</b>	<b>78,538</b>	<b>(11,722)</b>	<b>8,750</b>	<b>(27,667)</b>	<b>39,372</b>	<b>(128,387)</b>	<b>(90,112)</b>
<b>Total district-wide net expense</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>	<b>(42,207,081)</b>	<b>(43,732,934)</b>



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

	2009	2010	2011	(Restated) 2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	15,551,044	15,754,360	15,873,706	15,868,258	16,147,974	16,212,385	16,506,429	16,506,429	17,224,826	17,665,378
Taxes levied for debt service	1,472,365	1,457,168	1,457,168	1,457,168	1,498,206	1,498,206	1,673,376	2,083,577	1,831,416	1,735,360
Unrestricted grants and contributions	11,953,996	12,612,680	11,993,921	13,328,842	14,349,088	16,376,166	16,882,546	15,918,801	21,731,505	23,450,750
Tuition Received	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	374,232	268,006	108,808	65,528						
Premium on BANS		86,725								
Investment earnings	29,673	82,818	136,986	122,949	36,456	13,302	17,799	17,502	16,964	17,244
Miscellaneous income	555,375	148,088	474,787	169,439	184,997	156,984	190,592	323,399	187,796	152,787
Canceled accounts payable prior year		1,913		361,812	2,372		1,763			
Prior year adjustment	(294,815)							58,707	32,567	108,596
Transfer to cover deficit										(77,098)
Prior year depreciation adjustment										
<b>Total governmental activities</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>41,025,074</b>	<b>43,053,017</b>
<b>Business-type activities:</b>										
Investment earnings	3,953	6,621	9,906	10,943	3,310	1,214	1,469	1,343	1,313	835
Transfer to cover deficit										77,098
<b>Total business-type activities</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>1,313</b>	<b>77,933</b>
<b>Total district-wide</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>41,026,387</b>	<b>43,130,950</b>
<b>Change in Net Position</b>										
Governmental activities	15,355,479	(10,332,613)	1,482,417	(82,215)	117,352	1,918,258	1,495,384	(519,518)	(1,053,620)	(589,805)
Business-type activities	84,930	129,511	78,172	89,481	(8,412)	9,964	(26,198)	40,715	(127,074)	(12,179)
<b>Total district</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>	<b>(1,180,694)</b>	<b>(601,984)</b>

Source: CAFR Schedule A-2

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Restricted			6,571,595	8,019,117	8,080,045	8,029,844	7,951,568	8,278,946	5,911,737	5,649,881
Assigned					1,057,814	316,838	300,000	332,306	1,892,463	2,236,991
Committed			379,814	195,926	82,586	82,644	85,195	86,444	31,018	
Unassigned (Deficit)			(361,174)	(709,662)	(994,931)	(791,592)	(460,749)	(840,528)	(718,405)	(1,154,738)
Reserved	3,884,621	5,706,667								
Unreserved (Deficit)	(775,524)	(609,351)								
<b>Total general fund</b>	<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>	<u>7,116,813</u>	<u>6,732,134</u>
<b>All Other Governmental Funds</b>										
Restricted (Deficit)			1,697,081	161,833	139,902	(44,734)	(48,658)	(44,733)	(45,518)	
Assigned						789,814	236,323	346,263	87,703	111,925
Committed			14,626							
Unassigned (Deficit)			(48,032)	134,027						(44,734)
Reserved	2,232,790	1,737,244								
Unreserved, reported in:										
Special revenue fund (Deficit)	(45,752)	(46,531)								
Debt service fund										
<b>Total all other governmental funds</b>	<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>	<u>42,185</u>	<u>67,191</u>

Source: CAFR Schedule B-1

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax levy	17,023,409	17,211,528	17,330,874	17,325,426	17,646,180	17,710,591	18,179,805	18,590,006	19,056,242	19,400,738
Tuition charges	10,332,988	10,935,928	11,004,932	10,763,744	10,031,406	10,368,696	9,854,615	10,157,368	9,972,782	9,882,710
Tuition from individuals									3,000	750
Transportation fees from other LEA's	374,232	268,006	108,608	65,528	106,688	89,274	72,947	94,371	108,371	84,489
Authorized bond proceeds	13,680,341									
Premium on BANS		86,725								
Interest earnings	29,673	82,818	136,986	122,949	36,456	13,302	17,799	17,502	16,964	17,244
Miscellaneous	555,375	148,088	474,787	169,439	184,997	156,984	190,592	323,399	187,796	152,787
Local sources	845	15,090	24,821	30,732	39,102	38,541	44,422	36,561	29,382	33,402
State sources	15,495,103	14,066,255	15,324,843	17,153,603	19,234,007	20,690,437	21,777,444	21,629,304	22,503,418	24,155,112
Federal sources	1,337,221	4,015,534	2,118,677	2,171,111	1,768,721	1,851,806	2,228,162	1,927,222	1,921,362	1,989,899
<b>Total revenue</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>53,799,317</b>	<b>55,717,131</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	14,514,741	15,737,602	16,000,702	15,953,026	15,988,102	16,429,630	17,030,103	17,292,906	17,475,579	17,313,000
Special education instruction	2,715,445	2,768,922	2,775,736	2,991,466	3,114,831	2,996,318	2,833,375	2,820,809	3,126,747	3,230,194
Other instruction	917,775	984,650	832,708	1,034,069	1,096,932	1,102,996	1,311,181	1,396,175	1,412,019	1,422,249
<b>Support Services:</b>										
Tuition	480,244	430,965	562,886	907,174	1,064,516	1,216,548	1,375,645	1,581,196	2,146,504	2,318,045
Student & instruction related services	3,855,442	4,288,327	3,987,763	4,508,703	5,019,181	4,972,797	5,025,883	4,876,964	4,738,094	4,785,537
General administrative services	940,582	838,312	751,321	683,550	659,991	775,753	771,690	789,706	797,759	737,601
School Administrative services	1,884,748	2,055,120	1,862,916	1,769,802	1,707,374	1,744,611	1,729,060	1,832,249	1,838,160	1,859,910
Plant operations and maintenance	3,981,895	3,868,452	3,143,460	3,319,292	3,172,144	3,450,414	3,577,016	4,043,281	4,127,997	4,331,123
Pupil transportation	1,480,764	1,571,381	1,576,219	1,720,327	1,738,395	1,772,024	1,715,234	1,765,000	1,898,312	1,925,262
Business administrative services	1,044,682	907,958	654,854	715,728	722,338	740,424	725,770	840,089	903,574	918,505
Unallocated employee benefits	8,526,385	9,598,786	9,348,170	10,440,306	11,260,668	11,233,264	11,214,715	12,229,786	13,624,521	14,423,298
Capital outlay	12,198,110	983,768	1,303,782	725,012	484,015	1,970,512	2,896,801	803,399	332,353	472,033
<b>Debt service:</b>										
Principal	649,953	643,953	1,270,000	1,205,000	1,235,000	1,310,000	1,330,000	1,365,000	1,515,000	1,505,000
Interest and other charges	1,005,236	976,798	1,139,830	1,263,417	1,222,267	1,186,942	1,150,211	1,102,861	894,965	866,545
<b>Total expenditures</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>54,831,584</b>	<b>56,108,302</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</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>(1,032,267)</b>	<b>(391,171)</b>
<b>Other Financing sources (uses)</b>										
Prior year adjustment	(294,815)									
Canceled accounts payable prior year		1,913		361,812	2,372		1,763	58,707	32,567	108,596
Canceled bond proceeds				(1,380,341)						
Capital leases (non-budgeted)		315,003	151,700							
Transfers in		93,176	818,799	724,837	413,100	1,953,850	1,167,967		626,524	272,000
Transfers out		(93,176)	(818,799)	(724,837)	(413,100)	(1,953,850)	(1,167,967)		(626,524)	(349,098)
<b>Total other financing sources (uses)</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>32,567</b>	<b>31,498</b>
<b>Net change in fund balances</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>(999,700)</b>	<b>(359,673)</b>
<b>Debt service as a percentage of noncapital expenditures</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>	<b>4.42%</b>	<b>4.26%</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
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
2017	16,921	9,975,782	108,371	187,796	10,288,870
2018	17,244	9,883,460	84,489	152,787	10,137,980

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 *	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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	870,020,062	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	1,345,322,069
2017	28,768,600	982,882,600	39,759,200	6,642,400	273,798,800	17,815,100	13,916,400	1,363,583,100	15,000		1,363,568,100	1.423	1,366,061,706
2018	27,671,800	985,192,700	39,471,000	6,699,500	272,919,900	17,828,900	13,670,200	1,363,454,000	47,500		1,363,406,500	1.442	1,371,361,775

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Fiscal Year Ended June 30,	Town of Hammonton Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Town of Hammon- ton	Atlantic County	
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
2017	1.296	0.127	1.423	0.677	0.558	2.658
2018	1.322	0.120	1.442	0.698	0.556	2.696

Source: District Records and Municipal Tax Collector

**Note:** NJSIA 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*

112

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
NJ Manufacturers Ins. Comp	26,918,400	1	1.97%			
Rt 206 Inc.	9,138,200	2	0.67%			
Kramer Beverage Real Estate LLC	9,000,000	3	0.66%			
CT07-75 SWH LLC & DT07-75 SWH LLC	8,488,900	4	0.62%			
Atlantic Health Land Holding LLC	8,358,900	5	0.61%			
Wal-Mart RE Business Trust	7,939,200	6	0.58%			
1001 Grant LLC	7,200,000	7	0.53%			
Peachtree LLC	6,367,800	8	0.47%			
Pyramid Healthcare Inc.	4,981,800	9	0.37%			
Bellevue Property Group	3,650,500	10	0.27%			
Kramer Beverage Co. LLC				7,800,500	1	0.92%
Alan Litt Exchange, LLC				6,601,600	2	0.78%
FR Grand Avenue LLC				6,500,000	3	0.77%
Rt 206 Inc				6,065,300	4	0.72%
1001 Grand Ave Assoc, LP				5,259,600	5	0.62%
ARG Hammonton Holdings LLC				5,186,100	6	0.61%
Wal-mart RE Bus. Trust				4,658,700	7	0.55%
Peachtree LLC				3,440,600	8	0.41%
Bell Atlantic				3,310,989	9	0.39%
Bellevue Property Group				2,291,100	10	0.27%
<b>Total</b>	<b>92,043,700</b>		<b>6.75%</b>	<b>51,114,489</b>		<b>6.04%</b>

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	
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%	
2017	19,056,242	19,056,242	100%	
2018	19,400,738	19,400,738	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)			
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
2017	24,409,000		-		24,409,000	0.179%	43,695
2018	22,949,000		-		22,949,000	0.193%	44,254

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*

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
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
2017	24,409,000		24,409,000	1.79%	1,659
2018	22,949,000		22,949,000	1.68%	1,560

**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, 2018**  
**Unaudited**

<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	16,476,103	100.00%	16,476,103
<b>Other debt</b>			
Atlantic County	155,902,988	43.14%	<u>67,256,549</u>
Subtotal, overlapping debt			83,732,652
<b>Town of Hammonton School District Direct Debt</b>		100.00%	<u>22,949,000</u>
<b>Total direct and overlapping debt</b>			<u><u>106,681,652</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*

**Legal Debt Margin Calculation for Fiscal Year 2018**

Equalized valuation basis	
	2017 1,364,113,745
	2016 1,351,724,801
	2015 <u>1,335,616,438</u>
	<b>[A]</b> <u>4,051,454,984</u>
Average equalized valuation of taxable property	<b>[A/3]</b> 1,350,484,995
Debt limit (4 % of average	<b>[B]</b> 54,019,400 a
Net bonded school debt	<b>[C]</b> <u>22,949,000</u>
Legal debt margin	<b>[B-C]</b> <u>31,070,400</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	57,358,013	59,620,835	60,462,261	58,715,336	57,352,146	54,542,599	53,257,474	52,838,736	53,367,430	54,019,400
Total net debt applicable to limit	<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>	<u>24,409,000</u>	<u>22,949,000</u>
Legal debt margin	<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>	<u>28,958,430</u>	<u>31,070,400</u>
Total net debt applicable to the limit as a percentage of debt limit	38.35%	55.88%	53.83%	53.37%	52.49%	52.79%	51.57%	49.39%	45.74%	42.48%

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

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

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
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%
2017	14,428	630,431	43,695	6.90%
2018	14,369	635,886	44,254	6.50%

**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*

<u>Employer</u>	<u>2017</u>			<u>2008</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%
	-		-	-		-

119

**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*

<u>Function/Program</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>	<u>2017</u>	<u>2018</u>
<b>Instruction</b>										
Regular	213.0	213.0	208.0	203.6	191.0	199.5	199.5	199.5	199.5	200.0
Special education	95.0	96.0	86.0	62.0	66.0	60.0	60.0	60.0	60.0	63.0
Other special education				13.0	9.0	8.0	8.0	8.0	8.0	9.0
Vocational	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Support Services:</b>										
Tuition										
Student & instruction related services	42.0	45.0	42.0	65.4	83.0	82.0	82.0	82.0	82.0	74.0
General administrative services	6.5	6.0	4.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School administrative services	32.5	33.0	24.0	24.5	24.5	24.5	24.5	24.5	24.5	25.8
Business administrative services	11.5	10.0	8.0	9.0	10.0	9.5	9.5	9.5	9.8	9.9
Plant operations and maintenance	47.5	45.5	44.0	44.6	44.2	44.3	44.3	44.3	44.5	44.5
Pupil transportation	36.5	41.0	39.0	40.0	42.0	42.0	42.0	42.0	52.0	52.0
Food Service	19	19.5	19.5	19.0	19.0	21.0	21.0	21.0	30.0	30.0
Child Care	4	4	4	4	4.0	3.0	3.0	-	-	-
<b>Total</b>	<b>508</b>	<b>514</b>	<b>481</b>	<b>490</b>	<b>498</b>	<b>499</b>	<b>499</b>	<b>496</b>	<b>515</b>	<b>513</b>

Source: District Personnel Records

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

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				
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%
2017	3,587	54,262,354	15,128	9.45%	270	1:15	1:12	1:14	3,581	3,360	-1.27%	93.83%
2018	3,495	71,838,457	20,555	35.88%	274	1:15	1:12	1:14	3,495	3,286	-2.40%	94.02%

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*

<u>District Building</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<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	418	432	451	408	413	383	384	372	367	357
<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	809	840	873	907	933	979	962	923	920	886
<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	849	827	811	823	816	817	868	926	922	873
<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	1,319	1,335	1,415	1,427	1,443	1,450	1,387	1,409	1,378	1,379
<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, 2018**

  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*

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

School Facilities	Project # (s)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
High School	SP99341L	330,661	147,195	286,799	187,754	170,105	262,752	426,596	297,036	286,839	741,117
Middle School	N/A	196,224	94,181	110,111	278,713	200,192	101,463	76,895	275,677	458,967	185,744
Elementary School	N/A	164,161	56,446	74,101	92,894	61,900	82,776	82,863	107,882	178,236	110,030
Early Childhood Center	SP99343	63,370	37,553	38,188	54,277	40,744	72,212	49,524	48,227	45,154	44,450
<b>Total School Facilities</b>		<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>	<u>969,196</u>	<u>1,081,341</u>
<b>Other Facilities</b>											
<b>Grand Total</b>		<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>	<u>969,196</u>	<u>1,081,341</u>

**TOWN OF HAMMONTON SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2018**  
**Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
Atlantic & Cape May Counties Association of School Business Officials Joint Insurance Fund effective July 1, 2018		
Property Package, Blanket Limit	170,000,000	500
Environmental Package	3,000,000	25,000
Extra Expense	Incl. in Limit	500
Valuable Papers	Incl. in Limit	500
Business Income/Tuition	Incl. in Limit	500
Boiler & Machinery	125,000,000	
Equipment Breakdown	Incl. in Limit	500
Cont. Business Income	Actual Loss	500
Spoilage/Contamination	1,000,000	500
Terrorism	50,000,000	
Employee Dishonesty	500,000	500
Money & Securities	500,000	500
Computer Fraud	500,000	500
Cyber Liability	1,000,000	25,000
General Liability	20,000,000	
Automobile Liability	20,000,000	
Auto Phys. Damage	ACV Basis RC 12 years or newer	500
Workers' Compensation and Supplemental Indemnity		
Workers' Compensation Part #1	Statutory	
Employers' Liability Part #2		
Each Accident/Each Employee/Limit by Disease	10,000,000	
School Leaders Errors and Omissions Liability	20,000,000	
Surety Bond - RLI Insurance Company	25,000	
Business Administrator - Barbara S. Prettyman		

Source: District Records.

**Single Audit Section**

# NIGHTLINGER, COLAVITA & VOLPA

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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, 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 year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the of Education of the Town of Hammonton School District's basic financial statements, and have issued our report thereon dated January 22, 2019.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Hammonton Board of Education's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 no 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.

### **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  
January 22, 2019

# **NIGHTLINGER, COLAVITA & VOLPA**

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## **REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2018. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its 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 programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and 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 the Town of Hammonton Board of Education's compliance.

## 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

## 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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Hammonton Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Treasury 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 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 January 22, 2019. 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 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  
January 22, 2019



TOWN OF HAMMONTON SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year Ended June 30, 2018

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 6/30/17	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures (A)	Unearned Revenue 6/30/18	(Accounts Receivable) 6/30/18	Due to Grantor at 6/30/18
<b>U.S. Department of Education</b>												
General Fund:												
Medical Assistance Program	93.778	1805NJ5MAP	N/A	121,330	07/01/17-06/30/18			121,330	(121,330)			
Total General Fund						-	0	121,330	(121,330)	0	0	0
<b>U.S. Department of Agriculture</b>												
Passed-through State Department of Education:												
Enterprise Fund:												
Non-Cash Assistance:												
Food Distribution Program Child Nutrition Cluster:	10.565	Unknown	N/A	75,079	07/01/17-06/30/18	1,665		75,079	(74,530)	2,214		
Cash Assistance:												
Summer Food Service Program	10.559	181NJ304N1099	N/A	14,483	07/01/17-06/30/18			14,483	(14,483)			
National School Lunch Program	10.555	181NJ304N1099	N/A	692,205	07/01/17-06/30/18			648,880	(692,205)		(43,325)	
National School Lunch Program	10.555	171NJ304N1099	N/A	692,787	07/01/16-06/30/17	(46,337)		46,337				
School Breakfast Program	10.553	181NJ304N1099	N/A	140,063	07/01/17-06/30/18			130,039	(140,063)		(10,024)	
School Breakfast Program	10.553	171NJ304N1099	N/A	138,250	07/01/16-06/30/17	(11,346)		11,346				
Total Enterprise Fund						(56,018)	0	926,164	(921,281)	2,214	(53,349)	0
<b>U.S. Department of Education</b>												
Passed-through State Department of Education:												
Special Revenue Fund:												
Elementary and Secondary Education Act (E.S.E.A.)												
Title I	84.010A	S010A170030	ESEA-1960-18	853,482	07/01/17-06/30/18			667,050	(844,565)		(177,515)	
Title I, Carryover	84.010A	S010A160030	ESEA-1960-17	851,571	07/01/16-06/30/17	(106,094)		146,938	(51,534)		(10,690)	
Title I, Carryover	84.010A	S010A150030	ESEA-1960-16	867,779	07/01/15-06/30/16	(2,700)		2,700				
Title II, Part A	84.367A	S367A170029	ESEA-1960-18	80,313	07/01/17-06/30/18			33,702	(38,029)		(4,327)	
Title II, Part A, Carryover	84.367A	S367A160029	ESEA-1960-17	66,421	07/01/16-06/30/17	(10,869)		12,341	(1,472)			
Title II, Part A, Carryover	84.367A	S367A150029	ESEA-1960-16	73,043	07/01/14-06/30/15	-		-				
Title III, English Lang Enhancement	84.365A	S365A170030	ESEA-1960-18	45,947	07/01/17-06/30/18			36,227	(43,782)		(7,555)	
Title III, Eng Lang Enhance, Carryover	84.365A	S365A160030	ESEA-1960-17	43,729	07/01/16-06/30/17	(310)		310	-			
Title III, Eng Lang Enhance, Carryover	84.365A	S365A150030	ESEA-1960-16	47,808	07/01/15-06/30/16	(1,917)		1,917				
Title III, Immigrant	84.365A	S365A170030	ESEA-1960-18	1,964	07/01/17-06/30/18			567	(567)		0	
Title III, Immigrant, Carryover	84.365A	S365A160030	ESEA-1960-17	2,259	07/01/16-06/30/17	(1)		4	(3)			
IDEA Cluster:												
IDEA Part B, Basic Regular	84.027A	H027A170100	IDEA-1960-18	786,352	07/01/17-06/30/18			670,768	(760,810)		(90,042)	
IDEA Part B, Basic Reg, Carryover	84.027A	H027A160100	IDEA-1960-17	809,887	07/01/16-06/30/17	(434,963)		465,333	(30,370)			
IDEA Part B, Preschool	84.173A	H173A150114	IDEA-1960-18	23,961	07/01/17-06/30/18			23,961	(23,961)			
IDEA Part B, Preschool, Carryover	84.173A	H173A160114	IDEA-1960-17	24,332	07/01/16-06/30/17	-		-				
Carl D. Perkins, Secondary	84.048A	V048A170030	PERK-1960-18	33,044	07/01/17-06/30/18			27,224	(33,044)		(5,820)	
Carl D. Perkins, Secondary	84.048A	V048A160030	PERK-1960-17	34,106	07/01/16-06/30/17	(7,208)		7,208				
Temporary Emergency Impact Aid	84.938C	S938C180005	HER-1960-18	41,000	07/01/17-06/30/18			-	(41,000)		(41,000)	
Total Special Revenue Fund						(564,062)	0	2,096,250	(1,869,137)	0	(336,949)	0
Total Federal Financial Awards						(620,080)	0	3,143,744	(2,911,748)	2,214	(390,298)	0

TOWN OF HAMMONTON SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year Ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance 6/30/17	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments for Prior Year Cancelled Encumbrances	Balance at June 30, 2018			MEMO		
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>														
<b>General Fund:</b>														
Equalization Aid	18-495-034-5120-078	\$12,131,023	07/01/17-06/30/18			12,131,023	(12,131,023)						1,117,769	12,131,023
Special Education Aid	18-495-034-5120-089	1,426,194	07/01/17-06/30/18			1,426,194	(1,426,194)						131,411	1,426,194
School Choice Aid	18-495-034-5120-068	1,993,663	07/01/17-06/30/18			1,993,663	(1,993,663)						183,699	1,993,663
Special Education Extraordinary Aid	18-100-034-5120-044	209,549	07/01/17-06/30/18				(209,549)		(209,549)					209,549
Special Education Extraordinary Aid	17-100-034-5120-044	212,050	07/01/16-06/30/17	(\$212,050)		212,050								
Nonpublic Transportation Aid	18-495-034-5120-014	12,760	07/01/17-06/30/18				(12,760)		(12,760)					12,760
Nonpublic Transportation Aid	17-495-034-5120-014	6,612	07/01/16-06/30/17	(6,612)		6,612								
Transportation Aid	18-495-034-5120-014	151,898	07/01/17-06/30/18			151,898	(151,898)						13,996	151,898
PARCC Readiness	18-495-034-5120-098	27,340	07/01/17-06/30/18			27,340	(27,340)						2,519	27,340
Per Pupil Growth Aid	18-495-034-5120-097	27,340	07/01/17-06/30/18			27,340	(27,340)						2,519	27,340
Security Aid	18-495-034-5120-084	151,790	07/01/17-06/30/18			151,790	(151,790)						13,986	151,790
Under Adequacy Aid	18-495-034-5120-096	500,000	07/01/17-06/30/18			500,000	(500,000)						46,071	500,000
Professional Learning Community Aid	18-495-034-5120-101	27,510	07/01/17-06/30/18			27,510	(27,510)						2,535	27,510
Host District Support Aid	18-495-034-5120-102	152	07/01/17-06/30/18			152	(152)						14	152
Lead Testing for Schools Aid	18-495-034-5120-104	6,281	07/01/17-06/30/18			6,281	(6,281)							6,281
TPAF Non-Contributory (On-Behalf - Non-Budgeted)	18-495-034-5094-002	2,940,927	07/01/17-06/30/18			2,940,927	(2,940,927)							
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)	18-495-034-5094-004	3,534	07/01/17-06/30/18			3,534	(3,534)							
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	18-495-034-5094-001	1,899,483	07/01/17-06/30/18			1,899,483	(1,899,483)							
Reimbursed TPAF														
Social Security Contributions	18-495-034-5094-003	1,533,925	07/01/17-06/30/18			1,533,925	(1,533,925)							1,533,925
Reimbursed TPAF														
Social Security Contributions	17-495-034-5095-003	1,503,931	07/01/16-06/30/17	(74,484)		74,484								
<b>Total General Fund</b>				<b>(293,146)</b>	<b>0</b>	<b>23,114,206</b>	<b>(23,043,369)</b>	<b>0</b>	<b>(222,309)</b>	<b>0</b>	<b>0</b>	<b>1,514,519</b>	<b>18,199,425</b>	

130

TOWN OF HAMMONTON SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year Ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance 6/30/17	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments for Prior Year Cancelled Encumbrances	Balance at June 30, 2018			MEMO		
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>														
Special Revenue Fund:														
Preschool Education Aid	18-495-034-5120-086	447,336	07/01/17-06/30/18		24,534	447,336	(465,240)							
Preschool Education Aid	17-495-034-5120-086	455,184	07/01/16-06/30/17	26,358						6,630		44,734	465,240	
Preschool Education Aid	16-495-034-5120-086	447,336	07/01/15-06/30/16	24,534	(24,534)					26,358				
N.J. Nonpublic Aid:														
Textbook Aid	18-100-034-5120-064	22,843	07/01/17-06/30/18			22,843	(19,669)				3,174		19,669	
Textbook Aid	17-100-034-5120-064	29,454	07/01/16-06/30/17	118				(118)						
Technology Aid	18-100-034-5120-373	15,429	07/01/17-06/30/18			15,429	(14,216)				1,213		14,216	
Technology Aid	17-100-034-5120-373	13,286	07/01/16-06/30/17	398				(398)						
Nursing Aid	18-100-034-5120-070	41,031	07/01/17-06/30/18			41,031	(39,400)				1,631		39,400	
Security Aid	18-100-034-5120-509	31,725	07/01/17-06/30/18			31,725	(21,615)				10,110		21,615	
Security Aid	17-100-034-5120-509	25,550	07/01/16-06/30/17	5,966				(5,966)						
Auxiliary Services:														
Compensatory Education	18-100-034-5120-067	131,990	07/01/17-06/30/18			131,990	(112,674)				19,316		112,674	
Compensatory Education	17-100-034-5120-067	134,370	07/01/16-06/30/17	50,702				(50,702)						
English as a Second Language	18-100-034-5120-067	3,071	07/01/17-06/30/18			3,071					3,071		0	
English as a Second Language	17-100-034-5120-067	3,197	07/01/16-06/30/17	2,558				(2,558)						
Handicapped Services:														
Examination & Classification	18-100-034-5120-066	77,726	07/01/17-06/30/18			77,726	(64,065)				13,661		64,065	
Examination & Classification	17-100-034-5120-066	81,942	07/01/16-06/30/17	14,765				(14,765)						
Corrective Speech	18-100-034-5120-066	27,677	07/01/17-06/30/18			27,677	(21,963)				5,714		21,963	
Corrective Speech	17-100-034-5120-066	34,015	07/01/16-06/30/17	9,542				(9,542)						
Supplemental Instruction	18-100-034-5120-066	64,230	07/01/17-06/30/18			64,230	(55,582)				8,648		55,582	
Supplemental Instruction	17-100-034-5120-066	69,839	07/01/16-06/30/17	17,578				(17,578)						
<b>Total Special Revenue Fund</b>				<b>152,519</b>	<b>0</b>	<b>863,058</b>	<b>(814,424)</b>	<b>(101,627)</b>	<b>0</b>	<b>32,988</b>	<b>66,538</b>	<b>44,734</b>	<b>814,424</b>	
<b>New Jersey School Development Authority</b>														
Capital Projects Fund:														
HVAC Replacement Project at the Middle School	1960-060-14-1002	1,503,611	4/10/14-Completion	(1,503,611)		1,503,611								
Window Upgrade Project at the Middle School	1960-060-14-1003	441,751	4/10/14-Completion	(46,501)		46,501								
				<b>(1,550,112)</b>	<b>0</b>	<b>1,550,112</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>State Department of Education</b>														
Debt Service Fund	17-495-034-5120-075	394,251	07/01/17-06/30/18			388,407	(388,407)						388,407	
<b>State Department of Agriculture</b>														
Enterprise Fund:														
State School Lunch Program	18-100-010-3350-023	16,314	07/01/17-06/30/18			15,318	(16,314)		(996)				16,314	
State School Lunch Program	17-100-010-3350-023	15,748	07/01/16-06/30/17	(1,028)		1,028								
				<b>(1,028)</b>	<b>0</b>	<b>16,346</b>	<b>(16,314)</b>	<b>0</b>	<b>(996)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,314</b>	
<b>Total State Financial Assistance</b>				<b>(\$1,691,767)</b>	<b>0</b>	<b>25,932,129</b>	<b>(24,262,514)</b>	<b>(101,627)</b>	<b>(223,305)</b>	<b>32,988</b>	<b>66,538</b>	<b>1,559,253</b>	<b>19,418,570</b>	
Less: On-Behalf Pension System Contributions:														
TPAF Non-Contributory (On-Behalf - Non-Budgeted)	18-495-034-5094-002						2,940,927							
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)	18-495-034-5094-004						3,534							
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	18-495-034-5094-001						1,899,483							
<b>Total for State Financial Assistance-Major Program Determination</b>							<b>(19,418,570)</b>							

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, 2018**

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. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey Treasury Circular OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

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 P.L. 2003, c.97 (A3521). 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.

See the following schedules and the Note to the Required Supplementary Information/Budget to GAAP Reconciliation (Exhibit C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the General Fund and the Special Revenue Fund.

**Town of Hammonton School District  
Notes to the Schedules of Financial Assistance  
June 30, 2018**

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

Federal and state award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
<b>State Assistance:</b>					
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$23,043,369	814,424	388,407	16,314	24,262,514
Difference – budget to "GAAP"					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		10,484			10,484
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(102,356)	784			(101,572)
<b>Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances</b>	<u>\$22,941,013</u>	<u>825,692</u>	<u>388,407</u>	<u>16,314</u>	<u>24,171,426</u>

**Town of Hammonton School District**  
**Notes to the Schedules of Financial Assistance**  
**June 30, 2018**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
<b>Federal Assistance:</b>				
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of Federal Awards	\$121,330	1,869,137	921,281	2,911,748
Difference – budget to “GAAP” Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(568)		(568)
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	<u>\$121,330</u>	<u>1,868,569</u>	<u>921,281</u>	<u>2,911,180</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, 2018. 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, 2018.

NOTE 6. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate Federal programs as defined in Uniform Guidance; 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, 2018

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)? \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553,10.555,10.559	181NJ304N1099	Child Nutrition Cluster

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, 2018  
(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>
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-068	School Choice Aid
18-495-034-5120-096	Under Adequacy Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-101	Professional Learning Community Aid
18-495-034-5120-102	Host District Support Aid



**TOWN OF HAMMONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(continued)**

**Section II - Financial Statement Findings**

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting 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 Treasury Circular 15-08 audit.

**Finding:** N/A

**Criteria or specific requirement:**

**Condition:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Views of responsible officials and planned corrective actions:**

**TOWN OF HAMMONTON SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(continued)**

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

**FEDERAL AWARDS    N/A**

**Finding:**

**Information on the federal program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Views of responsible officials and planned corrective actions:**

**STATE AWARDS    N/A**

**Finding:**

**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, 2018**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 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 Treasury Circular 04-04 and/or 15-08, as applicable.

**STATUS OF PRIOR - YEAR FINDINGS      N/A**

Condition:

Current Status: