

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, 2019

Comprehensive Annual Financial Report

of the

Town of Hammonton Board of Education

Hammonton, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

Town of Hammonton Board of Education

Business Administration

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Introductory Section

Hammonton Board of Education

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Website: www.hammontonps.org

ROBIN CHIECO
Superintendent of Schools

BARBARA S. PRETTYMAN
Business Administrator/Board Secretary

November 12, 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, 2019, 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 2018-2019 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>
2018-2019	3,515	.57
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

2) ECONOMIC CONDITION AND OUTLOOK: The cost per pupil a district allocates 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 three years, 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 2018-2019 Budgeted Costs Amount Per Pupil. Hammonton spends \$11,982 and is one of the lowest spending districts in the state.

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/NJSLA we have seen growth in most grade levels in both math and English language arts. For the 2019 NJSLA administration, 63% of Hammonton students met or exceeded expectation on NJSLA ELA 10, while the state average was 58%. AP Scores of students scoring a 3 or greater are 76 % for Hammonton High School with a state average of 69% and global average of 58%. 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 21st 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 2019-2020 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. Through the NJTSS Early Reading Grant, staff selected a new reading program to be implemented in grades K-4. Professional development in reading along with trauma informed instruction will be our 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 is our top priority. All building had upgraded cameras and camera decks installed for improved visibility of our facilities. Additionally, a traffic study was conducted to improve pedestrian and vehicular traffic patterns.

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. At the elementary level, the Wonders Reading Program was purchased for grades K-4 based on the results of the study completed 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 2019-2020 school year, we will continue to focus on teacher wellness and best practices. In addition, building level trauma teams have been established to implement trauma informed instructional practices throughout the district to better meet student needs. Professional development was completed for elementary teachers on the new reading program and will be on-going throughout the 2019-20 school year.

Technology: As a Choice district, Hammonton has upgraded the number of student devices in grades K-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, 2019.

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, 2019, the District's outstanding debt issues included \$21,399,000 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 Atlantic & Cape May Counties Association of School Business Officials Joint Insurance Fund (ACCASBO JIF). 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,

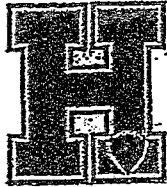
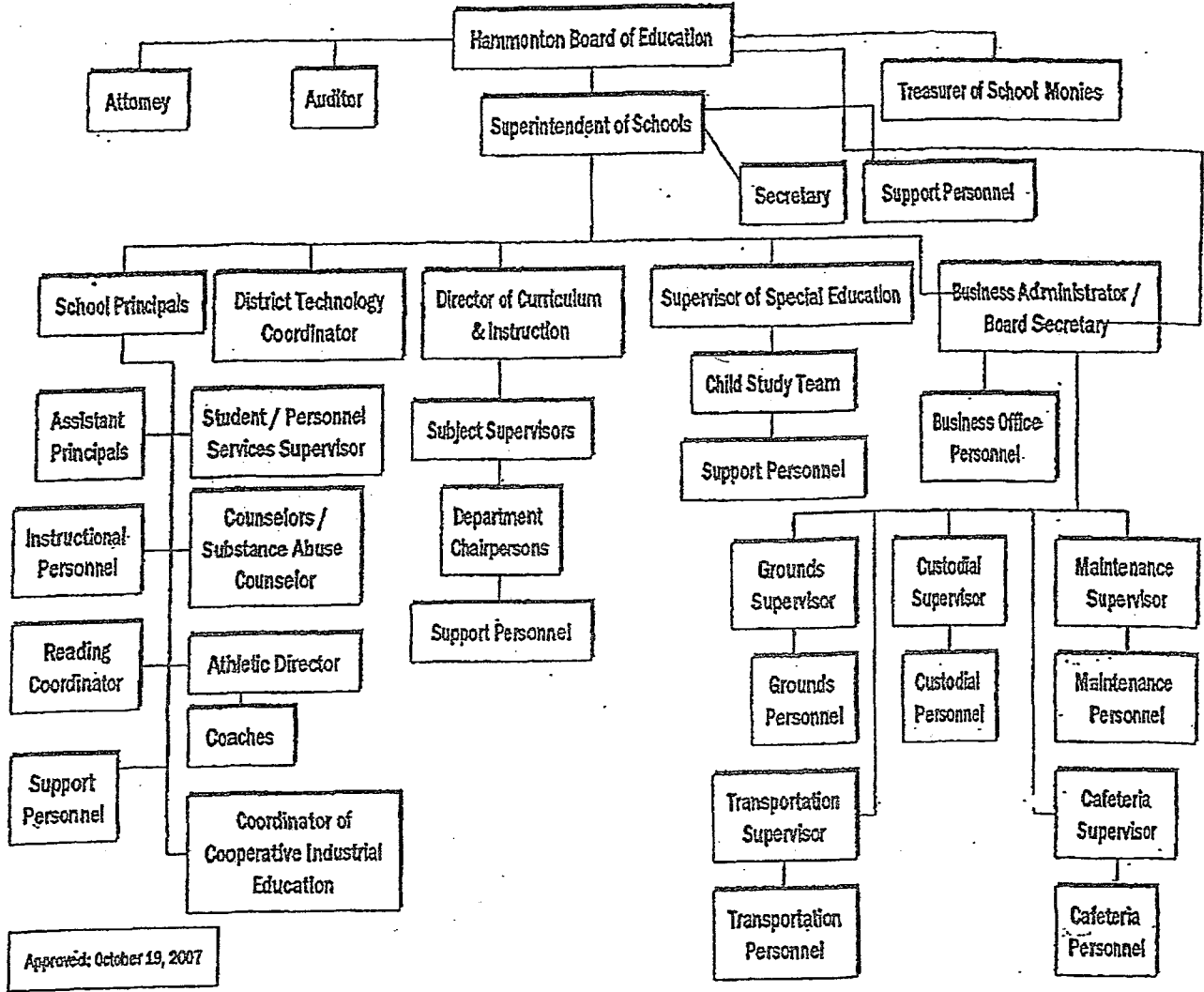


Robin Chieco
Superintendent



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, 2019

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Sam Mento III, President	2020
Thomas Attanasi, Vice President	2021
Barbara Berenato	2019
Linda Byrnes	2019
Kelli Fallon	2020
John Lyons	2019
Erica Polito	2021
Mickey Pullia	2021
Ray Scipione	2020
Al Pangia - Waterford Representative	2019
John Thomas - Folsom Representative	2019
<u>Other Officials</u>	
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
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Bond Counsel

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A Professional Association

Certified Public Accountants

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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, 2019, 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, 2019, 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 November 12, 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
November 12, 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, 2019. 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 \$2,912,329. This amount represents net position, which increased by \$894,256 from the previous year end.
- The District's total net position of governmental activities totaled \$2,079,361.
- General revenues accounted for \$47,131,231 in revenue, or 65% of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions and capital grants accounted for \$25,547,582 or 35% to total revenues of \$72,678,813.
- Total net assets of governmental activities increased by \$885,762 made up of changes in cash and cash equivalents, various receivables and various liabilities.
- The district had \$70,164,014 in governmental expenses, of which \$23,918,545 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 \$47,131,231 adequately provided for governmental activity programs.
- The General Fund had \$54,439,854 in revenues, \$353,275 in transfers and prior year adjustments and \$53,752,713 in expenditures. As a result, the General Fund balance increased by \$333,866.

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 2019 and 2018.

Table 1
Net Position

	<u>2019</u>	<u>2018</u>
Assets		
Current and other assets	\$8,370,440	7,658,956
Capital assets, net	34,893,755	36,182,628
Total assets	<u>43,264,195</u>	<u>43,841,584</u>
Deferred Outflows	<u>2,801,722</u>	<u>3,908,839</u>
Liabilities		
Long-term liabilities	36,055,291	39,719,819
Other liabilities	1,472,389	1,110,221
Total liabilities	<u>37,527,680</u>	<u>40,830,040</u>
Deferred Inflows	<u>5,625,908</u>	<u>4,902,310</u>
Net position		
Invested in capital assets	13,494,755	13,233,628
Restricted	7,972,155	7,998,797
Unrestricted	(18,554,581)	(19,214,352)
Total net position	<u>\$2,912,329</u>	<u>2,018,073</u>

Table 2
Changes in Net Position

	<u>2019</u>	<u>2018</u>
Revenues		
Program Revenues		
Charges for Services	\$10,048,463	10,601,760
Operating Grants and Contributions	15,499,119	19,993,919
General Revenues		
Property Taxes	19,649,695	19,400,738
Grants and Entitlements	27,271,37	23,450,750
Other	213,537	279,462
Total Revenues	<u>72,682,131</u>	<u>73,726,629</u>
Program Expenses		
Instruction	42,956,093	44,850,319
Support Services		
Tuition	2,737,676	2,318,045
Pupils and Instructional Staff	8,925,679	9,214,405
General Administration, School		
Administration, Business	6,209,978	6,735,375
Operation and Maintenance	5,471,043	5,748,212
Pupil Transportation	3,086,411	2,972,101
Interest on Debt	777,134	828,638
Business Type Activities	1,623,861	1,661,518
Total Expenses	<u>71,787,875</u>	<u>74,328,613</u>
Increase (Decrease) in Net Position	<u>\$894,256</u>	<u>(601,984)</u>

Business-type Activities

The District's business-type activities net position increased \$8,494 from the previous year end. Operating and non-operating revenues decreased \$16,984 and expenses decreased by \$37,657 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 2019</u>	<u>Net Cost of Services 2019</u>	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>
Revenues				
Instruction	\$42,956,093	22,767,220	44,850,319	20,591,812
Support services:				
Tuition	2,737,676	2,737,676	2,318,045	2,318,045
Pupils and instructional staff	8,925,679	6,924,464	9,214,405	6,684,715
General Administration, School				
Administration, Business	6,209,978	5,082,996	6,735,375	5,306,343
Plant operations/maintenance	5,471,043	5,186,744	5,748,212	5,354,415
Pupil transportation	3,086,411	2,769,235	2,972,101	2,558,854
Interest on long term debt	777,134	777,134	828,638	828,638
Total expenses	<u>70,164,014</u>	<u>46,245,469</u>	<u>72,667,095</u>	<u>43,642,822</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 \$59,139,908 and expenditures of \$58,888,048. The net change in fund balance for the year was an increase of \$251,860.

General Fund Budgetary Highlights

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the District had invested \$34.8 million in a broad range of capital assets, including land, buildings, improvements, machinery and equipment.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	411,908	324,908			411,908	324,908
Construction in progress	0	0			0	0
Site improvements	363,085	463,033			363,085	463,033
Bldgs and Bldg impr.	32,360,732	33,533,038			32,360,732	33,533,038
Machinery & equipment	1,082,216	1,129,032	675,814	732,617	1,758,030	1,861,649
Total	34,217,941	35,450,011	675,814	732,617	34,893,755	36,182,628

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 \$21,399,000.

	Balance 6/30/18	Issued	Retired	Balance 6/30/19
Governmental Activities				
Bonds payable	\$22,949,000		1,550,000	21,399,000
Compensated absences Payable	3,052,426	108,151		3,160,577
Total Governmental Activities	\$26,001,426	108,151	1,550,000	24,559,577
Business-type Activities				
Compensated absences Payable	\$33,160	2,432		35,592
Total Business-type Activities	\$33,160	2,432		35,592

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 \$55,314,536 of which \$33,915,536 or 61.31% 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 2019-2020 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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$7,228,032	255,098	7,483,130
Receivables, net	\$5,325	2,110	7,435
Due from other governments	\$825,991	48,113	874,104
Internal balances	\$76,673	(76,673)	
Inventory		5,771	5,771
Capital assets not being depreciated:			
Land and CIP	\$411,908		411,908
Capital assets, net of accumulated depreciation	<u>\$33,806,033</u>	<u>675,814</u>	<u>34,481,847</u>
Total Assets	<u>\$42,353,962</u>	<u>910,233</u>	<u>43,264,195</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	<u>\$2,801,722</u>	<u>0</u>	<u>2,801,722</u>
LIABILITIES			
Accounts payable	\$894,599	21,572	916,171
Accrued interest payable	\$345,880		345,880
Intergovernmental payable	\$99,128		99,128
Unearned revenue	\$91,109	20,101	111,210
Net Pension Liability	\$11,460,122		11,460,122
Noncurrent liabilities:			
Due within one year	\$1,651,870		1,651,870
Due beyond one year	<u>\$22,907,707</u>	<u>35,592</u>	<u>22,943,299</u>
Total liabilities	<u>\$37,450,415</u>	<u>77,265</u>	<u>37,527,680</u>
DEFERRED INFLOWS OF RESOURCES			
Refunding of Long Term Debt	\$540,216		540,216
Pension Deferred Inflows	<u>\$5,085,692</u>		<u>5,085,692</u>
	<u>\$5,625,908</u>	<u>0</u>	<u>5,625,908</u>
NET POSITION			
Net investment in capital assets	\$12,818,941	675,814	13,494,755
Restricted for:			
Other Purposes	\$7,972,155		7,972,155
Unrestricted (Deficit)	<u>(\$18,711,735)</u>	<u>157,154</u>	<u>(18,554,581)</u>
Total net position	<u>\$2,079,361</u>	<u>832,968</u>	<u>2,912,329</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2019

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	
Governmental activities:							
Instruction:							
Regular	\$26,811,514	7,862,657	9,293,534	9,521,092	(15,859,545)		(15,859,545)
Special education	4,509,931	1,400,573		1,174,844	(4,735,660)		(4,735,660)
Other instruction	1,771,718	599,700		199,403	(2,172,015)		(2,172,015)
Support services:							
Tuition	2,737,676				(2,737,676)		(2,737,676)
Student & instruction related services	6,914,621	2,011,058		2,001,215	(6,924,464)		(6,924,464)
School administrative services	2,763,308	902,269		791,884	(2,873,693)		(2,873,693)
General administrative services	879,633	139,281		100,096	(918,818)		(918,818)
Plant operations and maintenance	4,616,018	855,025		284,299	(5,186,744)		(5,186,744)
Pupil transportation	2,410,736	675,675	92,510	224,666	(2,769,235)		(2,769,235)
Business and other support services	1,164,790	360,697		235,002	(1,290,485)		(1,290,485)
Unallocated benefits	14,806,935	(14,806,935)			0		0
Interest on long-term debt	777,134				(777,134)		(777,134)
Total governmental activities	70,164,014	0	9,386,044	14,532,501	(46,245,469)		(46,245,469)
Business-type activities:							
Food Service	1,614,795		662,419	966,618		14,242	14,242
After School Program	9,066					(9,066)	(9,066)
Total business-type activities	1,623,861		662,419	966,618		5,176	5,176
Total primary government	\$71,787,875		10,048,463	15,499,119	(46,245,469)	5,176	(46,240,293)
General revenues:							
Taxes:							
					18,018,685		18,018,685
					1,631,010		1,631,010
					27,271,317		27,271,317
					84,757	3,318	88,075
					45,200		45,200
					80,262		80,262
Total general revenues, special items, adjustments, extraordinary items and transfers					47,131,231	3,318	47,134,549
Change in Net Position					885,762	8,494	894,256
Net Position—beginning					1,193,599	824,474	2,018,073
Net Position—ending					\$2,079,361	832,968	2,912,329

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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$4,884,254			24,223	4,908,477
Capital reserve cash	2,319,555				2,319,555
Interfund accounts receivable	149,437				149,437
Receivables, net	5,325				5,325
Receivables from other governments	458,874	367,117			825,991
Total assets	<u>7,817,445</u>	<u>367,117</u>	<u>0</u>	<u>24,223</u>	<u>8,208,785</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	716,283	178,316			894,599
Interfund payable		72,764			72,764
Due to other governments		99,128			99,128
Unearned revenue	35,162	55,947			91,109
Total liabilities	<u>751,445</u>	<u>406,155</u>	<u>0</u>	<u>0</u>	<u>1,157,600</u>
Fund Balances:					
Restricted:					
Capital Reserve	2,319,555				2,319,555
Maintenance Reserve	2,012,725				2,012,725
Emergency Reserve	319,800				319,800
Assigned:					
Encumbrances	279,416				279,416
Designated for subsequent year's expenditures	3,016,436			24,223	3,040,659
Unassigned:					
General fund (deficit)	(881,932)				(881,932)
Special revenue fund (deficit)		(39,038)			(39,038)
Total Fund balances	<u>7,066,000</u>	<u>(39,038)</u>	<u>0</u>	<u>24,223</u>	<u>7,051,185</u>
Total liabilities and fund balances	<u>\$7,817,445</u>	<u>367,117</u>	<u>0</u>	<u>24,223</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.	34,217,941
Pension Liabilities Net of Deferred Outflows & Inflows	(13,744,092)
Accrued interest payments on long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(345,880)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(25,099,793)</u>
Net position of governmental activities	<u>\$2,079,361</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local tax levy	\$18,018,685			1,631,010	19,649,695
Tuition charges	9,293,534				9,293,534
Transportation fees from other leas	92,510				92,510
Interest earned on capital reserves	35,683				35,683
Interest	49,074				49,074
Miscellaneous	45,200				45,200
Local sources		24,086			24,086
State sources	26,769,452	755,980		366,149	27,891,581
Federal sources	135,716	1,842,567			1,978,283
Total revenues	54,439,854	2,622,633	0	1,997,159	59,059,646
EXPENDITURES					
Current:					
Regular instruction	16,349,858	2,130,615			18,480,473
Special education instruction	3,195,304				3,195,304
Other instruction	1,512,463				1,512,463
Support services and undistributed costs:					
Tuition	2,737,676				2,737,676
Student & instruction related services	4,712,694	270,373			4,983,067
General administrative services	765,636				765,636
School administrative services	1,881,374	133,061			2,014,435
Plant operations and maintenance	4,083,227				4,083,227
Pupil transportation	2,118,636				2,118,636
Business and other support services	942,902				942,902
Unallocated Benefits	14,917,473	234,745			15,152,218
Debt service:					
Principal				1,550,000	1,550,000
Interest and other charges				806,861	806,861
Capital outlay	535,470	9,680			545,150
Total expenditures	53,752,713	2,778,474	0	2,356,861	58,888,048
Excess (Deficiency) of revenues over expenditures	687,141	(155,841)	0	(359,702)	171,598
OTHER FINANCING SOURCES (USES)					
Transfers in		161,537		272,000	433,537
Transfers out	(433,537)				(433,537)
Refund prior year expenditures	80,262				80,262
Total other financing sources and uses	(353,275)	161,537	0	272,000	80,262
Net change in fund balances	333,866	5,696	0	(87,702)	251,860
Fund balance—July 1 (deficit)	6,732,134	(44,734)	0	111,925	6,799,325
Fund balance—June 30 (deficit)	<u>\$7,066,000</u>	<u>(39,038)</u>	<u>0</u>	<u>24,223</u>	<u>7,051,185</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, 2019

Total net change in fund balances - governmental funds (from B-2)	\$251,860
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	(1,614,063)
Capital outlays	381,993
	(1,232,070)
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	1,550,000
Amortization of premium on bond refunding in the statement of activities.	49,111
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.	29,727
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.	345,285
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 (+).	(108,151)
Change in net position of governmental activities	\$885,762

PROPRIETARY FUNDS

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities - Enterprise Funds		
	Food Service	Latchkey Program (Non Major Fund)	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$163,485	91,613	255,098
Accounts receivable	48,113		48,113
Other accounts receivable	2,110		2,110
Inventories	5,771		5,771
Total current assets	219,479	91,613	311,092
Noncurrent assets:			
Furniture, machinery & equipment	1,265,881	119,467	1,385,348
Less accumulated depreciation	(647,736)	(61,798)	(709,534)
Total noncurrent assets	618,145	57,669	675,814
Total assets	837,624	149,282	986,906
LIABILITIES			
Current liabilities:			
Interfund Accounts Payable	76,673		76,673
Accounts Payable	21,231	341	21,572
Unearned Revenue	20,101		20,101
Compensated absences	35,592		35,592
Total current liabilities	153,597	341	153,938
Total liabilities	153,597	341	153,938
NET POSITION			
Net investment in capital assets	618,145	57,669	675,814
Unrestricted	65,882	91,272	157,154
Total net position	\$684,027	148,941	832,968

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Fund		
	Food Service	Latchkey Program (Non Major Fund)	Total Enterprise
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	\$339,206		339,206
Daily sales - non-reimbursable programs	276,669		276,669
Special functions	42,063		42,063
Miscellaneous	4,481		4,481
Total operating revenues	662,419	0	662,419
 Operating expenses:			
Cost of sales-Reimbursable programs	556,070		556,070
Cost of sales-Nonreimbursable programs	125,573		125,573
Salaries	544,699		544,699
Employee benefits	259,216		259,216
Tuition		1,625	1,625
General supplies & materials	57,004		57,004
Other costs	17,649		17,649
Depreciation	54,584	7,441	62,025
Total operating expenses	1,614,795	9,066	1,623,861
Operating (loss)	(952,376)	(9,066)	(961,442)
 Nonoperating revenues:			
State sources:			
State school lunch program	16,195		16,195
Federal sources:			
National school lunch program	714,478		714,478
National school breakfast program	158,201		158,201
National school snack program	145		145
Food distribution program	77,599		77,599
Interest and investment revenue	2,278	1,040	3,318
Total nonoperating revenues	968,896	1,040	969,936
Income(loss) before transfers	16,520	(8,026)	8,494
Transfers in (out)	0		0
Change in net position	16,520	(8,026)	8,494
Total net position—beginning	667,507	156,967	824,474
Total net position—ending	\$684,027	148,941	832,968

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds		
	Food Service	Latchkey Program (Non Major Fund)	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$665,403		665,403
Payments to employees	(805,561)		(805,561)
Payments to suppliers	(679,909)	(1,284)	(681,193)
Net cash provided/(used) by operating activities	(820,067)	(1,284)	(821,351)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from state and federal reimbursements	895,251		895,251
Net cash provided by non-capital financing activities	895,251	0	895,251
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(5,222)		(5,222)
Net cash (used) by capital and related financing activities	(5,222)	0	(5,222)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	2,278	1,040	3,318
Net cash provided by investing activities	2,278	1,040	3,318
Net increase (decrease) in cash and cash equivalents	72,240	(244)	71,996
Balances—beginning of year	91,245	91,857	183,102
Balances—end of year	\$163,485	91,613	255,098
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:			
Operating income/(loss)	(\$952,376)	(\$9,066)	(961,442)
Adjustments to reconcile operating income(loss) to net cash provided/(used) by operating activities			
Depreciation and net amortization	54,584	7,441	62,025
Federal commodities	77,599		77,599
(Increase)/Decrease in accounts receivable, net	2,670		2,670
Decrease in inventories	356		356
(Decrease)/Increase in accounts payable	(1,662)	341	(1,321)
(Decrease)/Increase in interfund accounts payable	(3,984)		(3,984)
(Decrease)/Increase in unearned revenue	314		314
(Decrease)/Increase in compensated absences payable	2,432		2,432
Total adjustments	132,309	7,782	140,091
Net cash provided/(used) by operating activities	(\$820,067)	(1,284)	(821,351)

FIDUCIARY FUNDS

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$378,767	40,226	303,074
	<hr/>	<hr/>	<hr/>
Total assets	<u>378,767</u>	<u>40,226</u>	<u>303,074</u>
LIABILITIES			
Accounts payable	1,022		
Payroll deductions and withholdings			16,669
Payable to student groups			286,405
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1,022</u>	<u>0</u>	<u>303,074</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>\$377,745</u>	<u>40,226</u>	

TOWN OF HAMMONTON SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
ADDITIONS		
Contributions:		
Plan member	\$52,962	
Donations		0
Total Contributions	<u>52,962</u>	<u>0</u>
Investment earnings:		
Interest	3,923	496
Net investment earnings	<u>3,923</u>	<u>496</u>
Total additions	<u>56,885</u>	<u>496</u>
DEDUCTIONS		
Unemployment claims	9,628	
Scholarships awarded		3,700
Total deductions	<u>9,628</u>	<u>3,700</u>
Change in net position	47,257	(3,204)
Net position—beginning of the year	<u>330,488</u>	<u>43,430</u>
Net position—end of the year	<u>\$377,745</u>	<u>40,226</u>

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

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, 2019 of 3,515 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, 2019

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

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

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.

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.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

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 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

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

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 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

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

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 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:

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

<u>Account Name</u>	<u>Amount</u>
Salaries of Teachers – Kindergarten	152,801
Salaries of Teachers – Grades 1 – 5	(241,157)
Other Salaries for Instruction	194,672
Regular Programs – General Supplies	502,312
LLD – Salaries of Teachers	(211,274)
MD – Salaries of Teachers	516,514
Resource Room – Salaries of Teachers	(402,777)
Tuition to CSSD & Regional Day Schools	114,083
Tuition to Private Schools for the Disabled – Within State	(203,000)
Students - Related Services – Salaries	116,877
Students – Extraordinary Services - Salaries	(217,077)
Students – Special – Salaries of Other Professional Staff	(158,005)
School Library - Salaries	105,137
Operation and Maintenance of Plant – General Supplies	168,454
Student Transportation – General Supplies	157,500
Unallocated Benefits – Health Benefits	(1,049,449)
Equipment - Security	115,397
Local Contribution - Transfer to Special Revenue Fund	(161,537)

F. ENCUMBRANCE ACCOUNTING:

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

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

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

G. ASSETS, LIABILITIES AND EQUITY:

Cash, Cash Equivalents and Investments

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

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

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

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

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

Investments

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

Interfund Transactions

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

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

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.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated assets are reported as capital assets at their estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

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

Compensated Absences

The District accounts for compensated absences (e.g. sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

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

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

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2019**

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

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

Net Position

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

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

Fund Balance Reserves

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

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

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Education, Superintendent or Business Administrator.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Revenues

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

Expenditures

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

Tuition Receivable

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

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.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

Management Estimates

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

Allocation of Costs

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

H. ACCOUNTING CHANGES

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

I. RECENT ACCOUNTING PRONOUNCEMENTS

The School District has adopted the following GASB statements:

- GASB No. 83 - *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. The adoption of GASB 83 is not expected to impact the School District's financial statements.
- 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The adoption of GASB 88 is not expected to impact the School District's financial statements.

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

- 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. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

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. 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.
- 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. 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 information for certain component units. 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.
- GASB Statement - No. 91 – *Conduit Debt Obligations*: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of the adoption of GASB 91 on the School District's financial statements.

NOTE 2. – INVESTMENTS

As of June 30, 2019, 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.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

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

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

NOTE 3. – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the 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, 2019, the carrying amount of the District’s deposits (cash and cash equivalents) was \$8,205,197 and the bank balance was \$9,686,175.

As of June 30, 2019, the School District’s bank balance was exposed to custodial credit risk as follows:

FDIC Insured	\$ 250,000
GUDPA Insured	9,436,175
	<hr/>
Bank balance, June 30, 2019	\$ <u>9,686,175</u>

NOTE 4 – RECEIVABLES

Receivables at June 30, 2019, 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
	<hr/>	<hr/>
State and Federal Aid	\$ 825,991	\$ 874,104
Interfunds	149,437	0
Other	5,325	7,435
Total Receivables, Net	\$ <u>980,753</u>	\$ <u>881,539</u>

Town of Hammonton School District
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NOTE 5. INVENTORY

Inventory in the Food Service Enterprise Fund at June 30, 2019, consisted of the following which included \$1,791 in Federal Commodities:

Food	\$	3,871
Supplies		<u>1,900</u>
	\$	<u><u>5,771</u></u>

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Disposals /</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 324,908			324,908
Construction in Progress	<u>0</u>	<u>87,000</u>		<u>87,000</u>
Total capital assets not being depreciated	<u>324,908</u>	<u>87,000</u>	<u>0</u>	<u>411,908</u>
Site improvements	3,511,272			3,511,272
Bldg and bldg improve	56,597,063	46,769		56,643,832
Machinery & equipment	6,908,456	248,224	(510,299)	6,646,381
Total at historical cost	<u>67,016,791</u>	<u>294,993</u>	<u>(510,299)</u>	<u>66,801,485</u>
Less accum depr for:				
Site improvements	(3,048,239)	(99,948)		(3,148,187)
Bldg and bldg improve	(23,064,025)	(1,219,075)		(24,283,100)
Machinery & equipment	(5,779,424)	(295,040)	510,299	(5,564,165)
Total accum deprec	<u>(31,891,688)</u>	<u>(1,614,063)</u>	<u>510,299</u>	<u>(32,995,452)</u>
Total capital assets being depr, net of accum depr	<u>(35,125,103)</u>	<u>(1,319,070)</u>	<u>0</u>	<u>33,806,033</u>
Governmental activities capital assets, net	<u><u>35,450,011</u></u>	<u><u>(1,232,070)</u></u>	<u><u>0</u></u>	<u><u>34,217,941</u></u>
Business-type activities:				
Equipment	1,396,720	5,222	(16,594)	1,385,348
Less accum depr for:				
Equipment	<u>(664,103)</u>	<u>(62,025)</u>	<u>16,594</u>	<u>(709,534)</u>
Business-type activities capital assets, net	<u><u>\$ 732,617</u></u>	<u><u>(56,803)</u></u>	<u><u>0</u></u>	<u><u>675,814</u></u>

**Town of Hammonton School District
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Depreciation expense as charged to governmental functions as follows:

Regular instruction	\$857,087
Special education	152,673
Other instruction	65,372
Student & instruction related services	219,220
School administrative services	98,354
General administrative services	15,183
Plant operations and maintenance	93,204
Pupil transportation	73,651
Business and other support services	39,319
	\$ 1,614,063

NOTE 7. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Balance 6-30-18</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 6-30-19</u>	<u>Amounts Due Within One year</u>
Governmental Activities					
Bonds & loans payable:					
School bonds	\$ 22,949,000		1,550,000	21,399,000	1,600,000
Other liabilities:					
Compensated absences Payable	<u>3,052,426</u>	<u>108,151</u>		<u>3,160,577</u>	<u>51,870</u>
Governmental activities long- term liabilities	<u>26,001,426</u>	<u>108,151</u>	<u>1,550,000</u>	<u>24,559,577</u>	<u>1,651,870</u>
Business-type Activities:					
Other liabilities:					
Compensated absences Payable	<u>33,160</u>	<u>2,432</u>		<u>35,592</u>	<u>0</u>
Business-type activities long- term liabilities	<u>\$ 33,160</u>	<u>2,432</u>		<u>35,592</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.

Description of Bonds Payable

At June 30, 2019, bonds payable consisted of the following issues:

Town of Hammonton School District
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\$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, 2019 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, 2019 was \$6,015,000.

\$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, 2019 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, 2019 was \$6,935,000.

\$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, 2019 was \$654,000.

\$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, 2019 was \$1,100,000. \$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, 2019 was \$6,695,000.

Debt service requirements on serial bonds payable at June 30, 2019 are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,605,000	485,744	2,090,744
2025-2029	9,100,000	1,432,796	10,532,796
2030-2031	4,130,000	131,299	4,261,299
	<u>\$ 21,399,000</u>	<u>4,624,561</u>	<u>26,023,561</u>

Town of Hammonton School District
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B. Bonds Authorized But Not Issued:

As of June 30, 2019 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, 2019 were \$11,064. The future minimum lease payments for this lease are as follows:

Year ending June 30,	
2020	11,064
2021	11,064
2022	2,766
	\$ 24,894

NOTE 8. PENSION PLANS

Description of Plans - Eligible employees of the School District can be covered by Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Defined Contribution Retirement Program (DCRP). PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members

Town of Hammonton School District
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who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The PERS member total contribution rate as of July 1, 2018 was 7.5% of base salary. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2018 is 13.37% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for each year. The District's contributions to PERS for the years ended June 30, 2018, and 2017, were \$580,071 and \$547,556 respectively.

The total payroll covered by PERS was \$4,292,183 for fiscal year 2019 and \$4,099,146 for fiscal year 2018..

Components of Net Pension Liability - At June 30, 2019, the District's proportionate share of the PERS net pension liability was \$11,460,123. The net pension liability was measured as of June 30, 2018. 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, 2018. The District's proportion measured as of June 30, 2018 was 0.058204% which was a decrease of 0.00059% from its proportion measured as of June 30, 2017.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2019 PERS pension expense, with respect to GASB 68, was \$635,294. The District's 2019 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 218,546	\$ 59,092
Changes of assumptions	1,888,438	3,664,338

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Net difference between projected and actual earnings on pension plan investments		107,496
Changes in proportion	114,667	1,254,766
Contributions subsequent to the measurement date	580,071	
Total	\$ 2,801,722	\$ 5,085,692

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	PERS
2019	\$ (499,183)
2020	(759,867)
2021	(1,032,055)
2022	(567,472)
2023	(567,472)
Thereafter	
Total	\$ (3,426,049)

Additional Information - Collective Balances at June 30, 2019 and 2018 are as follows:

Year	6/30/2019	6/30/2018
Collective deferred outflows of resources	\$ 2,801,722	\$ 3,908,839
Collective deferred inflows of resources	\$ 5,085,692	\$ 4,312,983
Collective Net Pension Liability	\$ 11,460,123	\$ 13,685,233
District's Proportion	0.058204%	0.058789%

Actuarial Assumptions - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

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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, 2017 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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

PERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Client Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%

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Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
Total	<u>100.00%</u>	

Discount Rate - The discount rate, as of June 30, 2018, used to measure the total pension liability was 5.66% for PERS. 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 3.87% as of June 30, 2018 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 50% of the actuarially determined contributions and the local employers contributed 100% of their 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 2046 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount (5.66%)	1% Increase (6.66%)
District's Proportionate Share of the Net Pension Liability	\$ <u>14,409,784</u>	\$ <u>11,460,123</u>	\$ <u>8,985,546</u>

Teachers' Pension and Annuity Fund

The State of New Jersey Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special funding situation that was established in 1955. As under current statute, all employer contributions are made by the State of

Town of Hammonton School District
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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.

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

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

Special Funding Situation - The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The member contribution rate was 7.5% in as of July 1, 2018. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2019 because of the 100% special funding situation with the State of New Jersey.

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

Year	Annual Pension	Percentage of APC	Net Pension
<u>Funding</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/19	\$ 3,990,437	100 %	\$ N/A
6/30/18	2,940,927	100	N/A
6/30/17	2,215,161	100	N/A

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$3,990,437 to the TPAF for pension contributions, \$1,810,056 for post-retirement benefits on behalf of the School, and \$3,267 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$ during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2019, 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.

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:

	<u>TPAF</u>
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.55%
Thereafter	2.00% - 5.45%
Inflation	2.25%

Long-Term Expected Rate of Return - 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:

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Asset Class	TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return
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%
Client 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%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the 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 Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.86%) or 1-percentage-point higher (5.86%) than the current rate:

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	1% Decrease (3.86%)	Current Discount (4.86%)	1% Increase (5.86%)
State's Share of the Net Pension Liability associated with the District	\$ 147,043,728	\$ 124,036,957	\$ 105,637,087
State's Share of the Net Pension Liability	\$ <u>75,417,894,537</u>	\$ <u>63,806,350,446</u>	\$ <u>54,180,663,328</u>

Pension Expense - For the year ended June 30, 2019, the District recognized pension expense of \$7,230,921 and revenue of \$7,230,921 for support provided by the State.

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

NOTE 9. 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, 2018, the following employees were covered by the benefit terms:

As of June 30, 2017, the Local Education Retired Plan had 99,686 inactive employees or beneficiaries currently receiving benefit payments and 224,418 active employees.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

Total OPEB Liability. The State, a nonemployer contributing entity, is the only entity that has a 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, 2018 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, 2018 was 3.87%, 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-2006 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-2006 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-2006 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, 2017 valuation were based on the results of actuarial experience studies for the period July 1, 2012 – June 30, 2015 and July 1, 2011 – June

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

30, 2014, and July 1, 2010 – June 30, 2013 for TPAF and PERS, respectively.

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

	<u>Total OPEB Liability</u>
Balance at 6/30/17	\$53,639,841,858
Changes for the year:	
Service cost	1,984,642,729
Interest	1,970,236,232
Contributions from Members	42,614,005
Differences between expected and actual experience	(5,002,065,740)
Changes in assumptions or other inputs	(5,291,448,855)
Benefit payments	<u>(1,232,987,247)</u>
Net changes	<u>(7,529,008,876)</u>
Balance at 6/30/18	\$46,110,832,982

There were no changes of benefit terms.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

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>(2.87%)</u>	<u>(3.87%)</u>	<u>(4.87%)</u>
Total OPEB Liability (School Retirees)	\$54,512,391,175	46,110,832,982	39,432,461,816

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:

	Healthcare Cost		
	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$38,113,289,045	46,110,832,982	56,687,891,003

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 recognized OPEB expense of

**Town of Hammonton School District
Notes to Financial Statements
June 30, 2019**

\$4,678,945 determined by the State as the total OPEB liability for benefits provided 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, 2018, 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 actual and expected experience	\$	(4,476,086,167)
Changes of assumptions		(10,335,978,867)
Contributions subsequent to measurement date		
Total	\$	<u>(14,812,065,034)</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	\$ (1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	<u>(5,685,972,069)</u>
Total	\$(14,812,065,034)

NOTE 10. DEFERRED COMPENSATION

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

Ameriprise Financial
American Century Services
ASpire Financial Services
TPAF Supplemental Annuity
Putnam Funds
Lincoln Investment Planning
Syracusa Benefits Program

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

Vanguard Investments
AXA Equitable Life Insurance Company
Great American Financial Resources

NOTE 11. 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, 2019, a liability existed for compensated absences in the Food Service Program in the amount of \$35,592.

NOTE 12. CAPITAL RESERVE ACCOUNT

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

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

The activity in the capital reserve for the 2019 fiscal year is as follows:

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

Beginning balance, July 1, 2018	\$3,283,675
Interest Earnings	35,673
Budgeted Withdrawal	(431,357)
Board Resolution dated March 14, 2019	(87,000)
Ending balance, June 30, 2019	<u>\$2,800,991</u>

The 2019-2020 Budget includes a withdrawal from the Capital Reserve Account in the amount of \$481,436.

NOTE 13. 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 \$473,467 for the 2019 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 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 319,441
Interest Earnings	359
Ending balance, June 30, 2019	<u>\$ 319,800</u>

The 2019-2020 Budget does not include a withdrawal from the Emergency Reserve Account.

NOTE 14. MAINTENANCE RESERVE

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

The activity in the maintenance reserve for the 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$2,128,922
Interest Earnings	23,303
Budgeted Withdrawal	(322,500)
Board Resolution, dated June 6, 2019	648,000
Ending balance, June 30, 2019	<u>2,477,725</u>

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

The 2019-2020 Budget includes a withdrawal from the Maintenance Reserve Account in the amount of \$465,000.

NOTE 15. 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 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 800,000
Budget Appropriation	<u>(800,000)</u>
Ending balance, June 30, 2019	<u>\$ 0</u>

NOTE 16. 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.

The activity in the tuition reserve for the 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 800,000
Budget Appropriation	<u>0</u>
Ending balance, June 30, 2019	<u>\$ 800,000</u>

The 2019-2020 Budget includes a withdrawal from the Tuition Reserve Account in the amount of \$800,000.

NOTE 17. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$881,932 in the General Fund and \$39,038 in the Special Revenue Fund as of June 30, 2019 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

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

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 \$881,932 in the General Fund and \$39,038 in the Special revenue fund is equal to or less than the last state payment(s).

NOTE 18. FUND BALANCES

Restricted Fund Balance

Capital Reserve – As of June 30, 2019, there is a balance of \$2,800,991 in the Capital Reserve Account of which \$481,436 has been appropriated and included as anticipated revenue for the year ended June 30, 2020.

Maintenance Reserve – As of June 30, 2019, there is a balance of \$2,477,725 in the Maintenance Reserve Account of which \$465,000 has been appropriated and included as anticipated revenue for the year ended June 30, 2020.

Emergency Reserve – As of June 30, 2019, there is a balance of \$319,800 in the Emergency Reserve Account.

Assigned Fund Balance

Tuition Reserve – As of June 30, 2019, there is a balance of \$800,000 in the 2017/2018 Tuition Reserve Account which has been included as anticipated revenue for the year ended June 30, 2020.

General Fund – As of June 30, 2019, \$1,270,000 has been included as anticipated revenue for the year ended June 30, 2020. Additionally, 279,416 is for year-end encumbrances.

Debt Service Fund – As of June 30, 2019, there is a balance of \$24,223 in the Debt Service Fund which has been appropriated and included as anticipated revenue for the year ended June 30, 2020.

Unassigned Fund Balance Deficit

General Fund – As of June 30, 2019, the unassigned fund balance of the general fund was a deficit of \$881,932. The deficit is a result from the delay in the payment of state aid until the following fiscal year.

**Town of Hammonton School District
 Notes to Financial Statements
 June 30, 2019**

Special Revenue Fund Deficit – As of June 30, 2019, the special revenue fund deficit is \$39,038. The deficit is a result from the delay in the payment of state aid until the following fiscal year.

NOTE 19. 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, 2019 is \$0.

NOTE 20. 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, 2019 the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$0	52,962	3,923	(9,628)	377,745
2017-2018	0	51,644	895	(34,179)	330,488
2016-2017	0	51,162	575	(16,803)	312,128

NOTE 21. 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 2018-2019 governmental operations.

Town of Hammonton School District
Notes to Financial Statements
June 30, 2019

NOTE 22. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at June 30, 2019:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 149,437	
Special Revenue Fund		\$ 72,764
Food Service Program		76,673
	<u>\$ 149,437</u>	<u>\$ 149,437</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 23. LITIGATION

The School District is a defendant in one legal proceeding that is currently awaiting a court hearing. In addition, there are two other legal matters which are still ongoing. The Board's insurance carrier is defending one of the previously mentioned claims. In addition, the Board is aware of three 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.

NOTE 24. 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, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$18,018,685		18,018,685	18,018,685	0
Tuition	9,124,684		9,124,684	9,293,534	168,850
Transportation Fees from Other LEA's	80,000		80,000	92,510	12,510
Interest earned on Reserves	6,900		6,900	35,683	28,783
Interest earned				49,074	49,074
Miscellaneous	100,000		100,000	45,200	(54,800)
Total - Local Sources	27,330,269	0	27,330,269	27,534,686	204,417
State Sources:					
Equalization Aid	12,131,023	420,106	12,551,129	13,026,938	475,809
Categorical Special Education Aid	1,503,254		1,503,254	2,297,445	794,191
Categorical Security Aid	773,246		773,246	773,246	0
Categorical Transportation Aid	757,886		757,886	757,886	0
Special Education Extraordinary Aid	150,000		150,000	304,529	154,529
Public School Choice Aid	2,455,116		2,455,116	2,455,116	0
Non Public Transportation Aid				13,050	13,050
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				1,810,056	1,810,056
TPAF Non-Contributory (On-Behalf - Non-Budgeted)				3,990,437	3,990,437
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				3,267	3,267
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,605,817	1,605,817
Total - State Sources	17,770,525	420,106	18,190,631	27,037,787	8,847,156
Federal Sources:					
Medicaid Reimbursement and unrestricted federal funds	93,324		93,324	135,716	42,392
	93,324	0	93,324	135,716	42,392
Total Revenues	\$45,194,118	420,106	45,614,224	54,708,189	9,093,965

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TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

Table with 5 columns: Original Budget, Budget Transfers, Final Budget, Actual, and Variance Under/(Over) Final to Actual. Rows include EXPENDITURES: Current Expense: Regular Programs - Instruction (Salaries of Teachers: Kindergarten, Grades 1-5, Grades 6-8, Grades 9-12), Regular Programs - Home Instruction, Regular Programs - Undistributed Instruction, Special Education - Instruction (Learning and/or Language Disabilities, Behavioral Disabilities, Multiple Disabilities).

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TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Resource Room/Resource Center					
Salaries of Teachers	1,052,370	(402,777)	649,593	648,850	743
Other Salaries for Instruction	102,256	27,604	129,860	129,860	0
General Supplies	6,500	1,900	8,400	7,233	1,167
Total Resource Room/Resource Center	1,161,126	(373,273)	787,853	785,943	1,910
Preschool Disabilities - Part-Time					
Salaries of Teachers	87,614	5,810	93,424	93,424	0
Other Salaries for Instruction	56,403	45,946	102,349	102,079	270
Other Purchased Services	100	0	100		100
General Supplies	1,985	115	2,100	1,945	155
Other Objects	115	0	115		115
Total Preschool Disabilities - Part-Time	146,217	51,871	198,088	197,448	640
Home Instruction					
Purchased Professional Education Services		95,840	95,840	91,383	4,457
	0	95,840	95,840	91,383	4,457
Total Special Education - Instruction	3,389,930	(172,250)	3,217,680	3,195,304	22,376
Bilingual Education - Instruction:					
Salaries of Teachers	584,822	(67,556)	517,266	517,266	0
Other Salaries for Instruction	28,400	46,139	74,539	68,392	6,147
Purchased Professional Educational Services	7,005	(1,000)	6,005	120	5,885
General Supplies	25,550	27,223	52,773	49,225	3,548
Total Bilingual Education - Instruction	645,777	4,806	650,583	635,003	15,580
School Sponsored Cocurricular Activities - Instruction:					
Salaries	310,000	(22,000)	288,000	286,097	1,903
Purchased Services	8,790	15,329	24,119	19,997	4,122
Supplies and Materials	46,160	(2,072)	44,088	34,293	9,795
Other Objects	7,100	(4,160)	2,940	954	1,986
Total School Sponsored Cocurricular Activities - Instruction	372,050	(12,903)	359,147	341,341	17,806
School-Sponsored Athletics - Instruction					
Salaries	334,000	23,393	357,393	355,312	2,081
Purchased Services	27,900	(6,755)	21,145	20,915	230
Supplies and Materials	80,718	8,376	89,094	77,742	11,352
Other Objects	5,050	(2,900)	2,150	2,150	0
Transfers to Cover Deficit (Agency Funds)	75,000	5,000	80,000	80,000	0
Total School-Sponsored Athletics - Instruction	522,668	27,114	549,782	536,119	13,663
Total Instruction	20,668,987	553,431	21,222,418	21,057,625	164,793

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(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

Table with 5 columns: 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.

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TOWN OF HAMMONTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Other Support Services -					
Students - Regular					
Salaries of Other Professional Staff	742,638	87,512	830,150	829,670	480
Salaries of Secretarial and Clerical Assistants	153,840	3,787	157,427	157,206	221
Purchased Professional Educational Services	6,600	(5,729)	871		871
Other Purchased Professional & Technical Services	6,789	(4,949)	1,840	1,270	570
Other Purchased Services	7,450	(3,475)	3,975	2,954	1,021
Supplies and Materials	25,762	(16,000)	9,762	6,554	3,208
Other Objects	1,813	0	1,813	248	1,565
Total Undistributed Expenditures - Other Support Services - Regular	944,692	61,146	1,005,838	997,902	7,936
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	993,316	(158,005)	835,311	834,031	1,280
Salaries of Secretarial and Clerical Assistants	82,186	1,750	83,936	83,688	248
Purchased Professional Educational Services	54,437	9,407	63,844	49,589	14,255
Other Purchased Professional and Technical Services	17,110	(5,433)	11,677	10,901	776
Miscellaneous Purchased Services	3,675	5,923	9,598	7,799	1,799
Supplies and Materials	20,895	(4,185)	16,710	14,887	1,823
Other Objects	1,375	0	1,375	150	1,225
Total Undistributed Expenditures - Other Support Services - Students - Special	1,172,994	(150,543)	1,022,451	1,001,045	21,406
Undistributed Expenditures - Other Support Services -					
Improvement of Instructional Services					
Purchased Professional Educational Services	8,455	(8,455)			0
Purchased Professional and Technical Services	4,055	(1,310)	2,745	2,700	45
Supplies and Materials	2,400	(2,400)			0
Total Undistributed Expenditures - Other Support Services - Improvement of Instructional Services	14,910	(12,165)	2,745	2,700	45
Undistributed Expenditures - Educational Media Services -					
School Library					
Salaries	154,496	105,137	259,633	259,046	587
Purchased Professional and Technical Services	23,300	(1,800)	21,500	19,979	1,521
Other Purchased Services	8,800	(4,000)	4,800	4,435	365
Supplies and Materials	50,500	(9,875)	40,625	39,076	1,549
Other Objects	35,615	(7,565)	28,050	27,975	75
Total Undistributed Expenditures - Educational Media Services - School Library	272,711	81,897	354,608	350,511	4,097

TOWN OF HAMMONTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Instructional Staff Training Services					
Salaries of Supervisors of Instruction	764,808	28,495	793,303	793,302	1
Salaries of Secretarial and Clerical Assistants	56,142	290	56,432	56,432	0
Other Salaries	7,950	(7,950)			0
Purchased Professional-Educational Services	9,750	(6,240)	3,510	3,509	1
Purchased Professional and Technical Services	1,300	0	1,300	980	320
Other Purchased Services	25,338	(20,268)	5,070	5,070	0
Supplies and Materials	3,177	2,318	5,495	5,495	0
Other Objects	4,439	(2,123)	2,316	2,316	0
Total Undistributed Expenditures - Instructional Staff Training Svcs	872,904	(5,478)	867,426	867,104	322
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	286,150	(1,162)	284,988	284,988	0
Legal Services	145,000	27,162	172,162	163,379	8,783
Audit Fees	20,000	0	20,000	18,240	1,760
Architectural/Engineering Services	16,000	6,000	22,000	19,642	2,358
Other Purchased Professional Services	2,000	0	2,000		2,000
Purchased Technical Services	80	0	80		80
Communications/Telephone	126,600	(16,182)	110,418	103,710	6,708
BOE Other Purchased Services	1,700	0	1,700	1,600	100
Other Purchased Services	167,025	(12,000)	155,025	148,719	6,306
General Supplies	2,798	2,820	5,618	2,799	2,819
BOE IN-House Training/Meeting Supplies	325	2,050	2,375	1,709	666
Miscellaneous Expenditures	6,000	(20)	5,980	4,324	1,656
Membership Dues and Fees	19,700	(2,850)	16,850	16,526	324
Total Undistributed Expenditures - Support Services - Gen. Admin.	793,378	5,818	799,196	765,636	33,560
Undistributed Expenditures - Support Serv. - School Admn.:					
Salaries of Principals/Assistant Principals	1,136,279	5,789	1,142,068	1,100,765	41,303
Salaries of Secretarial and Clerical Assistants	639,800	14,114	653,914	652,700	1,214
Purchased Professional and Technical Services	600	0	600	420	180
Other Purchased Services	78,328	(2,632)	75,696	65,448	10,248
Supplies and Materials	68,450	(11,366)	57,084	52,460	4,624
Other Objects	14,395	(2,500)	11,895	9,581	2,314
Total Undistributed Expenditures - Support Serv. - School Admn.	1,937,852	3,405	1,941,257	1,881,374	59,883
Undistributed Expenditures - Central Services					
Salaries	450,865	10,928	461,793	461,793	0
Purchased Professional Services	38,000	5,150	43,150	43,110	40
Purchased Technical Services	38,100	(3,150)	34,950	33,979	971
Misc. Purchased Services (400-500 series)	17,600	(8,977)	8,623	8,185	438
Supplies and Materials	4,700	(523)	4,177	3,422	755
Interest on Lease Purchased Agreements	800	0	800		800
Miscellaneous Expenditures	4,670	0	4,670	2,863	1,807
Total Undistributed Expenditures - Central Services	554,735	3,428	558,163	553,352	4,811

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Admn. Info Technology					
Salaries	268,974	7,269	276,243	276,243	0
Purchased Technical Services	78,425	(24,269)	54,156	50,867	3,289
Other Purchased Services (400-500 series)	44,500	6,000	50,500	49,026	1,474
Supplies and Materials	24,689	(7,000)	17,689	13,414	4,275
Other Objects	820	0	820		820
Total Undistributed Expenditures - Admn. Info Technology	417,408	(18,000)	399,408	389,550	9,858
Undistributed Expenditures - Required Maint for School Facilities					
Interest Earned on Maintenance Reserve	2,500	0	2,500		2,500
Salaries	364,774	22,629	387,403	387,403	0
Cleaning, Repair, and Maintenance Services	123,200	18,642	141,842	134,939	6,903
General Supplies	40,480	38,281	78,761	53,734	25,027
Other Objects	850	1,100	1,950	1,705	245
Total Undistributed Expenditures - Required Maint for School Facilities	531,804	80,652	612,456	577,781	34,675
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	741,332	44,962	786,294	785,608	686
Salaries of Non-Instructional Aides	212,028	72,237	284,265	283,916	349
Purchased Professional and Technical Services	1,000	(700)	300		300
Cleaning, Repair, and Maintenance Services	60,300	16,000	76,300	66,864	9,436
Other Purchased Property Services	61,200	(480)	60,720	57,341	3,379
Insurance	190,000	16,160	206,160	206,132	28
Miscellaneous Purchased Services	7,050	1,500	8,550	7,965	585
General Supplies	215,400	168,454	383,854	312,902	70,952
Energy (Natural Gas)	228,800	(2,500)	226,300	223,780	2,520
Energy (Electricity)	951,100	(78,435)	872,665	857,388	15,277
Energy (Gasoline)		12,300	12,300	12,151	149
Other Objects	610	2,700	3,310	2,460	850
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	2,668,820	252,198	2,921,018	2,816,507	104,511
Undistributed Expenditures - Care and Upkeep of Grounds					
Salaries	275,165	17,406	292,571	292,571	0
Purchased Professional & Technical Services	100	0	100		100
Cleaning, Repair, and Maintenance Services	23,500	14,193	37,693	27,327	10,366
Travel		350	350		350
General Supplies	87,000	(6,737)	80,263	66,738	13,525
Other Objects	6,450	(3,000)	3,450	3,335	115
Total Undistributed Expenditures - Care and Upkeep of Grounds	392,215	22,212	414,427	389,971	24,456

(continued)

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Undistributed Expenditures - Security					
Salaries		53,176	53,176	52,545	631
Purchased Professional & Technical Services	211,850	14,023	225,873	221,676	4,197
Cleaning, Repair, & Maintenance Services	6,880	5,835	12,515	3,257	9,258
General Supplies	20,512	5,160	25,672	21,490	4,182
Total Undistributed Expenditures - Security	239,042	78,194	317,236	298,968	18,268
Total Operation & Maintenance Services	3,831,881	433,256	4,265,137	4,083,227	181,910
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	366,013	(53,087)	312,926	312,926	0
Sal for Pupil Transp (Between Home and School)-Reg.	924,147	(17,460)	906,687	906,687	0
Sal for Pupil Transp (Between Home and School)-Sp Ed	105,074	(22,000)	83,074	81,470	1,604
Sal for Pupil Transp (Other than Between Home & School)	51,000	30,431	81,431	81,431	0
Other Purchased Professional and Technical Services	4,968	5,000	9,968	8,415	1,553
Cleaning, Repair, and Maintenance Services	90,000	(25,000)	65,000	53,210	11,790
Contracted Services - (Betw Home/Sch) - Vendors	652	0	652		652
Contracted Services - (Other than betw Home/Sch) - Vendors	18,000	(16,250)	1,750	850	900
Contracted Services - (Betw Home/Sch) - Joint Agr	7,000	0	7,000	6,955	45
Contracted Services - (Special Education) - Vendors	9,735	23,248	32,983	32,983	0
Contracted Services - (Special Education) - Joint Agr	16,000	53,831	69,831	65,541	4,290
Contracted Services - (Special Education) - ESCs	122,211	40,650	162,861	141,108	21,753
Contracted Services - Aid in Lieu of Payments-Non Pub Sch	50,000	0	50,000	49,360	640
Contracted Services - Aid in Lieu of Payments-Choice	1,000	2,000	3,000	3,000	0
Miscellaneous Purchased Services	88,300	(45,324)	42,976	41,404	1,572
General Supplies		157,500	157,500	153,662	3,838
Transportation Supplies	270,000	(88,403)	181,597	179,434	2,163
Other Objects	2,000	(1,500)	500	200	300
Total Undistributed Expenditures - Student Transportation Serv.	2,126,100	43,636	2,169,736	2,118,636	51,100
Interest Earned on Current Expense Emergency Reserves	600	0	600		600
Unallocated Benefits:					
Social Security Contributions	622,000	48,000	670,000	658,833	11,167
Other Retirement Contributions - PERS	652,552	28,000	680,552	678,389	2,163
Unemployment Compensation	2,000	0	2,000	1,179	821
Workmen's Compensation	490,000	(28,000)	462,000	448,278	13,722
Health Benefits	6,568,165	(1,049,449)	5,518,716	5,250,145	268,571
Tuition Reimbursement	42,000	(5,500)	36,500	27,359	9,141
Other Employee Benefits	357,900	12,076	369,976	341,551	28,425
Unused Vac Payment to Term/Ret Staff	100,664	4,252	104,916	102,162	2,754
Total Unallocated Benefits	8,835,281	(990,621)	7,844,660	7,507,896	336,764

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				1,810,056	(1,810,056)
TPAF Non-Contributory (On-Behalf - Non-Budgeted)				3,990,437	(3,990,437)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				3,267	(3,267)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,605,817	(1,605,817)
Total On-behalf Contributions	0	0	0	7,409,577	(7,409,577)
Total Undistributed Expenditures	26,084,672	(595,413)	25,489,259	32,159,618	(6,670,359)
Total Current Expense	46,753,659	(41,982)	46,711,677	53,217,243	(6,505,566)
Capital Outlay:					
Interest Deposit to Capital Reserve	3,800	0	3,800		3,800
Equipment					
Kindergarten		2,504	2,504	2,503	1
Grades 1- 5		44,738	44,738	44,738	0
Grades 9 - 12		51,301	51,301	51,301	0
School sponsored		39,228	39,228	18,326	20,902
Undistributed Expenditures:					0
School administration		5,108	5,108		5,108
Admin. Information Technology		11,860	11,860	11,860	0
Undistr. Expenditures - Custodial Services		24,435	24,435	24,435	0
Undistr. Expenditures - Care and Upkeep of Grounds		14,195	14,195	14,195	0
Undistr. Expenditures - Security		115,397	115,397	14,973	100,424
Undistr. Expenditures - School buses - Special	24,000	76,187	100,187	100,186	1
Total Equipment	24,000	384,953	408,953	282,517	126,436
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	11,000	87,000	98,000	87,000	11,000
Construction Services	111,000	0	111,000	2,796	108,204
Assessment for Debt Service on SDA Funding	163,157	0	163,157	163,157	0
Total Facilities Acquisition and Construction Services	285,157	87,000	372,157	252,953	119,204
Total Capital Outlay	312,957	471,953	784,910	535,470	249,440

TOWN OF HAMMONTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
Transfers to Charter Schools	8,091	0	8,091		8,091
Total Expenditures	47,074,707	429,971	47,504,678	53,752,713	(6,248,035)
Other Financing Sources (Uses):					
Capital Reserve-Transfer to Debt Service	(272,000)	0	(272,000)	(272,000)	0
Local Contribution - Transfer to Special Revenue Fund		(161,537)	(161,537)	(161,537)	0
Refund prior year expenditures				80,262	80,262
Total Other Financing Sources (Uses)	(272,000)	(161,537)	(433,537)	(353,275)	80,262
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(2,152,589)	(171,402)	(2,323,991)	602,201	2,926,192
Fund Balances, July 1	8,246,653		8,246,653	8,246,653	0
Fund Balances, June 30	<u>\$6,094,064</u>	<u>(171,402)</u>	<u>5,922,662</u>	<u>8,848,854</u>	<u>2,926,192</u>

Recapitulation of Fund Balance:

Restricted Fund Balance:	
Maintenance Reserve	2,012,725
Emergency Reserve	319,800
Capital Reserve	2,319,555
Assigned Fund Balance:	
Year End Encumbrances	279,416
Designated for Subsequent Year's Expenditures	1,270,000
Capital Reserve Designated for Subsequent Year's Exp.	163,157
Capital Reserve Designated for Debt Service	318,279
Tuition Reserve Designated for Subsequent Year's Exp.	800,000
Maintenance Reserve Designated for Subsequent Year's Exp.	465,000
Unassigned Fund Balance	<u>900,922</u>
	8,848,854
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis:	<u>(1,782,854)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$7,066,000</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Programs	30,820	(157)	30,663	24,086	(6,577)
Total - Local Sources	30,820	(157)	30,663	24,086	(6,577)
State Sources:					
Preschool Education Aid	416,741		416,741	404,032	(12,709)
Nonpublic aid	295,559	149,821	445,380	346,252	(99,128)
Total - State Sources	712,300	149,821	862,121	750,284	(111,837)
Federal Sources:					
Title I	678,763	179,606	858,369	841,408	(16,961)
I.D.E.A., Part B	630,512	200,849	831,361	797,735	(33,626)
Vocational Education	24,783	8,053	32,836	32,836	0
Other	97,303	122,745	220,048	170,930	(49,118)
Total - Federal Sources	1,431,361	511,253	1,942,614	1,842,909	(99,705)
Total Revenues	2,174,481	660,917	2,835,398	2,617,279	(218,119)
EXPENDITURES:					
Instruction					
Salaries of Teachers	799,624	52,596	852,220	840,925	11,295
Other Salaries for Instruction	180,557	69,432	249,989	248,699	1,290
Purchased Professional, Technical and Educational Services	842,800	176,256	1,019,056	959,983	59,073
General Supplies	74,675	(1,237)	73,438	63,552	9,886
Textbooks	17,132	3,854	20,986	16,009	4,977
Other Objects	0	1,789	1,789	1,789	0
Total instruction	1,914,788	302,690	2,217,478	2,130,957	86,521

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TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
EXPENDITURES (CONT'D):					
Support Services					
Salaries of Principals	0	40,360	40,360	40,360	0
Salaries of Other Professional Staff	0	94,621	94,621	92,701	1,920
Personal Services - Employee Benefits	138,785	96,280	235,065	234,745	320
Purchased Professional and Technical Services	35,773	175,042	210,815	154,816	55,999
Other Purchased Services	61,341	37,509	98,850	66,848	32,002
Supplies and Materials	0	44,131	44,131	48,334	(4,203)
Other Objects	0	375	375	375	0
Total support services	<u>235,899</u>	<u>488,318</u>	<u>724,217</u>	<u>638,179</u>	<u>86,038</u>
Facilities acquisition and construction services					
Instructional equipment	0	9,680	9,680	9,680	0
Non-Instructional equipment	23,794	21,766	45,560	0	45,560
Total facilities acquisition and construction services	<u>23,794</u>	<u>31,446</u>	<u>55,240</u>	<u>9,680</u>	<u>45,560</u>
Total expenditures	<u>2,174,481</u>	<u>822,454</u>	<u>2,996,935</u>	<u>2,778,816</u>	<u>218,119</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>(161,537)</u>	<u>(161,537)</u>	<u>(161,537)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)					
Transfer from Operating Budget - Preschool		161,537	161,537	161,537	0
Total other financing sources and uses	<u>0</u>	<u>161,537</u>	<u>161,537</u>	<u>161,537</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<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, 2019

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

	General Fund	Special Revenue
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$54,708,189	2,617,279
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		568
Current year		(910)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,514,519	44,734
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(1,782,854)	(39,038)
Total revenues reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	54,439,854	2,622,633
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	53,752,713	2,778,816
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		568
Current year		(910)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$53,752,713	2,778,474

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)

	2018	2017	2016	2015	2014	2013
District's Proportion of the Net Pension Liability (Asset)	0.058204%	0.058789%	0.060652%	0.070345%	0.069498%	0.067962%
District's Proportionate Share of the Net Pension Liability (Asset)	\$11,460,122	\$13,685,233	\$17,963,393	\$15,791,086	\$13,011,915	\$12,988,945
District's Covered Employee Payroll	\$4,292,183	\$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	267.00%	333.34%	442.21%	385.51%	313.08%	295.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$580,071	\$547,556	\$539,844	\$604,780	\$572,931	\$512,082
Contributions in Relation to the Contractually Required Contribution	<u>(580,071)</u>	<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>	<u>\$0</u>
District's Covered Employee Payroll	\$4,292,183	\$4,105,495	\$4,062,230	\$4,096,106	\$4,156,086	\$4,398,336
Contributions as a Percentage of Covered Employee Payroll	13.51%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.194972%	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	\$0
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>\$124,036,957</u>	<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>
Total	<u><u>\$124,036,957</u></u>	<u><u>\$132,782,502</u></u>	<u><u>\$153,722,385</u></u>	<u><u>\$122,951,456</u></u>	<u><u>\$105,283,211</u></u>	<u><u>\$97,711,916</u></u>
District's Covered Employee Payroll	\$21,957,911	\$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%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.48%	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>2018</u>	<u>2017</u>
Total OPEB Liability		
Service cost	\$ 4,246,674	5,131,237
Interest	4,180,451	3,616,191
Changes of benefit terms		
Differences between expected and actual experience	(9,384,772)	
Changes of assumptions or other inputs	(11,352,424)	(15,430,462)
Member contributions	91,425	97,051
Benefit payments	<u>(2,645,286)</u>	<u>(2,635,651)</u>
Net change in total OPEB liability	(14,863,932)	(9,221,634)
Total OPEB liability - beginning	<u>113,791,413</u>	<u>123,013,047</u>
Total OPEB liability - ending	\$ <u>98,927,481</u>	<u>113,791,413</u>
Covered-employee payroll	\$ 26,250,094	25,328,392
Total OPEB liability as a percentage of covered-employee payroll	376.87%	449.26%

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 enefits 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, 2019**

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, 2019

	HEF FY19 WES Teacher of the Year Grant	HEF FY19 MS Teacher of the Year Grant	HEF FY18 HS Teacher of the Year Grant	HEF Advanced Material HS	HEF Poetry Café HS	HEF Taste of the Town Award	HEF Book Club HS	HEF Stem Supply WES	HEF Super Friends WES	Lions Club Technology High School
REVENUES:										
Local Sources	\$500	500	348	9,680	763	190	992	4,923	2,585	734
State Sources										
Federal Sources										
Total revenues	500	500	348	9,680	763	190	992	4,923	2,585	734
EXPENDITURES:										
Instruction:										
Salaries of teachers										
Other salaries of instruction										
Purchased professional, technical and educational svcs			263							
General supplies	500	500			763	190		4,673	2,585	734
Textbooks										
Other objects			85							
Total Instruction	500	500	348	0	763	190	0	4,673	2,585	734
Support services:										
Salaries of principals										
Salaries of other professional staff										
Personnel services- employee benefits										
Purchased professional and technical services								250		
Other purchased services										
Supplies and materials							992			
Other objects										
Total support services	0	0	0	0	0	0	992	250	0	0
Facilities acquisition and construction services										
Instructional equipment				9,680						
Non-Instructional equipment										
Total facilities acquisition and construction services	0	0	0	9,680	0	0	0	0	0	0
Total expenditures	500	500	348	9,680	763	190	992	4,923	2,585	734
Other Financing Sources (Uses)										
Transfer from Operating Budget - Preschool										
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	0	0
Excess (Deficiency) of Revenues Over (Under)										
Expenditures and Other Financing Sources (Uses)	\$0	0	0	0	0	0	0	0	0	0

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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, 2019

	Home & School Instructional Supply HS	HEF K Agriculture ECEC	Brain Alliance Grant	Total Local Funds	Nonpublic Textbooks	Nonpublic Auxiliary Aid		Nonpublic Handicapped Aid		
						Compensatory Education	ESL	Examination & Classification	Corrective Speech	Supplemental Instruction
REVENUES:										
Local Sources	22	2,283	566	24,086						
State Sources					16,009	122,670	604	53,709	21,427	52,728
Federal Sources										
Total revenues	22	2,283	566	24,086	16,009	122,670	604	53,709	21,427	52,728
EXPENDITURES:										
Instruction:										
Salaries of teachers										
Other salaries of instruction										
Purchased professional, technical and educational svcs			400	863		122,670	604	53,709	21,427	52,728
General supplies	22	2,283		12,250						
Textbooks					16,009					
Other objects				85						
Total instruction	22	2,283	400	12,998	16,009	122,670	604	53,709	21,427	52,728
Support services:										
Salaries of principals										
Salaries of other professional staff										
Personnel services- employee benefits										
Purchased professional and technical services										
Other purchased services			166	416						
Supplies and materials				992						
Other objects										
Total support services	0	0	166	1,408	0	0	0	0	0	0
Facilities acquisition and construction services										
Instructional equipment				9,680						
Non-Instructional equipment										
Total facilities acquisition and construction services	0	0	0	9,680	0	0	0	0	0	0
Total expenditures	22	2,283	566	24,086	16,009	122,670	604	53,709	21,427	52,728
Other Financing Sources (Uses)										
Transfer from Operating Budget - Preschool										
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	0	0
Excess (Deficiency) of Revenues Over (Under)										
Expenditures and Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	0	0

TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenue and Expenditures
Budgetary Basis
FOR THE FISCAL YEAR ENDED June 30, 2019

	Nonpublic Nursing	Nonpublic Technology	Nonpublic Security	Preschool Education Aid	Total State Funds	Title I Part A	Carryover Title I Part A	Title III English Language Enhancement	Carryover Title III English Language Enhanc.	Title III Language Instruction for Immigrant Students	Carryover Title III Language Instruction for Immigrant Students
REVENUES:											
Local Sources											
State Sources	35,532	9,826	33,747	404,032	750,284						
Federal Sources						832,491	8,917	40,317	2,165	3,358	1,397
Total revenues	35,532	9,826	33,747	404,032	750,284	832,491	8,917	40,317	2,165	3,358	1,397
EXPENDITURES:											
Instruction:											
Salaries of teachers				338,490	338,490	499,935					
Other salaries of instruction				118,262	118,262	92,916	1,930	31,841		2,462	1,298
Purchased professional, technical and educational svcs		584			251,722						
General supplies		9,242		7,477	16,719	3,039	6,011	324	708		
Textbooks					16,009						
Other objects						1,704					
Total instruction	0	9,826	0	464,219	741,192	597,594	1,930	37,852	324	3,170	1,298
Support services:											
Salaries of principals				40,360	40,360						
Salaries of other professional staff						35,601					
Personnel services- employee benefits				60,990	60,990	166,346	148	2,436		188	99
Purchased professional and technical services	35,532		150		35,682						
Other purchased services						22,336	5,173		1,404		
Supplies and materials			33,597		33,597	9,939	1,666	29	437		
Other objects						375					
Total support services	35,532	0	33,747	101,350	170,629	234,897	6,987	2,465	1,841	188	99
Facilities acquisition and construction services											
Instructional equipment					0						
Non-Instructional equipment					0						
Total facilities acquisition and construction services	0	0	0	0	0	0	0	0	0	0	0
Total expenditures	35,532	9,826	33,747	565,569	911,821	832,491	8,917	40,317	2,165	3,358	1,397
Other Financing Sources (Uses)											
Transfer from Operating Budget - Preschool				161,537	161,537						
Total Other Financing Sources (Uses)	0	0	0	161,537	161,537	0	0	0	0	0	0
Excess (Deficiency) of Revenues Over (Under)											
Expenditures and Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	0	0	0

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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, 2019

	Title IV Student Support and Academic Enrichment	I.D.E.A. Part - B Basic	Carryover I.D.E.A. Part - B Basic	I.D.E.A. Part - B Preschool	Title II Part A	Carryover Title II Part A	Perkins Vocational	Total Federal Funds	Totals
REVENUES:									
Local Sources									24,086
State Sources									750,284
Federal Sources	37,661	747,527	25,542	24,666	43,748	42,284	32,836	1,842,909	1,842,909
Total revenues	37,661	747,527	25,542	24,666	43,748	42,284	32,836	1,842,909	2,617,279
EXPENDITURES:									
Instruction:									
Salaries of teachers							2,500	502,435	840,925
Other salaries of instruction								130,447	248,699
Purchased professional, technical and educational svcs		677,982		24,666			4,950	707,598	959,983
General supplies	1,999						22,502	34,583	63,652
Textbooks								0	16,009
Other objects								1,704	1,789
Total Instruction	1,999	677,982	0	24,666	0	0	29,952	1,376,767	2,130,957
Support services:									
Salaries of principals								0	40,360
Salaries of other professional staff	32,780				21,520		2,500	92,701	92,701
Personnel services- employee benefits	2,508				1,646		384	173,755	234,745
Purchased professional and technical services		69,545	25,542		9,063	14,984		119,134	154,816
Other purchased services					11,519	26,000		66,432	68,848
Supplies and materials	374					1,300		13,745	48,334
Other objects								375	375
Total support services	35,662	69,545	25,542	0	43,748	42,284	2,884	466,142	638,179
Facilities acquisition and construction services									
Instructional equipment								0	9,680
Non-Instructional equipment									0
Total facilities acquisition and construction services	0	0	0	0	0	0	0	0	9,680
Total expenditures	37,661	747,527	25,542	24,666	43,748	42,284	32,836	1,842,909	2,778,816
Other Financing Sources (Uses)									
Transfer from Operating Budget - Preschool									161,537
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0	0	161,537
Excess (Deficiency) of Revenues Over (Under)	0	0	0	0	0	0	0	0	0
Expenditures and Other Financing Sources (Uses)									

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TOWN OF HAMMONTON SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule of Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$349,374	338,490	10,884
Other Salaries for Instruction	118,683	118,252	431
Instructional Supplies	7,500	7,477	23
Total instruction	<u>475,557</u>	<u>464,219</u>	<u>11,338</u>
Support services:			
Salaries of Principals	40,360	40,360	0
Personnel Service Benefits	60,990	60,990	0
Other Purchased Professional Services	1,371		1,371
Total support services	<u>102,721</u>	<u>101,350</u>	<u>1,371</u>
Total expenditures	<u><u>\$578,278</u></u>	<u><u>565,569</u></u>	<u><u>12,709</u></u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2018-19 Preschool Education Aid Allocation	\$390,383
Add: Actual ECPA Carryover (June 30, 2018)	32,988
Add: Budgeted Transfer from the General Fund 2018-19	161,537
Total Preschool Education Aid Funds Available for 2018-19 Budget	<u>584,908</u>
Less: 2018-19 Budgeted Preschool Education Aid(Including prior year budgeted carryover)	<u>(578,278)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	6,630
Add: June 30, 2019 Unexpended Preschool Education Aid	12,709
Less: 2018-2019 Commissioner-approved Transfer to the General Fund	<u>0</u>
2018-19 Carryover - Preschool Education Aid/Preschool	<u><u>\$19,339</u></u>
2018-19 Preschool Education Aid Carryover Budgeted for Preschool Programs 2019-20	<u><u>\$6,630</u></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, 2019

	Food Service	Latchkey Program	2019
ASSETS:			
Cash and cash equivalents	\$163,485	91,613	255,098
Accounts Receivable:			
State	830		830
Federal	47,283		47,283
Other	2,110		2,110
Inventories	5,771		5,771
Total Current Assets	219,479	91,613	311,092
Capital Assets:			
Equipment	1,265,881	119,467	1,385,348
Accumulated depreciation	(647,736)	(61,798)	(709,534)
Total capital assets	618,145	57,669	675,814
Total assets	837,624	149,282	986,906
LIABILITIES AND FUND EQUITY:			
Current liabilities:			
Interfund accounts payable	76,673		76,673
Accounts payable	21,231	341	21,572
Unearned revenue	20,101		20,101
Compensated absences payable	35,592		35,592
Total current liabilities	153,597	341	153,938
Net Position:			
Unrestricted	65,882	91,272	157,154
Investment in capital assets	618,145	57,669	675,814
Total net position	684,027	148,941	832,968
Total liabilities and net position	\$837,624	149,282	986,906

TOWN OF HAMMONTON SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses
and Changes in Net Position
For the Fiscal Year ended June 30, 2019

	Food Service	Latchkey	2019
OPERATING REVENUES:			
Local Sources:			
Daily sales- reimbursable programs			
School lunch, breakfast, snack, summer program	\$339,206		339,206
Daily sales non- reimbursable programs	276,669		276,669
Miscellaneous	4,481		4,481
Special Functions	42,063		42,063
	<u>662,419</u>	<u>0</u>	<u>662,419</u>
OPERATING EXPENSES:			
Salaries	544,699		544,699
Employee benefits	259,216		259,216
Tuition		1,625	1,625
Supplies & Materials	57,004		57,004
Depreciation	54,584	7,441	62,025
Cost of sales-Reimbursable programs	556,070		556,070
Cost of sales-Nonreimbursable programs	125,573		125,573
Other	17,649		17,649
	<u>1,614,795</u>	<u>9,066</u>	<u>1,623,861</u>
Total operating expenses	<u>1,614,795</u>	<u>9,066</u>	<u>1,623,861</u>
Operating income (loss)	<u>(952,376)</u>	<u>(9,066)</u>	<u>(961,442)</u>
Nonoperating revenues:			
State sources			
State school lunch program	16,195		16,195
Federal sources			
National school lunch program	714,478		714,478
National school breakfast program	158,201		158,201
National school snack program	145		145
Food Distribution Program	77,599		77,599
Interest revenue	2,278	1,040	3,318
	<u>968,896</u>	<u>1,040</u>	<u>969,936</u>
Total nonoperating revenues	<u>968,896</u>	<u>1,040</u>	<u>969,936</u>
Net income/(loss) before transfers	16,520	(8,026)	8,494
Transfers in (out)			0
Change in Net Position	<u>16,520</u>	<u>(8,026)</u>	<u>8,494</u>
Net Position, July 1	<u>667,507</u>	<u>156,967</u>	<u>824,474</u>
Net Position, June 30	<u>\$684,027</u>	<u>\$148,941</u>	<u>\$832,968</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, 2019

	Food Service	Latchkey	2019
Cash flows from operating activities:			
Cash received from customers	\$665,403		665,403
Cash payments to employees for services	(805,561)		(805,561)
Cash payments to suppliers for goods and services	(679,909)	(1,284)	(681,193)
Net cash provided/(used) by operating activities	<u>(820,067)</u>	<u>(1,284)</u>	<u>(821,351)</u>
Cash flows from noncapital financing activities:			
Cash received from state and federal reimbursements	895,251		895,251
Net cash provided by noncapital financing activities	<u>895,251</u>	<u>0</u>	<u>895,251</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(5,222)		(5,222)
Net cash (used) by capital and related financing activities	<u>(5,222)</u>	<u>0</u>	<u>(5,222)</u>
Cash flows from investing activities:			
Interest on investments	2,278	1,040	3,318
Net cash provided by investing activities	<u>2,278</u>	<u>1,040</u>	<u>3,318</u>
Net increase (decrease) in cash and cash equivalents	72,240	(244)	71,996
Cash and cash equivalents, July 1	<u>91,245</u>	<u>91,857</u>	<u>183,102</u>
Cash and cash equivalents, June 30	<u>\$163,485</u>	<u>91,613</u>	<u>255,098</u>
Reconciliation of operating income/(loss) to net cash provided/(used) by operating activities:			
Operating income/(loss)	(\$952,376)	(9,066)	(961,442)
Adjustments to reconcile operating income/(loss) to cash provided (used) by operating activities:			
Depreciation	54,584	7,441	62,025
Federal Commodities	77,599		77,599
Change in assets and liabilities:			
Decrease/(Increase) in accounts receivable	2,670		2,670
Decrease/(Increase) in inventory	356		356
(Decrease)/Increase in accounts payable	(1,662)	341	(1,321)
(Decrease)/Increase in interfund accounts payable	(3,984)		(3,984)
(Decrease)/Increase in unearned revenue	314		314
(Decrease)/Increase in compensated absence payable	2,432		2,432
Net cash provided/(used) by operating activities	<u>(820,067)</u>	<u>(1,284)</u>	<u>(821,351)</u>

FIDUCIARY FUNDS

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

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

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

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

TOWN OF HAMMONTON SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Fiduciary Net Position
June 30, 2019

	Expendable Trusts		Agency		Total
	Scholarship	Unemployment	Student Activity	Payroll	
ASSETS:					
Cash and cash equivalents	\$40,226	378,767	286,405	16,669	722,067
Total Assets	40,226	378,767	286,405	16,669	722,067
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable		1,022			1,022
Payroll deductions and withholdings				16,669	16,669
Due to student groups			286,405		286,405
Total Liabilities	0	1,022	286,405	16,669	304,096
Net Position:					
Reserved - Expendable Trust					
Unemployment		377,745			377,745
Scholarship	40,226				40,226
Total net position	40,226	377,745	0	0	417,971
Total liabilities and net position	\$40,226	378,767	286,405	16,669	722,067

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

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
ASSETS:				
Cash and cash equivalents	\$270,812	815,175	799,582	286,405
Total assets	<u>270,812</u>	<u>815,175</u>	<u>799,582</u>	<u>286,405</u>
LIABILITIES:				
Due to student groups	270,812	815,175	799,582	286,405
Total liabilities	<u>\$270,812</u>	<u>815,175</u>	<u>799,582</u>	<u>286,405</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, 2019

	2019
OPERATING REVENUES:	
Local sources:	
Scholarship receipts	
Interest on investments	496
Total operating revenues	496
 OPERATING EXPENSES:	
Scholarship payments	3,700
Total operating expenses	3,700
Operating (loss)	(3,204)
Net (Loss)	(3,204)
Net Position, July 1	43,430
Net Position, June 30	\$40,226

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, 2019

	2019
OPERATING REVENUES:	
Local sources:	
Interest on investments	\$3,923
Contributions	52,962
Total operating revenues	56,885
 OPERATING EXPENSES:	
Payments of unemployment claims	9,628
Total operating expenses	9,628
Operating Income	47,257
Net Income	47,257
Net Position, July 1	330,488
Net Position, June 30	\$377,745

TOWN OF HAMMONTON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
ECEC	\$17,644	22,964	28,994	11,614
Elementary School	31,318	60,983	60,943	31,358
Middle School	53,106	117,374	127,001	43,479
Middle School Athletics	34	5,018	5,037	15
High School Students	166,921	512,024	481,994	196,951
High School Athletics	1,789	96,812	95,613	2,988
	<hr/>	<hr/>	<hr/>	<hr/>
Total all schools	<u>\$270,812</u>	<u>815,175</u>	<u>799,582</u>	<u>286,405</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and cash equivalents	\$143,219	34,769,392	34,895,942	16,669
Total assets	<u>143,219</u>	<u>34,769,392</u>	<u>34,895,942</u>	<u>16,669</u>
LIABILITIES:				
Payroll deductions and withholdings	143,219	14,641,989	14,768,539	16,669
Net pay		20,127,403	20,127,403	
Total liabilities	<u>\$143,219</u>	<u>34,769,392</u>	<u>34,895,942</u>	<u>16,669</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, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2018	Issued	Retired	Balance June 30, 2019
			Date	Amount					
Refunding School Bonds	5/11/16	\$ 7,050,000	8/1/19-22	\$ 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%				
					6,965,000		30,000	6,935,000	
Refunding School Bonds	3/23/10	10,890,000	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%				
					6,785,000		770,000	6,015,000	
Reroofing & addition alterations to the Middle School	4/15/06	2,614,000	7/15/19	210,000	4.250%				
			7/15/20	220,000	4.300%				
			7/15/21	224,000	4.300%				
					854,000		200,000	654,000	
Various Improvements to W.E.S. Elementary School	6/24/10	11,800,000	7/1/19-20	550,000	3.500%	1,650,000		550,000	1,100,000
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>\$22,949,000</u>	<u>0</u>	<u>1,550,000</u>	<u>21,399,000</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$1,631,010	0	1,631,010	1,631,010	0
	<u>1,631,010</u>	<u>0</u>	<u>1,631,010</u>	<u>1,631,010</u>	<u>0</u>
State Sources:					
Debt Service Aid Type II	366,149	0	366,149	366,149	0
	<u>366,149</u>	<u>0</u>	<u>366,149</u>	<u>366,149</u>	<u>0</u>
Total - State Sources	<u>366,149</u>	<u>0</u>	<u>366,149</u>	<u>366,149</u>	<u>0</u>
Total Revenues	<u>1,997,159</u>	<u>0</u>	<u>1,997,159</u>	<u>1,997,159</u>	<u>0</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	806,861	0	806,861	806,861	0
Redemption of Principal	1,550,000	0	1,550,000	1,550,000	0
	<u>2,356,861</u>	<u>0</u>	<u>2,356,861</u>	<u>2,356,861</u>	<u>0</u>
Total expenditures	<u>2,356,861</u>	<u>0</u>	<u>2,356,861</u>	<u>2,356,861</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(359,702)	0	(359,702)	(359,702)	0
OTHER FINANCING SOURCES (USES)					
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>
Total other financing sources (uses)	<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	(87,702)	0	(87,702)	(87,702)	0
Fund Balance, July 1	111,925	0	111,925	111,925	0
	<u>\$24,223</u>	<u>0</u>	<u>24,223</u>	<u>24,223</u>	<u>0</u>
Fund Balance, June 30	<u>\$24,223</u>	<u>0</u>	<u>24,223</u>	<u>24,223</u>	<u>0</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>(\$87,702)</u>		<u>(87,702)</u>		<u>87,702</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

	2010	2011	(Restated) 2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	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	12,818,941
Restricted	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	7,972,155
Unrestricted (Deficit)	(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)	(18,711,735)
Total governmental activities net position	10,971,445	12,453,862	12,157,410	12,274,762	14,193,020	3,356,542	2,837,024	1,783,404	1,193,599	2,079,361
Business-type activities										
Net investment in capital assets	168,986	147,804	256,944	316,848	266,964	347,927	310,114	764,480	732,617	675,814
Restricted					140,000	50,000	-			
Unrestricted	611,144	710,498	690,714	622,398	542,246	525,085	653,613	72,173	91,857	157,154
Total business-type activities net position	780,130	858,302	947,658	939,246	949,210	923,012	963,727	836,653	824,474	832,968
District-wide										
Net investment in capital assets	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	13,494,755
Restricted	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	7,972,155
Unrestricted (Deficit)	(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)	(18,554,581)
Total district net position	11,751,575	13,312,164	13,105,068	13,214,008	15,142,230	4,279,554	3,800,751	2,620,057	2,018,073	2,912,329

Source: CAFR Schedule A-1

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

	2010	2011	(Restated) 2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	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	34,674,171
Special education	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	5,910,504
Other instruction	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	2,371,418
Support Services:										
Tuition	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	2,737,676
Student & instruction related services	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	8,925,679
General administrative services	970,211	872,481	810,159	799,956	908,255	890,705	905,976	940,450	1,032,113	1,018,914
School administrative services	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	3,665,577
Business administrative services	1,175,899	870,618	968,567	1,016,998	1,020,546	970,690	1,428,241	1,216,390	1,962,460	1,525,487
Plant operations and maintenance	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	5,471,043
Pupil transportation	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	3,086,411
Capital Outlay										
Interest on long-term debt	978,539	1,303,565	1,242,891	1,200,898	1,167,844	1,132,063	1,109,565	623,150	828,638	777,134
Unallocated depreciation										
Total governmental activities expenses	45,364,497	45,042,111	46,866,218	48,932,576	49,001,372	49,820,463	51,284,201	54,885,504	72,667,095	70,164,014
Business-type activities:										
Food service	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	1,614,795
Child Care	87,504	101,050	88,896	99,632	93,032	112,572	78,190	8,630	10,066	9,066
Total business-type activities expense	1,350,979	1,429,891	1,490,260	1,620,994	1,690,831	1,683,617	1,654,046	1,715,435	1,661,518	1,623,861
Total district expenses	46,715,476	46,472,002	48,356,478	50,553,570	50,692,203	51,504,080	52,938,247	56,600,939	74,328,613	71,787,875
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition				10,031,406	10,368,696	9,854,615	10,157,368	9,975,782	9,883,460	9,293,534
Transportation fees from other LEA's				106,688	89,274	72,947	94,371	108,371	84,489	92,510
Operating grants and contributions	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	14,532,501
Capital grants and contributions										
Total governmental activities program revenues	5,484,198	5,474,420	6,026,604	16,830,835	16,662,587	16,043,342	15,856,268	12,806,810	29,024,273	23,918,545
Business-type activities:										
Charges for services										
Food service	775,789	762,141	731,502	711,676	722,274	695,274	709,738	654,159	633,811	662,419
Child care	85,874	86,676	95,865	108,506	116,366	117,173	83,433	25		
Operating grants and contributions	612,206	649,340	741,431	789,090	860,941	843,503	900,247	932,864	937,595	966,618
Capital grants and contributions										
Total business type activities program revenues	1,473,869	1,498,157	1,568,798	1,609,272	1,699,581	1,655,950	1,693,418	1,587,048	1,571,406	1,629,037
Total district program revenues	6,958,067	6,972,577	7,595,402	18,440,107	18,362,168	17,699,292	17,549,686	14,393,858	30,595,679	25,547,582
Net (Expense)/Revenue										
Governmental activities	(39,880,299)	(39,567,691)	(40,839,614)	(32,101,741)	(32,338,785)	(33,777,121)	(35,427,933)	(42,078,694)	(43,642,822)	(46,245,469)
Business-type activities	122,890	68,266	78,538	(11,722)	8,750	(27,667)	39,372	(128,387)	(90,112)	5,176
Total district-wide net expense	(39,757,409)	(39,499,425)	(40,761,076)	(32,113,463)	(32,330,035)	(33,804,788)	(35,388,561)	(42,207,081)	(43,732,934)	(46,240,293)

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

	(Restated)									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	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	18,018,685
Taxes levied for debt service	1,457,168	1,457,168	1,457,168	1,498,206	1,498,206	1,673,376	2,083,577	1,831,416	1,735,380	1,631,010
Unrestricted grants and contributions	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	27,271,317
Tuition Received	10,935,928	11,004,932	10,763,744							
Authorized bond proceeds	(11,800,000)		(1,380,341)							
Transportation fees from other LEA's	268,006	108,608	65,528							
Premium on BANS	86,725									
Investment earnings	82,818	136,986	122,949	36,456	13,302	17,799	17,502	16,964	17,244	84,757
Miscellaneous income	148,088	474,787	169,439	184,997	156,984	190,592	323,399	187,796	152,787	45,200
Canceled accounts payable prior year	1,913		361,812	2,372		1,763				
Prior year adjustment							58,707	32,567	108,596	
Transfer to cover deficit									(77,098)	
Refund prior year expenditures										80,262
Total governmental activities	29,547,686	41,050,108	40,757,399	32,219,093	34,257,043	35,272,505	34,908,415	41,025,074	43,053,017	47,131,231
Business-type activities:										
Investment earnings	6,621	9,906	10,943	3,310	1,214	1,469	1,343	1,313	835	3,318
Transfer to cover deficit									77,098	
Total business-type activities	6,621	9,906	10,943	3,310	1,214	1,469	1,343	1,313	77,933	3,318
Total district-wide	29,554,307	41,060,014	40,768,342	32,222,403	34,258,257	35,273,974	34,909,758	41,026,387	43,130,950	47,134,549
Change in Net Position										
Governmental activities	(10,332,613)	1,482,417	(82,215)	117,352	1,918,258	1,495,384	(519,518)	(1,053,620)	(589,805)	885,762
Business-type activities	129,511	78,172	- 89,481	(8,412)	9,964	(26,198)	40,715	(127,074)	(12,179)	8,494
Total district	(10,203,102)	1,560,589	7,266	108,940	1,928,222	1,469,186	(478,803)	(1,180,694)	(601,984)	894,256

Source: CAFR Schedule A-2

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
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	4,652,080
Assigned				1,057,814	316,838	300,000	332,306	1,892,463	2,236,991	3,295,852
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)	(881,932)
Reserved	5,706,667									
Unreserved (Deficit)	(609,351)									
Total general fund	5,097,316	6,590,235	7,505,381	8,225,514	7,637,734	7,876,014	7,857,168	7,116,813	6,732,134	7,066,000
All Other Governmental Funds										
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	24,223
Committed		14,626								
Unassigned (Deficit)		(48,032)	134,027						(44,734)	(39,038)
Reserved	1,737,244									
Unreserved, reported in:										
Special revenue fund (Deficit)	(46,531)									
Debt service fund										
Total all other governmental funds	1,690,713	1,663,675	295,860	139,902	745,080	187,665	301,530	42,185	67,191	(14,815)

Source: CAFR Schedule B-1

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	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	19,649,695
Tuition charges	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	9,293,534
Tuition from Individuals								3,000	750	
Transportation fees from other LEA's	268,006	108,608	65,528	106,688	89,274	72,947	94,371	108,371	84,489	92,510
Premium on BANS	86,725									
Interest earnings	82,818	136,986	122,949	36,456	13,302	17,799	17,502	16,964	17,244	84,757
Miscellaneous	148,088	474,787	169,439	184,997	156,984	190,592	323,399	187,796	152,787	45,200
Local sources	15,090	24,821	30,732	39,102	38,541	44,422	36,561	29,382	33,402	24,086
State sources	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	27,891,581
Federal sources	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	1,978,283
Total revenue	46,829,972	46,524,528	47,802,532	49,047,557	50,919,631	52,365,786	52,775,733	53,799,317	55,717,131	59,059,646
Expenditures										
Instruction										
Regular instruction	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	18,480,473
Special education instruction	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	3,195,304
Other instruction	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	1,512,463
Support Services:										
Tuition	430,965	562,886	907,174	1,064,516	1,216,548	1,375,645	1,581,196	2,146,504	2,318,045	2,737,676
Student & instruction related services	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	4,983,067
General administrative services	838,312	751,321	683,550	659,991	775,753	771,690	789,706	797,759	737,601	765,636
School Administrative services	2,055,120	1,862,916	1,769,602	1,707,374	1,744,611	1,729,060	1,832,249	1,838,160	1,859,910	2,014,435
Plant operations and maintenance	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	4,083,227
Pupil transportation	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	2,118,636
Business administrative services	907,958	654,854	715,728	722,338	740,424	725,770	840,089	903,574	918,505	942,902
Unallocated employee benefits	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	15,152,218
Capital outlay	983,768	1,303,782	725,012	484,015	1,970,512	2,896,801	803,399	332,353	472,033	545,150
Debt service:										
Principal	643,953	1,270,000	1,205,000	1,235,000	1,310,000	1,330,000	1,385,000	1,515,000	1,505,000	1,550,000
Interest and other charges	976,798	1,139,830	1,263,417	1,222,267	1,186,942	1,150,211	1,102,861	894,965	866,545	806,861
Total expenditures	45,654,994	45,210,347	47,236,672	48,485,754	50,902,233	52,686,684	52,739,421	54,831,584	56,108,302	58,888,048
Excess (Deficiency) of revenues over (under) expenditures	1,174,978	1,314,181	565,860	561,803	17,398	(320,898)	36,312	(1,032,267)	(391,171)	171,598
Other Financing sources (uses)										
Refund prior year expenditures										80,262
Prior year adjustment							58,707	32,567	108,596	
Canceled accounts payable prior year	1,913		361,812	2,372		1,763				
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	433,537
Transfers out	(93,176)	(818,799)	(724,837)	(413,100)	(1,953,850)	(1,167,967)		(626,524)	(349,098)	(433,537)
Total other financing sources (uses)	316,916	151,700	(1,018,529)	2,372	-	1,763	58,707	32,567	31,498	80,262
Net change in fund balances	1,491,894	1,465,881	(452,669)	564,175	17,398	(319,135)	95,019	(999,700)	(359,673)	251,860
Debt service as a percentage of noncapital expenditures	3.63%	5.49%	5.31%	5.12%	5.10%	4.98%	4.75%	4.42%	4.26%	4.04%

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
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
2019	84,757	9,293,534	92,510	45,200	9,516,001

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 ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2019	28,067,700	988,533,000	39,683,600	6,836,200	269,342,700	18,024,300	13,670,200	1,364,157,700	-	-	1,364,157,700	1.440	1,444,618,526

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Fiscal Year Ended June 30,	Town of Hammonton Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General		Town of Hammon- ton	Atlantic County	
		Obligation Debt Service ^b	Total Direct			
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
2019	1.320	0.120	1.440	0.697	0.572	2.709

Source: District Records and Municipal Tax Collector

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

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

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

Taxpayer	2019			2010		
	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%			
Kramer Beverage Real Estate LLC	9,147,800	2	0.67%			
Rt 206 Inc.	9,138,200	3	0.67%			
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%			
Peachtree LLC	6,367,800	7	0.47%			
1001 Grant LLC	5,500,000	8	0.40%			
Atlanticare Regional Medical Center	4,988,700	9	0.37%			
Bellevue Property Group	3,650,500	10	0.27%			
Kramer Beverage Real Estate LLC				7,800,500	1	0.92%
Alan Litt Exchange-Hammonton LLC				6,601,600	2	0.78%
FR Grand Avenue LLC				6,500,000	3	0.76%
Rt 206 Inc				6,065,300	4	0.71%
1001 Grand St. Investors LLC				5,259,600	5	0.62%
Hammonton Realty Associates LLC				5,186,100	6	0.61%
Wal-Mart RE Bus. Trust				4,658,700	7	0.55%
Peachtree LLC				3,440,600	8	0.40%
Bell Atlantic Property				3,310,989	9	0.39%
Bellevue Property Group LLC				2,291,100	10	0.27%
Total	<u>90,498,400</u>		<u>6.63%</u>	<u>51,114,489</u>		<u>6.01%</u>

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

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	
2019	19,649,695	19,649,695	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 ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)			
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
2019	21,399,000		-		21,399,000	0.218%	46,557

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

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

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

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
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
2019	21,399,000		21,399,000	1.57%	1,454

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, 2019
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Town of Hammonton	18,724,302	100.00%	18,724,302
Other debt			
Atlantic County	154,921,554	4.62%	<u>7,157,376</u>
Subtotal, overlapping debt			25,881,678
Town of Hammonton School District Direct Debt		100.00%	<u>21,399,000</u>
Total direct and overlapping debt			<u><u>47,280,678</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 2019

Equalized valuation basis	
	2018 1,432,751,681
	2017 1,364,113,745
	2016 1,351,724,801
	<u>[A] 4,148,590,227</u>
Average equalized valuation of taxable property	[A/3] 1,382,863,409
Debt limit (4 % of average	[B] 55,314,536 a
Net bonded school debt	<u>[C] 21,399,000</u>
Legal debt margin	<u>[B-C] 33,915,536</u>

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	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	55,314,536
Total net debt applicable to limit	<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>	<u>21,399,000</u>
Legal debt margin	<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>	<u>33,915,536</u>
Total net debt applicable to the limit as a percentage of debt limit	55.88%	53.83%	53.37%	52.49%	52.79%	51.57%	49.39%	45.74%	42.48%	38.69%

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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%
2019	14,085	655,755	46,557	5.90%

Source:

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

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

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

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

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

Employer	2018			2009		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	-			0.00%
		2	-			0.00%
		3	-			0.00%
		4	-			0.00%
		5	-			0.00%
		6	-			0.00%
		7	-			0.00%
		8	-			0.00%
		9	-			0.00%
		10	-			0.00%
	-		-	-		-

Source:

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

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

<u>Function/Program</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>	<u>2019</u>
Instruction										
Regular	213.0	208.0	203.6	191.0	199.5	199.5	199.5	199.5	200.0	200.0
Special education	96.0	86.0	62.0	66.0	60.0	60.0	60.0	60.0	63.0	63.0
Other special education			13.0	9.0	8.0	8.0	8.0	8.0	9.0	9.0
Vocational	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Support Services:										
Tuition										
Student & instruction related services	45.0	42.0	65.4	83.0	82.0	82.0	82.0	82.0	74.0	74.0
General administrative services	6.0	4.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School administrative services	33.0	24.0	24.5	24.5	24.5	24.5	24.5	24.5	25.8	25.8
Business administrative services	10.0	8.0	9.0	10.0	9.5	9.5	9.5	9.8	9.9	9.9
Plant operations and maintenance	45.5	44.0	44.6	44.2	44.3	44.3	44.3	44.5	44.5	44.5
Pupil transportation	41.0	39.0	40.0	42.0	42.0	42.0	42.0	52.0	52.0	52.0
Food Service	19.5	19.5	19.0	19.0	21.0	21.0	21.0	30.0	30.0	30.0
Child Care	4	4	4	4.0	3.0	3.0	-	-	-	-
Total	<u>514</u>	<u>481</u>	<u>490</u>	<u>498</u>	<u>499</u>	<u>499</u>	<u>496</u>	<u>515</u>	<u>513</u>	<u>513</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% 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%
2019	3,504	69,386,880	19,802	30.90%		1:15	1:12	1:14	3,515	3,303	-1.84%	93.97%

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
District Building										
Early Childhood Learning Center										
(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	432	451	408	413	383	384	372	367	357	359
Elementary										
(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	840	873	907	933	979	962	923	920	886	879
Middle School										
(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	827	811	823	816	817	868	926	922	873	884
High School										
(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	1,335	1,415	1,427	1,443	1,450	1,387	1,409	1,378	1,379	1,393
Other										
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, 2019

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)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
High School	SP99341L	147,195	286,799	187,754	170,105	262,752	426,596	297,036	286,839	741,117	270,203
Middle School	N/A	94,181	110,111	278,713	200,192	101,463	76,895	275,677	458,967	185,744	142,384
Elementary School	N/A	56,446	74,101	92,894	61,900	82,776	82,863	107,882	178,236	110,030	108,651
Early Childhood Center	SP99343	37,553	38,188	54,277	40,744	72,212	49,524	48,227	45,154	44,450	56,543
Total School Facilities		<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>	<u>577,781</u>
Other Facilities											
Grand Total		<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>	<u>577,781</u>

TOWN OF HAMMONTON SCHOOL DISTRICT
Insurance Schedule
June 30, 2019
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Atlantic & Cape May Counties Association of School Business Officials Joint Insurance Fund		
Property, Inland Marine and Automobile Physical Damages	175,000,000	500
ACCASBO JIF Self Insured Retention - Per Occurrence	250,000	
Perils Included	All Risk	
Property Valuation		
Buildings and Contents	Replacement Cost	
Contractors Equipment	Actual Cash Value	
Automobiles	Replacement Cost	
Boiler & Machinery		
Limit of Liability	125,000,000	1,000
ACCASBO JIF Self Insured Retention	None	
Crime		
Limit of Liability	500,000	500
ACCASBO JIF Self Insured Retention	250,000	
General and Automobile Liability		
Limit of Liability	20,000,000	None
ACCASBO JIF Self Insured Retention	250,000	
Workers' Compensation		
Limit of Liability	Statutory	None
ACCASBO JIF Self Insured Retention	250,000	
Educator's Legal Liability		
Limit of Liability	20,000,000	None
ACCASBO JIF Self Insured Retention	175,000	
Pollution Legal Liability		
Limit of Liability	3,000,000	
Pollution Incident		25,000
Mold Incident		100,000
ACCASBO JIF Self Insured Retention	None	
Cyber Liability		
Limit of Liability	1,000,000	25,000
ACCASBO JIF Self Insured Retention	None	
Violent Malicious Acts		
Limit of Liability	1,000,000	15,000
ACCASBO JIF Self Insured Retention	None	
Disaster Management Services		
Limit of Liability	2,000,000	15,000
ACCASBO JIF Self Insured Retention	None	
RLI Insurance Company		
Surety Bond		
Business Administrator - Barbara S. Prettyman	25,000	None

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, 2019, 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 November 12, 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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

November 12, 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, 2019. 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, 2019.

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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 12, 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

November 12, 2019

TOWN OF HAMMONTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2019

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 6/30/18	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures (A)	Unearned Revenue 6/30/19	(Accounts Receivable) 6/30/19	Due to Grantor at 6/30/19
General Fund: Medical Assistance Program	93.778	1905NJSMAP	N/A	135,716	07/01/18-06/30/19			135,716	(135,716)			
Total General Fund						-	0	135,716	(135,716)	0	0	0
U.S. Department of Agriculture Passed-through State Department of Education:												
Enterprise Fund: Non-Cash Assistance: Food Distribution Program	10.565	Unknown	N/A	77,176	07/01/18-06/30/19	2,214		77,176	(77,599)	1,791		
Child Nutrition Cluster: Cash Assistance: Summer Food Service Program	10.559	191NJ304N1099	N/A	-	07/01/18-06/30/19			-	-			
National School Lunch Program	10.555	191NJ304N1099	N/A	714,528	07/01/18-06/30/19			677,421	(714,528)		(37,107)	
National School Lunch Program	10.555	181NJ304N1099	N/A	692,205	07/01/17-06/30/18	(43,325)		43,325				
School Snack Program	10.555	191NJ304N1099	N/A	145	07/01/18-06/30/19			145	(145)		-	
School Breakfast Program	10.553	191NJ304N1099	N/A	158,201	07/01/18-06/30/19			148,025	(158,201)		(10,176)	
School Breakfast Program	10.553	181NJ304N1099	N/A	140,063	07/01/17-06/30/18	(10,024)		10,024				
Total Enterprise Fund						(51,135)	0	956,116	(950,473)	1,791	(47,283)	0
U.S. Department of Education Passed-through State Department of Education:												
Special Revenue Fund:												
Elementary and Secondary Education Act (E.S.E.A.)												
Title I	84.010A	S010A180030	ESEA-1960-19	849,452	07/01/18-06/30/19			628,210	(832,491)		(204,281)	
Title I, Carryover	84.010A	S010A170030	ESEA-1960-18	853,482	07/01/17-06/30/18	(177,515)		186,397	(8,917)		(35)	
Title I, Carryover	84.010A	S010A160030	ESEA-1960-17	851,571	07/01/18-06/30/17	(10,690)		10,690				
Title II, Part A	84.367A	S367A180029	ESEA-1960-19	78,557	07/01/18-06/30/19			18,495	(43,748)		(25,253)	
Title II, Part A, Carryover	84.367A	S367A170029	ESEA-1960-18	80,313	07/01/17-06/30/18	(4,327)		41,238	(42,284)		(5,373)	
Title II, Part A, Carryover	84.367A	S367A160029	ESEA-1960-17	66,421	07/01/18-06/30/17							
Title III, English Lang Enhancement	84.365A	S365A180030	ESEA-1960-19	41,285	07/01/18-06/30/19			33,017	(40,317)		(7,300)	
Title III, Eng Lang Enhance, Carryover	84.365A	S365A170030	ESEA-1960-18	45,947	07/01/17-06/30/18	(7,555)		8,316	(2,165)		(1,404)	
Title III, Eng Lang Enhance, Carryover	84.365A	S365A160030	ESEA-1960-17	43,729	07/01/18-06/30/17							
Title III, Immigrant	84.365A	S365A180030	ESEA-1960-19	3,358	07/01/18-06/30/19			2,634	(3,358)		(724)	
Title III, Immigrant, Carryover	84.365A	S365A170030	ESEA-1960-18	1,964	07/01/17-06/30/18			1,397	(1,397)		-	
Title IV, Part A	84.358B	S358B180030	ESEA-1960-19	51,022	07/01/18-06/30/19			20,859	(37,661)		(16,802)	
IDEA Cluster:												
IDEA Part B, Basic Regular	84.027A	H027A180100	IDEA-1960-19	781,153	07/01/18-06/30/19			644,049	(747,527)		(103,478)	
IDEA Part B, Basic Reg, Carryover	84.027A	H027A170100	IDEA-1960-18	786,352	07/01/17-06/30/18	(90,042)		115,584	(25,542)		-	
IDEA Part B, Preschool	84.173A	H173A180114	IDEA-1960-19	24,666	07/01/18-06/30/19			22,199	(24,666)		(2,467)	
Carl D. Perkins, Secondary	84.048A	V048A180030	PERK-1960-19	32,836	07/01/18-06/30/19			32,836	(32,836)		-	
Carl D. Perkins, Secondary	84.048A	V048A170030	PERK-1960-18	33,044	07/01/17-06/30/18	(5,820)		5,820				
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						(336,949)	0	1,812,741	(1,842,909)	0	(367,117)	0
Total Federal Financial Awards						(388,084)	0	2,904,573	(2,929,098)	1,791	(414,400)	0

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

TOWN OF HAMMONTON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance 6/30/18	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments for Prior Year Cancelled Encumbrances	Balance at June 30, 2019			MEMO		
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund:														
Equalization Aid	19-495-034-5120-078	\$13,026,938	07/01/18-06/30/19			13,026,938	(13,026,938)						1,202,711	13,026,938
Special Education Aid	19-495-034-5120-089	2,297,445	07/01/18-06/30/19			2,297,445	(2,297,445)						212,112	2,297,445
School Choice Aid	19-495-034-5120-068	2,455,116	07/01/18-06/30/19			2,455,116	(2,455,116)						226,669	2,455,116
Special Education Extraordinary Aid	19-100-034-5120-044	304,529	07/01/18-06/30/19				(304,529)		(304,529)					304,529
Special Education Extraordinary Aid	18-100-034-5120-044	209,549	07/01/17-06/30/18	(\$209,549)		209,549								
Nonpublic Transportation Aid	19-495-034-5120-014	13,050	07/01/18-06/30/19				(13,050)		(13,050)					13,050
Nonpublic Transportation Aid	18-495-034-5120-014	12,760	07/01/17-06/30/18	(12,760)		12,760								
Transportation Aid	19-495-034-5120-014	757,886	07/01/18-06/30/19			757,886	(757,886)						69,972	757,886
Security Aid	19-495-034-5120-084	773,246	07/01/18-06/30/19			773,246	(773,246)						71,390	773,246
TPAF Non-Contributory (On-Behalf - Non-Budgeted)	19-495-034-5094-002	3,990,437	07/01/18-06/30/19			3,990,437	(3,990,437)							3,990,437
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)	19-495-034-5094-004	3,267	07/01/18-06/30/19			3,267	(3,267)							3,267
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	19-495-034-5094-001	1,810,056	07/01/18-06/30/19			1,810,056	(1,810,056)							1,810,056
Reimbursed TPAF														
Social Security Contributions	19-495-034-5094-003	1,605,817	07/01/18-06/30/19			1,526,058	(1,605,817)		(79,759)					1,605,817
Total General Fund				(222,309)	0	26,862,758	(27,037,787)	0	(397,338)	0	0	0	1,782,854	27,037,787

TOWN OF HAMMONTON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2019

126

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period	Balance 6/30/18	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances/ Adjustments for Prior Year Cancelled Encumbrances	Balance at June 30, 2019			MEMO		
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education														
Special Revenue Fund:														
Preschool Education Aid	19-495-034-5120-086	390,383	07/01/18-06/30/19		26,358	390,383	(404,032)							
Preschool Education Aid	18-495-034-5120-086	447,336	07/01/17-06/30/18	6,630						12,709			39,038	404,032
Preschool Education Aid	17-495-034-5120-086	455,184	07/01/16-06/30/17	26,358	(26,358)					6,630				
N.J. Nonpublic Aid:														
Textbook Aid	19-100-034-5120-064	20,986	07/01/18-06/30/19			20,986	(16,009)					4,977		16,009
Textbook Aid	18-100-034-5120-064	22,843	07/01/17-06/30/18	3,174				(3,174)						
Technology Aid	19-100-034-5120-373	14,148	07/01/18-06/30/19			14,148	(9,826)					4,322		9,826
Technology Aid	18-100-034-5120-373	15,429	07/01/17-06/30/18	1,213				(1,213)						
Nursing Aid	19-100-034-5120-070	39,285	07/01/18-06/30/19			39,285	(35,532)					3,753		35,532
Nursing Aid	18-100-034-5120-070	41,031	07/01/17-06/30/18	1,631				(1,631)						
Security Aid	19-100-034-5120-509	60,750	07/01/18-06/30/19			60,750	(33,747)					27,003		33,747
Security Aid	18-100-034-5120-509	31,725	07/01/17-06/30/18	10,110				(10,110)						
Auxiliary Services:														
Compensatory Education	19-100-034-5120-067	135,365	07/01/18-06/30/19			135,365	(122,670)					12,695		122,670
Compensatory Education	18-100-034-5120-067	131,990	07/01/17-06/30/18	19,316				(19,316)						
English as a Second Language	19-100-034-5120-067	2,502	07/01/18-06/30/19			2,502	(604)					1,898		604
English as a Second Language	18-100-034-5120-067	3,071	07/01/17-06/30/18	3,071				(3,071)						
Handicapped Services:														
Examination & Classification	19-100-034-5120-066	75,180	07/01/18-06/30/19			75,180	(53,709)					21,471		53,709
Examination & Classification	18-100-034-5120-066	77,726	07/01/17-06/30/18	13,661				(13,661)						
Corrective Speech	19-100-034-5120-066	32,141	07/01/18-06/30/19			32,141	(21,427)					10,714		21,427
Corrective Speech	18-100-034-5120-066	27,677	07/01/17-06/30/18	5,714				(5,714)						
Supplemental Instruction	19-100-034-5120-066	65,023	07/01/18-06/30/19			65,023	(52,728)					12,295		52,728
Supplemental Instruction	18-100-034-5120-066	64,230	07/01/17-06/30/18	8,648				(8,648)						
Total Special Revenue Fund				99,526	0	835,763	(750,284)	(66,538)	0	19,339	99,128	39,038		750,284
State Department of Education														
Debt Service Fund	19-495-034-5120-075		07/01/18-06/30/19			366,149	(366,149)							366,149
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program	19-100-010-3350-023	16,195	07/01/18-06/30/19			15,365	(16,195)			(830)				16,195
State School Lunch Program	18-100-010-3350-023	16,314	07/01/17-06/30/18	(996)		996								
				(996)	0	16,361	(16,195)	0	(830)	0	0	0	0	16,195
Total State Financial Assistance				(\$123,779)	0	28,081,031	(28,170,415)	(66,538)	(398,168)	19,339	99,128	1,821,892		28,170,415
Less: On-Behalf Pension System Contributions:														
TPAF Non-Contributory (On-Behalf - Non-Budgeted)	19-495-034-5094-002						3,990,437							
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)	19-495-034-5094-004						3,267							
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)	19-495-034-5094-001						1,810,056							
Total for State Financial Assistance-Major Program Determination							(22,366,655)							

Town of Hammonton School District
Notes to the Schedules of Financial Assistance
June 30, 2019

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, 2019

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>
State Assistance:					
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of State Financial Assistance	\$27,037,787	750,284	366,149	16,196	28,170,416
Difference – budget to "GAAP"					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(268,335)	5,696			(262,639)
Total State revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u>\$26,769,452</u>	<u>755,980</u>	<u>366,149</u>	<u>16,196</u>	<u>27,907,777</u>

Town of Hammonton School District
Notes to the Schedules of Financial Assistance
June 30, 2019

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>
Federal Assistance:				
Actual amounts (budgetary) “revenues” from the Schedule of Expenditures of Federal Awards	\$135,716	1,842,909	950,473	2,929,098
Difference – budget to “GAAP” Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(342)		(342)
Total Federal revenue as reported on the statement of revenue, expenditures, and changes in fund balances	<u>\$135,716</u>	<u>1,842,567</u>	<u>950,473</u>	<u>2,928,756</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, 2019. 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, 2019.

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, 2019**

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>
84.027, 84.173	H027A180100, H173A180114	Special Education 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, 2019
(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, 2019
(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, 2019**

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 15-08.

STATUS OF PRIOR - YEAR FINDINGS N/A

Condition:

Current Status: