

**HAMPTON TOWNSHIP
SCHOOL DISTRICT**

**Hampton Township Board of Education
Hampton, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

**Comprehensive Annual
Financial Report**

of the

HAMPTON TOWNSHIP SCHOOL DISTRICT

Hampton, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by

**Hampton Township Board of Education
Finance Department**

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INTRODUCTORY SECTION



HAMPTON TOWNSHIP BOARD OF EDUCATION

One School Road
Newton, New Jersey 07860

(973) 383-7140
Fax (973) 383-3835

Kerry K. Murphy
*Board Secretary/
Business Administrator*

Everett C. Burns
*Chief School
Administrator*

September 7, 2010

The Honorable President and Members
of the Board of Education
Hampton Township School District
Newton, NJ 07860

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Hampton Township School District (the "District") for the fiscal year ended June 30, 2010 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 Hampton Township Board of Education (the "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 basic financial statements and results of operations 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 Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, 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 Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Hampton Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Hampton Township Board of Education and the McKeown Elementary School constitute the District's reporting entity.

The District is an elementary school district housing students from pre-school through grade six. The Hampton Township School District provides a full array of services for students in the regular education classes as well as a special education population. The School District average daily enrollment for the 2009-2010 school year was 422 students which represents an increase of 9 students from the prior year.

Over the past five years, the School District has experienced a leveling off of student enrollment with small increases and decreases noted.

The Honorable President and Members
of the Board of Education
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The following details the changes in the student enrollment of the District over the last five years:

<u>Fiscal Year</u>	<u>Average Daily Student Enrollment</u>	<u>Change</u>
2009-2010	422	2.18%
2008-2009	413	-2.59%
2007-2008	424	-1.85%
2006-2007	432	1.41%
2005-2006	426	-0.47%

The students attending McKeown Elementary School continue to enjoy the benefits derived from a mix of Federal, State, and Local funds. Local taxpayers continue to financially support their neighborhood elementary school to a much larger degree than the return seen from state and federal revenues. Actually, each year the state portion of reimbursement continues to decline in Sussex County.

Students between the ages of 3 to 12 enjoy a variety of educational opportunities ranging from classroom instruction in reading, writing, spelling, mathematics, science, social studies, art, vocal music, instrumental music, library science classes, physical education, health, enrichment, and applied technology. Students who are educationally challenged, or are determined to be at-risk, are provided individual or small group instruction in all subject areas, including an emphasis on programs through resource rooms and inclusion. Some of our students are provided instruction through our recently developed autism program, our on-going speech training, physical and occupational therapy as well as opportunities in full inclusion programs like the one offered the Hampton pre-school age child, which is located in a modern facility know as "Rainbows of Learning" in Augusta, New Jersey.

Our instructional and support staff under the support and encouragement of the Hampton Township Board of Education offer students a host of after school clubs, and activities designed to improve and nurture the growing mind. Students may select from the Friendship club, the Stamp club, the Math club, Project Seek, Mock Trial, the Astronomy club, Robotics, as well as grade level after school tutoring classes.

2. ECONOMIC CONDITION AND OUTLOOK Hampton Township is one of the finest managed communities in Sussex County. Community members and township officials have carefully crafted a plan for the growth of the community that includes well organized commercial growth along the Route 206 corridor that includes a variety of car dealerships, Lowes, Walmart, Bed, Bath and Beyond, as well as a growing number of commercial ratables found in and around a convenient strip mall. The residential area remains separated from the commercial component, but within easy traveling distance.

Large tracts of undeveloped land have been examined for the most effective use of open space and several large tracts have been added to the list of farmland preservation lands. These large plots will lend itself to the control of the community as far as growth is concerned. In addition, the style and overall size of the homes is a good indicator of the size of the family that will ultimately reside within these homes once they are completed.

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Over the last few years, the Hampton Township School District has seen a declining enrollment. The average class size for the 2009-2010 remained at 21 students per class. The overall daily student enrollment for the 2009-2010 school year was 416 students. Nine years ago the student population was hovering around 500 students. The administration continues to monitor the growth or decline of the student population with special emphasis on the academic needs of the new students arriving in the community.

3. **MAJOR INITIATIVES:** The Hampton Township School District is a progressive school district with a district wide mission that not only emphasizes the performance growth of each individual student, but also reflects the community's values and desires to encourage all students to be life learners who will become productive citizens. Part of the preparation for this task is embedded in the Five Year Strategic Plan which is in the third year of development. The purpose of this Strategic Plan is to involve all the invested shareholders, including teachers, students, board members, parents, administrators, council members, and senior citizens in the planning for future programs and endeavors that have been laid out for the school district. The school district has three active Ad Hoc study committees that are made up of various members the shareholders that will examine the current and future directions for the district in the area of curriculum, personnel, and facilities.

In 2009-2010, the Hampton Township School District, worked in conjunction with the other Kittatinny Regional sending districts, to complete a full review and revision of the Science curriculum. Under the direction of a curriculum consultant, representatives from the four elementary school districts in the region will be meeting and organizing plans to meet the National and State Standards currently in development. All New Jersey School Districts will have one more year to fully revise their entire curriculum to align with the new standards. During the 2010-2011 school year, the Kittatinny Region will pursue revisions in the math curriculum. Language Arts and Literacy will also be a major focus.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

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 and the special revenue 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.

The Honorable President and Members
of the Board of Education
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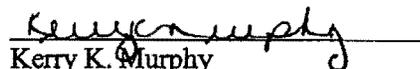
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reserves of fund balance at June 30, 2010.

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. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. DEBT ADMINISTRATION: As of June 30, 2010, the District has no outstanding debt.
8. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
9. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found in J-20.
10. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia & Company LLP, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.
11. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Hampton Township School Board 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.

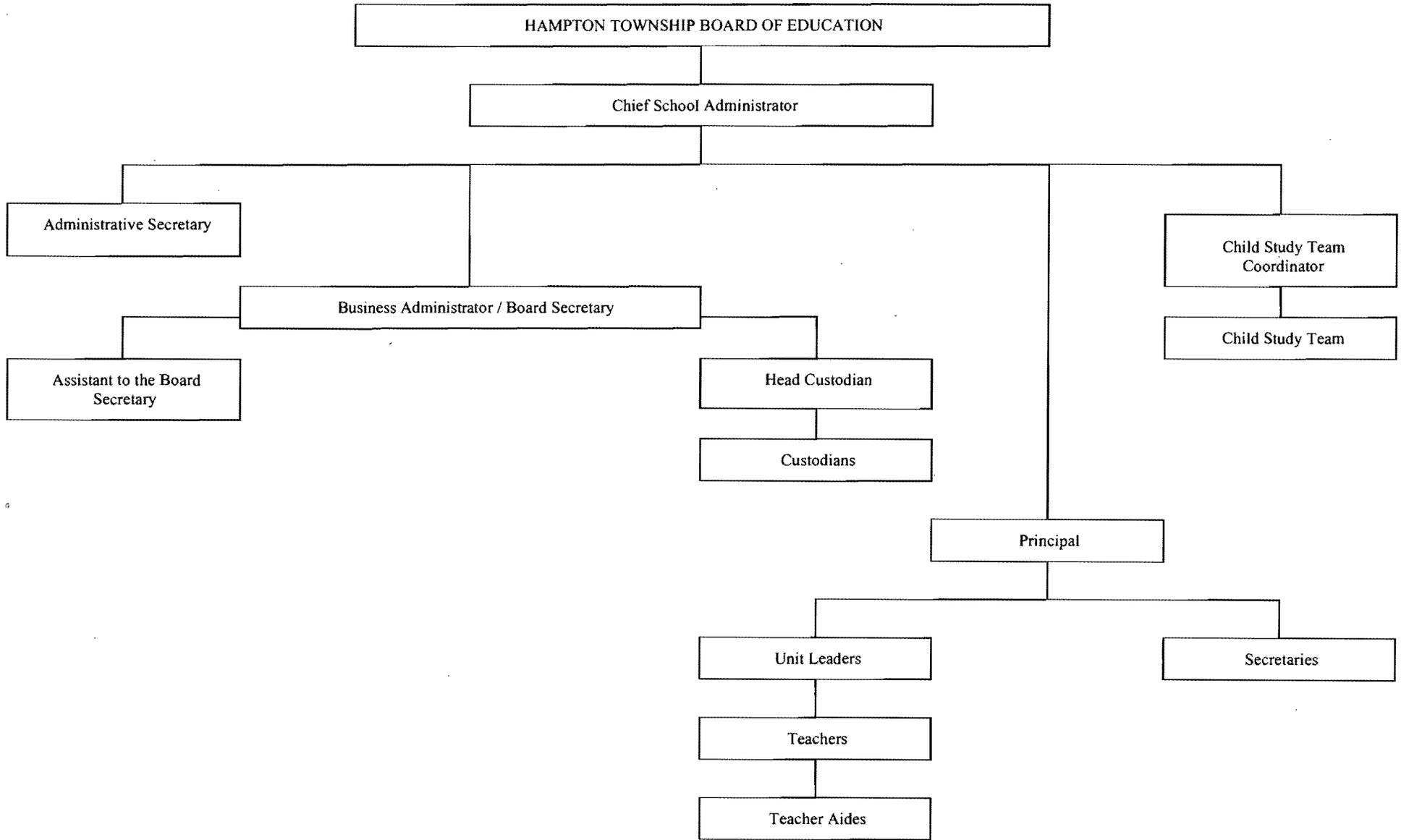
Respectfully submitted,



Everett C. Burns
Chief School Administrator



Kerry K. Murphy
Business Administrator/Board Secretary



HAMPTON TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2010

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph Santora, President	2011
Barry Johnson, Vice President	2013
Deidre Metzger	2013
John Wohlleber	2013
Joyce Anderson	2012
Ernest Logsdon	2012
Janet Lucas	2012
Liza Mailloux	2011
Eleanore Shaffer	2011

Other Officials

Everett C. Burns, Chief School Administrator
Kerry K. Murphy, Board Secretary/Business Administrator
TerryLee Van Auken, Treasurer
Cherie Adams, Attorney

HAMPTON TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors
Year Ended June 30, 2010

Audit Firm

Nisivoccia & Company LLP
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, New Jersey 07856-1320

Lawrence Business Park
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Newton, NJ 07860

Attorney

Cherie Adams
Adams, Stern, Gutierrez,
& Lattibouderre, LLC
744 Broad Street
Newark, New Jersey 07102

Engineer

Gianforcaro Consulting Engineers and Planners
501 Route 206
Chester, New Jersey 07930

Official Depository

Lakeland Bank
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FINANCIAL SECTION

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Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Hampton Township School District
County of Sussex, New Jersey

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 Hampton Township School District in the County of Sussex as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Hampton Township School District in the County of Sussex as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2010 on our consideration of the Board of Education of the Hampton Township School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

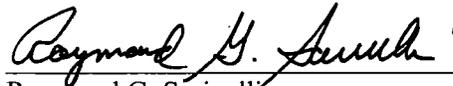
The Honorable President and Members
of the Board of Education
Hampton Township School District
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The Management's Discussion and Analysis and Budgetary Comparison Information on Schedules C-1 through C-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Hampton Township School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining and individual fund financial statements, supplementary schedules and schedules of expenditures of federal and state awards listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

September 7, 2010
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP



Raymond G. Sarinella
Licensed Public School Accountant #864
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2010

(UNAUDITED)

The discussion and analysis of the Hampton Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- ❖ The District's financial status is stable, in spite of relatively frozen state aid for several years.
- ❖ Overall revenue was \$6,957,973.
- ❖ Enrollment in the District has been approximately the same over the last several years.

**Figure A-1
Organization of Hampton Township's Financial Report**

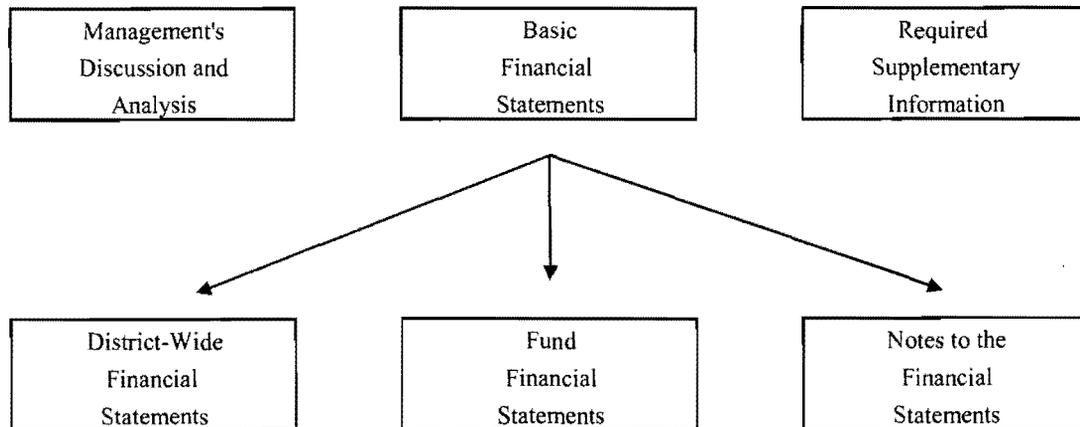


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2
Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses; food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenue, Expenses, and Changes in Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Fiduciary Net Assets
Accounting basis and measurement focus	Accrual Accounting and Economic Resources focus	Modified Accrual Accounting and Current Financial Focus	Accrual Accounting and Economic Resources focus	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital, Short-Term and Long-Term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All Revenue and Expenses during the year, regardless of when Cash is Received or Paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities is due and payable	All Revenue and Expenses during the year, regardless of when cash is received or paid	All Additions and Deductions during the year, regardless of when cash is received or paid

Using this Comparative Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Hampton Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the best level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in one column. In the case of Hampton Township School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activity

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all the financial transactions and asks the question, "How did we do financially during 2009-2010?". The Statement of Net Assets and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School district has improved or diminished. The cause of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❖ Governmental Activities- All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ Business- Type Activity- This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund and the Special Revenue Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting basis called modified accrual accounting, which measures the cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. 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. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District does not utilize an internal service fund.

Fiduciary Funds

The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

The School District as a Whole

The Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a school's financial position.

The District's financial position is the product of financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1
Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010	2009	2010	2009	2010	2009	2009-2010
Current and Other Assets	\$ 1,085,751	\$ 991,167	\$ 50,573	\$ 31,722	\$ 1,136,324	\$ 1,022,889	11.09%
Capital Assets	2,490,573	2,591,593	4,824	5,700	2,495,397	2,597,293	-3.92%
Total Assets	<u>3,576,324</u>	<u>3,582,760</u>	<u>55,397</u>	<u>37,422</u>	<u>3,631,721</u>	<u>3,620,182</u>	<u>0.32%</u>
Long-term Debt Outstanding	93,570	100,740			93,570	100,740	-7.12%
Other Liabilities	65,608	31,307			65,608	31,307	109.56%
Total Liabilities	<u>159,178</u>	<u>132,047</u>			<u>159,178</u>	<u>132,047</u>	<u>20.55%</u>
Net Assets:							
Invested in Capital Assets, Net of Related Debt	2,490,573	2,591,593	4,824	5,700	2,495,397	2,597,293	-3.92%
Restricted	774,097	827,151			774,097	827,151	-6.41%
Unrestricted	152,476	31,969	50,573	31,722	203,049	63,691	218.80%
Total Net Assets	<u>\$ 3,417,146</u>	<u>\$ 3,450,713</u>	<u>\$ 55,397</u>	<u>\$ 37,422</u>	<u>\$ 3,472,543</u>	<u>\$ 3,488,135</u>	<u>-0.45%</u>

The District's combined net assets were \$3,472,543 on June 30, 2010. This was a decrease of \$15,592 or 0.45 percent from the prior year. The decrease in governmental activities is primarily attributed to the decrease in restricted reserves for capital and emergencies. The increase in business-type activities is primarily attributed to an increase in cash from increased revenue.

Table 2 shows changes in net assets for fiscal year 2010.

Table 2

Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010	2009	2010	2009	2010	2009	
Revenue:							
Program Revenue:							
Charges for Services			\$ 91,621	\$ 92,990	\$ 91,621	\$ 92,990	-1.47%
Operating Grants and Contributions	\$ 1,224,282	\$ 1,094,957	33,548	31,727	1,257,830	1,126,684	11.64%
General Revenue:							
Property Taxes	4,723,432	4,723,432			4,723,432	4,723,432	0.00%
Federal and State Aid	943,114	1,100,296			943,114	1,100,296	-14.29%
Other	67,145	28,650	232	253	67,377	28,903	133.11%
Total Revenue	6,957,973	6,947,335	125,401	124,970	7,083,374	7,072,305	0.16%
Expenses:							
Instruction	4,207,135	3,990,148			4,207,135	3,990,148	5.44%
Tuition	190,581	100,568			190,581	100,568	89.50%
Pupil and Instruction Services	728,390	718,293			728,390	718,293	1.41%
Administrative and Business	750,364	720,686			750,364	720,686	4.12%
Maintenance and Operations	584,964	602,164			584,964	602,164	-2.86%
Transportation	396,564	377,393			396,564	377,393	5.08%
Other	133,542	173,293	107,426	105,786	240,968	279,079	-13.66%
Total Expenses	6,991,540	6,682,545	107,426	105,786	7,098,966	6,788,331	4.58%
Increase/(Decrease) in Net Assets	\$ (33,567)	\$ 264,790	\$ 17,975	\$ 19,184	\$ (15,592)	\$ 283,974	-105.49%

Revenue Sources

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up 66.68 percent of revenues for governmental activities for the Hampton Township School District for the fiscal year 2010. Approximately 31.07 percent came from state and federal aid and the remaining from miscellaneous sources. The District's total revenues were \$7,083,374 for the year ended June 30, 2010. The school district revenue and expenditures are detailed in Table 3 and Table 4.

Table 3
Sources of Revenue for Fiscal Year 2010

Sources of Income	Amount	Percentage
State Formula Aid	\$ 1,158,191	16.35%
Property Taxes	4,723,432	66.68%
Federal and State Categorical Grants	1,042,753	14.72%
Charges for Services	91,621	1.29%
Other	67,377	0.95%
	<u>\$ 7,083,374</u>	<u>100.00%</u>

The total cost of all programs and services was \$7,098,966. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (75.11 percent). (See Table 4). The District's administrative and maintenance and operations activities accounted for 18.81 percent of total costs. The most significant contributors to the high costs of Maintenance and Operations were higher fuel costs and products costs. It is important to remember that depreciation is included in expenses for the year; expenses therefore include \$116,420 in depreciation.

Table 4
Expenses for Fiscal Year 2010

Expense Category	Amount	Percentage
Instruction	\$ 4,207,135	59.26%
Tuition	190,581	2.68%
Pupil & Instruction Services	728,390	10.26%
Administrative and Business	750,364	10.57%
Maintenance & Operations	584,964	8.24%
Transportation	396,564	5.59%
Other	240,968	3.39%
	<u>\$ 7,098,966</u>	<u>100.00%</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

"Other" includes unallocated depreciation, transfer of funds to charter school and the District's food service operation.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 5 shows 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 those functions.

Table 5
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Instruction	\$ 4,207,135	\$ 3,990,148	\$ 3,132,634	\$ 3,050,249
Tuition	190,581	100,568	190,581	100,568
Pupil & Instruction Services	728,390	718,293	728,390	718,293
Administrative and Business	750,364	720,686	735,677	706,308
Maintenance & Operations	584,964	602,164	584,964	602,164
Transportation	396,564	377,393	261,470	236,713
Other	133,542	173,293	133,542	173,293
Total	<u>\$ 6,991,540</u>	<u>\$ 6,682,545</u>	<u>\$ 5,767,258</u>	<u>\$ 5,587,588</u>

- ❖ The cost of all governmental activities this year was \$6.99 million.
- ❖ The federal and state governments subsidized certain programs with grants and contributions (\$2.20 million).
- ❖ Most of the District's costs (\$4.79 million), however, were financed by District taxpayers.
- ❖ The remainder of the funding came from charges for services, miscellaneous revenue and investment earnings.

Business-Type Activities

Revenue for the District's business type activities (food service program) were comprised of charges for services and federal and state reimbursements.

Net assets from the District's business-type activity increased by \$17,975. (Refer to Table 2). Factors contributing to these results included:

- ❖ Food services revenues exceeded expenses by \$17,975, accounting for all of the increase in the net assets of the business-type activities. The current operation is run by Maschio's Food Service.

The School District's Funds

All governmental funds (i.e., general fund and special revenue fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$6,957,973 and expenditures were \$6,897,690. The net positive change in fund balance was \$60,283.

The District's financial position improved despite difficult economic conditions. Salaries of staff increased by prior year negotiated agreements and health benefits have had double digit increases. The ability to generate fund balance and to have increased ratables is essential since there is not a guaranteed state aid increase.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- ❖ The District received Extraordinary Aid, which is state aid for special education students whose individual program cost exceeds \$40,000 per year. This was not anticipated, as there is no guarantee from the Department of Education that these funds would be available.
- ❖ On-behalf TPAF non-contributory insurance, post-retirement medical contributions and Social Security contributions which is the state's contribution to the pension fund, post-retirement medical fund and Social Security fund is neither a revenue item nor an expenditure item in the District's records but is required to be reflected in the financial statements.
- ❖ Tuition costs for out-of-district special education students are budgeted based upon actual students known when the budget is completed. Transfers are made between the tuition line items based on the actual placements during the year.

Capital Assets

At the end of the fiscal year 2010, the School District had \$ 2,495,397 invested in land, building, furniture, equipment, and vehicles. Table 6 shows fiscal year 2010 balances compared to 2009.

Table 6

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2010	2009	2010	2009	2010	2009	Change 2009-2010
Site	\$ 1,558,800	\$ 1,558,800			\$ 1,558,800	\$ 1,558,800	0.00%
Buildings & Building							
Improvements	846,221	927,256			846,221	927,256	-8.74%
Machinery and Equipment	85,552	105,537	\$ 4,824	\$ 5,700	90,376	111,237	-18.75%
Total	<u>\$ 2,490,573</u>	<u>\$ 2,591,593</u>	<u>\$ 4,824</u>	<u>\$ 5,700</u>	<u>\$ 2,495,397</u>	<u>\$ 2,597,293</u>	<u>-3.92%</u>

Overall capital assets decreased by \$101,896 from fiscal year 2009 to fiscal year 2010. The decrease in capital assets is due to depreciation expense of \$116,420 offset by increases and adjustments to assets of \$15,400.

Debt Administration

At June 30, 2010, the School District had \$93,570 of outstanding debt. The entire amount is for compensated absences. The decrease in outstanding debt is due to a renegotiation of bargaining contracts that resulted in a change in the way compensated absences are accounted for.

Table 7

Outstanding Long-Term Debt

	Total School District		Percentage
	2010	2009	Change 2009-2010
Other Long-Term Debt	\$ 93,570	\$ 100,740	-7.12%

For the Future

The Hampton Township School District continues to remain in good financial standing as an elementary school district. The annual school budget is in excess of six million dollars. The Board of Education and administration are proud of the community support that it receives for all the student programs.

The Board of Education and administration of the Hampton Township School District would like to go on record with the following concerns for the second year in a row:

- ❖ Shrinking State Aid,
- ❖ Delayed State Aid payment,
- ❖ Increased State required data collection,
- ❖ Delays in Municipal payments to the school districts caused by State Government, and
- ❖ Excessive Federal and State legislation.

The greatest concerns facing the Hampton Township School District in the near future are the growing costs of providing specialized training and education for all students as we move closer to individualized instruction.

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, bond holders, and creditors with a general overview of the District's finances to show the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact Mrs. Kerry K. Murphy, Business Administrator/Board Secretary at the Hampton Township Board of Education, Marian McKeown School, 1 School Rd, Newton, NJ 07860. Please visit our website at www.mckeown.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 535,265	\$ 49,187	\$ 584,452
Receivable from Federal Government	23,530		23,530
Receivable from State Government	51,169		51,169
Inventories		1,386	1,386
Restricted Assets:			
Cash and Cash Equivalents	475,787		475,787
Capital Assets:			
Sites (Land)	1,558,800		1,558,800
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	931,773	4,824	936,597
Total Assets	<u>3,576,324</u>	<u>55,397</u>	<u>3,631,721</u>
LIABILITIES			
Accounts Payable - Vendors	7,613		7,613
Payable to State Government	55,323		55,323
Deferred Revenue	2,672		2,672
Noncurrent Liabilities:			
Due Beyond One Year	93,570		93,570
Total Liabilities	<u>159,178</u>		<u>159,178</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,490,573	4,824	2,495,397
Restricted for:			
Capital Projects	454,162		454,162
Other Purposes	319,935		319,935
Unrestricted	152,476	50,573	203,049
Total Net Assets	<u>\$ 3,417,146</u>	<u>\$ 55,397</u>	<u>\$ 3,472,543</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 3,266,322		\$ 441,216		\$ (2,825,106)		\$ (2,825,106)
Special Education	623,251		559,149		(64,102)		(64,102)
Other Instruction	229,544		40,180		(189,364)		(189,364)
School-Sponsored Instruction	88,018		33,956		(54,062)		(54,062)
Support Services:							
Tuition	190,581				(190,581)		(190,581)
Student & Instruction Related Services	728,390				(728,390)		(728,390)
General Administrative Services	297,691				(297,691)		(297,691)
School Administrative Services	187,441		14,687		(172,754)		(172,754)
Central Services	203,861				(203,861)		(203,861)
Administrative Information Technology	61,371				(61,371)		(61,371)
Plant Operations and Maintenance	584,964				(584,964)		(584,964)
Pupil Transportation	396,564		135,094		(261,470)		(261,470)
Unallocated Depreciation	107,082				(107,082)		(107,082)
Transfer to Charter School	26,460				(26,460)		(26,460)
Total Governmental Activities	6,991,540		1,224,282		(5,767,258)		(5,767,258)

HAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 107,426	\$ 91,621	\$ 33,548			\$ 17,743	\$ 17,743
Total Business-Type Activities	107,426	91,621	33,548			17,743	17,743
Total Primary Government	\$ 7,098,966	\$ 91,621	\$ 1,257,830	\$ -0-	\$ (5,767,258)	\$ 17,743	\$ (5,749,515)
General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 4,723,432		\$ 4,723,432
Federal and State Aid not Restricted					943,114		943,114
Interest					2,827		2,827
Miscellaneous Income					64,318	\$ 232	64,550
Total General Revenue, Special Items, Extraordinary Items & Transfers					5,733,691	232	5,733,923
Change in Net Assets					(33,567)	17,975	(15,592)
Net Assets - Beginning					3,450,713	37,422	3,488,135
Net Assets - Ending					\$ 3,417,146	\$ 55,397	\$ 3,472,543

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

HAMPTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 493,187	\$ 42,078	\$ 535,265
Receivables From Federal Government		23,530	23,530
Receivables From State Government	51,169		51,169
Restricted Cash and Cash Equivalents	475,787		475,787
Total Assets	\$ 1,020,143	\$ 65,608	\$ 1,085,751
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Payable to State Government		\$ 55,323	\$ 55,323
Accounts Payable - Vendors		7,613	7,613
Deferred Revenue		2,672	2,672
Total Liabilities		65,608	65,608
Fund Balances:			
Reserved for:			
Encumbrances	\$ 140,804		140,804
Capital Reserve Account	454,162		454,162
Emergency Reserve Account	21,625		21,625
Excess Surplus	107,795		107,795
Excess Surplus -- Designated for Subsequent Year's Expenditures	49,711		49,711
Unreserved, Reported in:			
General Fund:			
Designated for Subsequent Year's Expenditures	110,289		110,289
Unreserved/Undesignated	135,757		135,757
Total Fund Balances	1,020,143		1,020,143
Total Liabilities and Fund Balances	\$ 1,020,143	\$ 65,608	

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (A-1) are Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$5,613,783 and the accumulated depreciation is \$3,123,210	2,490,573
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(93,570)
Net Assets of Governmental Activities	\$ 3,417,146

HAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUE:			
Local Sources:			
Local Tax Levy	\$ 4,723,432		\$ 4,723,432
Interest Earned on Capital Reserve Funds	2,827		2,827
Miscellaneous	64,318	\$ 1,440	65,758
Total - Local Sources	4,790,577	1,440	4,792,017
State Sources	1,653,462	65,881	1,719,343
Federal Sources	119,179	327,434	446,613
Total Revenue	6,563,218	394,755	6,957,973
EXPENDITURES			
Current:			
Regular Instruction	2,156,196	122,815	2,279,011
Special Education Instruction	238,153	271,940	510,093
Other Special Instruction	229,544		229,544
School Sponsored/Other Instruction	35,280		35,280
Support Services and Undistributed Costs:			
Tuition	190,581		190,581
Student & Instruction Related Services	578,284		578,284
General Administrative Services	276,909		276,909
School Administrative Services	140,834		140,834
Central Services	170,180		170,180
Administrative Information Technology	60,499		60,499
Plant Operations and Maintenance	516,623		516,623
Pupil Transportation	396,395		396,395
Allocated and Unallocated Benefits	1,484,798		1,484,798

HAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Total Governmental Funds
EXPENDITURES			
Capital Outlay	\$ 2,199		\$ 2,199
Transfer of Funds to Charter Schools	26,460		26,460
Total Expenditures	<u>6,502,935</u>	<u>\$ 394,755</u>	<u>6,897,690</u>
Excess of Revenue over Expenditures	60,283		60,283
Fund Balance—July 1	<u>959,860</u>		<u>959,860</u>
Fund Balance—June 30	<u>\$ 1,020,143</u>	<u>\$ - 0 -</u>	<u>\$ 1,020,143</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

HAMPTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 60,283

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit 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 outlay in the period.

	Depreciation expense	\$ (116,420)	
	Capital Adjustments	<u>15,400</u>	
			(101,020)

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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)

	<u>7,170</u>
	<u><u>\$ (33,567)</u></u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2010

	Business-type Activities - Enterprise Funds Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 49,187
Inventories	1,386
	50,573
Total Current Assets	50,573
Non-Current Assets:	
Capital Assets: (Net of Depreciation)	
Depreciable Furniture and Equipment	4,824
	4,824
Total Non-Current Assets	4,824
Total Assets	55,397
NET ASSETS:	
Investment in Capital Assets Net of Related Debt	4,824
Unrestricted	50,573
	55,397
Total Net Assets	\$ 55,397

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
 AN INTEGRAL PART OF THIS STATEMENT

HAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 78,186
Daily Sales - Non-Reimbursable Programs	13,435
	91,621
Total Operating Revenue	91,621
Operating Expenses:	
Cost of Sales	50,209
Salaries, Benefits & Payroll Taxes	44,394
Supplies, Insurance & Other Costs	5,163
Management Fee	6,784
Depreciation Expense	876
	107,426
Total Operating Expenses	107,426
Operating Loss	(15,805)
Non-Operating Income:	
Local Sources:	
Interest Income	232
State Sources:	
State School Lunch Program	2,105
Federal Sources:	
National School Lunch Program	25,281
Food Distribution Program	6,162
	33,780
Total Non-Operating Income	33,780
Change in Net Assets	17,975
Net Assets - Beginning of Year	37,422
Net Assets - End of Year	\$ 55,397

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 91,621
Payments to Employees	(44,394)
Payments to Food Service Vendor	(51,316)
Payments to Suppliers	<u>(5,163)</u>
Net Cash Used for Operating Activities	<u>(9,252)</u>
Cash Flows provided for Investing Activities:	
Local Sources:	
Interest Income	<u>232</u>
Net Cash Provided by Investing Activities	<u>232</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	2,105
Federal Sources:	
National School Lunch Program	<u>25,281</u>
Net Cash Provided by Noncapital Financing Activities	<u>27,386</u>
Net Increase in Cash and Cash Equivalents	18,366
Cash and Cash Equivalents, July 1	<u>30,821</u>
Cash and Cash Equivalents, June 30	<u>\$ 49,187</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (15,805)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	876
Food Distribution Program	6,162
Changes in Assets and Liabilities:	
Decrease in Inventory	<u>(485)</u>
Net Cash Used for Operating Activities	<u>\$ (9,252)</u>
<u>Noncash Investing and Financing Activities:</u>	
The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$6,750 for the fiscal year ended June 30, 2010	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ASSETS:			
Cash and Cash Equivalents	\$ 14,033	\$ 84,083	\$ 10,725
Total Assets	<u>14,033</u>	<u>84,083</u>	<u>10,725</u>
LIABILITIES:			
Due to Student Groups	12,851		
Payroll Deductions and Withholdings	<u>1,182</u>		
Total Liabilities	<u>14,033</u>		
NET ASSETS:			
Held in Trust for Unemployment Claims		84,083	
Reserved for Scholarships			<u>10,725</u>
Total Net Assets	<u>\$ -0-</u>	<u>\$ 84,083</u>	<u>\$ 10,725</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
Additions:		
Contributions:		
Plan Contributions:		
Employee Contributions	\$ 5,524	
Employer Contributions	36,000	
Donations		\$ 50
Total Contributions	<u>41,524</u>	<u>50</u>
Investment Earnings:		
Interest	<u>336</u>	<u>137</u>
Net Investment Earnings	<u>336</u>	<u>137</u>
Total Additions	<u>41,860</u>	<u>187</u>
Deductions		
Unemployment Compensation Claims	<u>11,324</u>	
Total Deductions	<u>11,324</u>	
Change in Net Assets	30,536	187
Net Assets - Beginning of the Year	<u>53,547</u>	<u>10,538</u>
Net Assets - End of the Year	<u>\$ 84,083</u>	<u>\$ 10,725</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Hampton Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 described below.

A. Reporting Entity:

The Board 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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school located in the Township of Hampton. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). 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.

Debt Service Fund: The Debt Service Fund is 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.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund and Private Purpose Trust Fund.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. 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. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized reserves on the annual budget during the year).

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 6,571,339	\$ 385,535
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Basis recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis does not.		
Current Year Encumbrances		(1,575)
Prior Year Encumbrances		10,795
Prior Year State Aid Payment Recognized for GAAP Statements	130,414	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(138,535)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 6,563,218</u>	<u>\$ 394,755</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 6,502,935	\$ 385,535
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.		
Current Year Encumbrances		(1,575)
Prior Year Encumbrances		10,795
	\$ 6,502,935	\$ 394,755
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds		

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type 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.

N.J.S.A. 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 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 of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenue 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.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 Years
Site Improvements	20 Years
Furniture and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2010.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

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

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$1,020,143 General Fund fund balance at June 30, 2010, \$140,804 is reserved for encumbrances; \$454,162 is reserved in the capital reserve account; \$21,625 is reserved in the emergency reserve account; \$49,711 is reserved as prior year excess surplus in accordance with N.J.S.A.18A:7F (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2011; \$107,795 is reserved as current year excess surplus in accordance with N.J.S.A.18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2012; \$110,289 is unreserved, designated for subsequent year's expenditures and \$135,757 is unreserved and undesignated which is \$138,535 less than the calculated maximum unreserved fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2011.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), 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 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 year's budget. The District had excess surplus as noted above.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

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Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), 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 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 year's budget. The District had excess surplus as noted above.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

The District's unreserved/undesignated fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$138,535 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the related state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets 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 laws 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 assets are available.

R. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditures. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, an emergency reserve, a capital reserve and excess surplus as defined by State law.

T. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

U. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following pages.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; and

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

- (7) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2010, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Capital and Emergency Reserves	Total
Checking & Savings Accounts	\$ 693,293	\$ 475,787	\$ 1,169,080

During the period ended June 30, 2010, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2010, was \$1,169,080 and the bank balance was \$1,323,561.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Hampton Township School District by inclusion of \$150,000 on July 1, 1996 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Balance at June 30, 2009	\$ 441,335
Interest Earned	2,827
Increased by Board Resolution - June 29, 2010	<u>10,000</u>
Balance at June 30, 2010	<u><u>\$ 454,162</u></u>

The June 30, 2010 LRFPA balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2010.

NOTE 5. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the Hampton Township School District by inclusion of \$21,625 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Balance at June 30, 2009	<u>\$ 21,625</u>
Balance at June 30, 2010	<u><u>\$ 21,625</u></u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2010, the District transferred \$9,599 to the capital outlay accounts. The amount of the transfer was made for equipment and thus did not require approval by the county superintendent.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 7. OPERATING LEASES

The District has commitments to lease copying equipment under operating leases which expire in 2010 through 2014. Total operating lease payments made during the year ended June 30, 2010 were \$264. Future minimum lease payments are as follows:

Year	Amount
2012	\$ 1,259
2013	1,345
2014	1,068
Total Future Minimum Lease Payments	\$ 3,672

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2010, the following changes occurred in liabilities reported in the district-wide financial statements:

	Beginning Balance	Accrued	Retired	Ending Balance
Compensated Absences Payable	\$ 100,740	\$ 21,134	\$ 28,304	\$ 93,570

A. Bonds Payable:

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

As of June 30, 2010, the District has no bonds payable.

B. Bonds Authorized But Not Issued:

As of June 30, 2010, the District has no bonds authorized but not issued.

C. Capital Leases Payable:

The District had no capital leases as of June 30, 2010.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. There is no current portion of the compensated absences balance of the governmental funds in the current year. The long-term liability balance of compensated absences is \$93,570.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 8. GENERAL LONG-TERM DEBT (Cont'd)

D. Compensated Absences Payable: (Cont'd)

The liability for vested compensated absences of the proprietary fund type is recorded within those funds as the benefits accrue. As of June 30, 2010, no liability existed for compensated absences in the Food Service Fund.

The General Fund will be used to liquidate compensated absences payable.

NOTE 9. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2010 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,558,800			\$ 1,558,800
Total Capital Assets Not Being Depreciated	<u>1,558,800</u>			<u>1,558,800</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	3,311,546			3,311,546
Machinery and Equipment	727,691		\$ 15,746	743,437
Total Capital Assets Being Depreciated	<u>4,039,237</u>		<u>15,746</u>	<u>4,054,983</u>
Governmental Activities Capital Assets	<u>5,598,037</u>		<u>15,746</u>	<u>5,613,783</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(2,384,290)	\$ (81,035)		(2,465,325)
Machinery and Equipment	(622,154)	(35,385)	(346)	(657,885)
	<u>(3,006,444)</u>	<u>(116,420)</u>	<u>(346)</u>	<u>(3,123,210)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,591,593</u>	<u>\$ (116,420)</u>	<u>\$ 15,400</u>	<u>\$ 2,490,573</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 84,899			\$ 84,899
Less Accumulated Depreciation	(79,199)	\$ (876)		(80,075)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,700</u>	<u>\$ (876)</u>	<u>\$ -0-</u>	<u>\$ 4,824</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 5,935
General and School Administrative Services	1,611
Operations and Maintenance of Plant	1,792
General/Unallocated	<u>107,082</u>
	<u>\$ 116,420</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 10. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

<u>Three-Year Trend for TPAF (Paid on-behalf of District)</u>			
<u>Year Ending</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2010	\$ -0-	100%	\$ -0-
2009	-0-	100%	-0-
2008	220,701	100%	220,701

During the fiscal year ended June 30, 2010, the State of New Jersey did not make a contribution to the TPAF for normal pension benefits on behalf of the District.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

Three-Year Trend for PERS			
Year Ending June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 39,229	100%	\$ 39,229
2009	37,305	100%	37,305
2008	36,838	80%	29,470

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

- 20% for payments due in State fiscal year 2005
- Not more than 40% for payments due in State fiscal year 2006
- Not more than 60% for payments due in State fiscal year 2007
- Not more than 80% for payments due in State fiscal year 2008

NOTE 11. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. 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 Chapter 126, P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$190,189, \$188,409, and \$251,562 for 2010, 2009, and 2008, respectively.

NOTE 12. DEFERRED COMPENSATION

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

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 12. DEFERRED COMPENSATION (Cont'd)

The plan administrators are as follows:

AXA Equivest	MetLife
Lincoln Life	Life of the Southwest
Lincoln Investments	NJ Pension Supplemental Annuity

NOTE 13. 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. The District obtains its health insurance through New Jersey Health Benefits.

Property and Liability

The Board is a member of the School Alliance Insurance Fund ("SAIF). The SAIF provides its members with Workers' Compensation, Comprehensive General Liability and Automobile Liability, Property, Boiler and Machinery, and School Board Legal Liability Insurance. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. The SAIF is a risk-sharing fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the SAIF are elected.

As a member of the SAIF, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the SAIF were to be exhausted, members would become responsible for their respective shares of the SAIF's liabilities.

The SAIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 13. RISK MANAGEMENT (Cont'd)

Selected financial information for the SAIF as of June 30, 2009 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 33,659,794
Net Assets	\$ 14,417,326
Total Revenue	\$ 28,042,089
Total Expenses	\$ 25,015,943
Change in Net Assets for the Year Ended June 30, 2009	\$ 3,026,146
Net Assets Distribution to Participating Members	\$ 3,005,614

Financial Statements for the Fund are available at the Fund's Executive Director's office:

Public Entity Group Administrative Services
51 Everett Drive Suite B-40
West Windsor, New Jersey 08550

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 the District's contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ 36,000	\$ 5,860	\$ 11,324	\$ 84,083
2008-2009	13,929	536	793	53,547
2007-2008	2,835	5,791	1,593	39,875

NOTE 14. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The District had no interfunds receivable and payable at June 30, 2010.

NOTE 16. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 17. CONTINGENT LIABILITIES

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

BUDGETARY COMPARISON SCHEDULES

HAMPTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,723,432		\$ 4,723,432	\$ 4,723,432	
Interest on Capital Reserve	1,000		1,000	2,827	\$ 1,827
Miscellaneous	11,000		11,000	64,318	53,318
Total - Local Sources	4,735,432		4,735,432	4,790,577	55,145
State Sources:					
Extraordinary Aid	26,877		26,877	51,028	24,151
Categorical Special Education Aid	205,316		205,316	205,316	
Equalization Aid	656,825	\$ (119,179)	537,646	537,646	
Categorical Security Aid	30,680		30,680	30,680	
Adjustment Aid	391,544		391,544	254,504	(137,040)
Categorical Transportation Aid	169,858		169,858	138,166	(31,692)
Nonpublic Transportation				141	141
TPAF Non-Contributory Insurance (non-budgeted)				10,126	10,126
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				190,189	190,189
Reimbursed TPAF Social Security Contributions (non-budgeted)				243,787	243,787
Total State Sources	1,481,100	(119,179)	1,361,921	1,661,583	299,662
Federal Sources:					
Equalization Aid - ARRA ESF		114,737	114,737	114,737	
Equalization Aid - ARRA GSF		4,442	4,442	4,442	
Total Federal Sources		119,179	119,179	119,179	
TOTAL REVENUES	6,216,532		6,216,532	6,571,339	354,807

EXPENDITURES:

CURRENT EXPENSE

Regular Programs - Instruction:

Kindergarten - Salaries of Teachers	221,939	7,652	229,591	228,645	946
Grades 1-5 - Salaries of Teachers	1,439,472	19,700	1,459,172	1,440,693	18,479
Grades 6-8 - Salaries of Teachers	273,244	2,843	276,087	276,087	

HAMPTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Home Instruction:					
Salaries of Teachers	\$ 7,200	\$ 3,200	\$ 10,400	\$ 10,191	\$ 209
Purchased Professional - Educational Services	1,800	(1,800)			
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	84,782		84,782	74,623	10,159
Purchased Professional - Educational Services	16,000		16,000	15,825	175
General Supplies	154,018	(15,071)	138,947	106,264	32,683
Textbooks	14,000	3,000	17,000	3,868	13,132
Total Regular Programs - Instruction	<u>2,212,455</u>	<u>19,524</u>	<u>2,231,979</u>	<u>2,156,196</u>	<u>75,783</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	168,456		168,456	157,820	10,636
Other Salaries for Instruction	18,168	(916)	17,252	7,012	10,240
General Supplies	1,550	1,032	2,582	2,460	122
Total Learning and/or Language Disabilities	<u>188,174</u>	<u>116</u>	<u>188,290</u>	<u>167,292</u>	<u>20,998</u>
Autism:					
Salaries of Teachers	53,037		53,037	49,037	4,000
Other Salaries for Instruction	25,255		25,255	15,150	10,105
Purchased Professional - Educational Services	1,000		1,000		1,000
General Supplies	800	(1)	799	550	249
Total Autism	<u>80,092</u>	<u>(1)</u>	<u>80,091</u>	<u>64,737</u>	<u>15,354</u>
Preschool Handicapped - Part Time:					
Other Salaries for Instruction	7,065		7,065	6,124	941
Total Preschool Handicapped - Part Time	<u>7,065</u>		<u>7,065</u>	<u>6,124</u>	<u>941</u>
Total Special Education Instruction	<u>275,331</u>	<u>115</u>	<u>275,446</u>	<u>238,153</u>	<u>37,293</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 253,870	\$ (70)	\$ 253,800	\$ 227,974	\$ 25,826
General Supplies	1,500	70	1,570	1,570	
Total Basic Skills/Remedial - Instruction	<u>255,370</u>		<u>255,370</u>	<u>229,544</u>	<u>25,826</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	12,000		12,000	11,310	690
Purchased Services (300-500 series)	12,905		12,905	5,453	7,452
Supplies and Materials	2,000		2,000	1,145	855
Other Objects	275		275		275
Total School-Sponsored Cocurricular Activities - Instruction	<u>27,180</u>		<u>27,180</u>	<u>17,908</u>	<u>9,272</u>
Before/After School Programs:					
Salaries of Teacher Tutors	12,000	4,917	16,917	16,917	
Total Before/After School Programs	<u>12,000</u>	<u>4,917</u>	<u>16,917</u>	<u>16,917</u>	
Summer School - Instruction:					
Other Salaries of Instruction	500	(500)			
Salaries of Teacher Tutors	7,000	(4,072)	2,928		2,928
General Supplies	600	(145)	455	455	
Total Summer School Instruction	<u>8,100</u>	<u>(4,717)</u>	<u>3,383</u>	<u>455</u>	<u>2,928</u>
Total Instruction	<u>2,790,436</u>	<u>19,839</u>	<u>2,810,275</u>	<u>2,659,173</u>	<u>151,102</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special		138,545	138,545	137,373	1,172
Tuition to Private Schools for the Handicapped - Within State	209,750	(150,545)	59,205	53,208	5,997
Total Undistributed Expenditures - Instruction:	<u>209,750</u>	<u>(12,000)</u>	<u>197,750</u>	<u>190,581</u>	<u>7,169</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Attendance & Social Work:					
Salaries	\$ 3,200	\$ 228	\$ 3,428	\$ 3,428	
Total Attendance & Social Work	<u>3,200</u>	<u>228</u>	<u>3,428</u>	<u>3,428</u>	
Health Services:					
Salaries	51,447	1,459	52,906	52,906	
Purchased Professional and Technical Services	2,900		2,900	2,819	\$ 81
Supplies and Materials	1,234	341	1,575	1,573	2
Total Health Services	<u>55,581</u>	<u>1,800</u>	<u>57,381</u>	<u>57,298</u>	<u>83</u>
Other Support Services - Students - Related Services:					
Salaries	92,342	9,000	101,342	101,342	
Purchased Professional and Technical Services	60,800	(10,047)	50,753	41,999	8,754
Supplies and Materials	970	1,047	2,017	2,017	
Total Other Support Services - Students - Related Services	<u>154,112</u>	<u></u>	<u>154,112</u>	<u>145,358</u>	<u>8,754</u>
Other Support Services - Students - Extraordinary Services:					
Purchased Professional - Educational Services	67,916		67,916	41,880	26,036
Total Other Support Services - Students - Extraordinary Services	<u>67,916</u>	<u></u>	<u>67,916</u>	<u>41,880</u>	<u>26,036</u>
Other Support Services - Guidance:					
Salaries of Other Professional Staff	9,720		9,720	9,719	1
Supplies and Materials	500		500	500	
Total Other Support Services - Guidance	<u>10,220</u>	<u></u>	<u>10,220</u>	<u>10,219</u>	<u>1</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	\$ 107,302		\$ 107,302	\$ 104,350	\$ 2,952
Salaries of Secretarial and Clerical Assistants	47,641		47,641	45,930	1,711
Other Salaries	500		500	183	317
Other Purchased Professional and Technical Services	52,000	\$ (578)	51,422	47,712	3,710
Miscellaneous Purchased Services (400-500 series)	500		500	498	2
Supplies and Materials	1,712	578	2,290	2,290	
Total Other Support Services - Child Study Teams	209,655		209,655	200,963	8,692
Improvement of Instructional Services:					
Other Salaries	1,400	(850)	550	550	
Purchased Professional - Educational Services	8,000	1,419	9,419	9,419	
Supplies and Materials	500	(200)	300	300	
Total Improvement of Instructional Services	9,900	369	10,269	10,269	
Educational Media Services/School Library:					
Salaries	67,294	9	67,303	67,293	10
Salaries of Technology Coordinators	6,000		6,000	6,000	
Purchased Professional and Technical Services	1,000	119	1,119	1,119	
Supplies and Materials	13,609	4,884	18,493	17,533	960
Other Objects	2,000	(119)	1,881	1,871	10
Total Educational Media Services/School Library	89,903	4,893	94,796	93,816	980
Instructional Staff Training Services:					
Other Salaries	2,500	(1,478)	1,022	379	643
Other Purchased Professional and Technical Services	10,281	(300)	9,981	9,712	269
Other Purchased Services (400-500 Series)	5,853	(891)	4,962	4,962	
Total Instructional Staff Training Services	18,634	(2,669)	15,965	15,053	912

HAMPTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 193,030	\$ 39	\$ 193,069	\$ 192,867	\$ 202
Legal Services	13,163	(5,566)	7,597	3,372	4,225
Audit Fee	46,148		46,148	23,248	22,900
Other Purchased Professional Services	12,000	5,005	17,005	17,005	
Communications/Telephone	4,378	8,711	13,089	8,590	4,499
Other Purchased Services (400-500 series)	38,908	(10,711)	28,197	20,014	8,183
General Supplies	1,515		1,515	1,054	461
BOE In-House Training/ Meeting Supplies	1,000		1,000	258	742
Miscellaneous Expenditures	10,585	(3,499)	7,086	5,152	1,934
BOE Membership Dues and Fees	6,500		6,500	5,349	1,151
Total Support Services - General Administration	327,227	(6,021)	321,206	276,909	44,297
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Director	93,648		93,648	93,648	
Salaries of Secretarial and Clerical Assistants	40,844	(602)	40,242	39,673	569
Other Purchased Professional Services	4,100	1,053	5,153	5,031	122
Supplies and Materials	2,400	2	2,402	2,402	
Other Objects	1,000	(453)	547	80	467
Total Support Services - School Administration	141,992		141,992	140,834	1,158
Central Services:					
Salaries	152,321	330	152,651	152,633	18
Miscellaneous Purchased Services (400-500 series)	4,000		4,000	2,209	
Supplies and Materials	8,015	3,934	11,949	11,311	638
Miscellaneous Expenditures	4,000	100	4,100	4,027	73
Total Central Services	168,336	4,364	172,700	170,180	729

HAMPTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Administrative Information Technology:					
Salaries	\$ 18,000		\$ 18,000	\$ 17,788	\$ 212
Purchased Professional Services	13,783		13,783	10,847	2,936
Purchased Technical Services	25,612	\$ (1,464)	24,148	16,530	7,618
Supplies and Materials	18,208	(2,874)	15,334	15,334	
Total Administrative Information Technology	75,603	(4,338)	71,265	60,499	10,766
Required Maintenance of School Facilities:					
Cleaning, Repair and Maintenance Services	95,278	37,881	133,159	99,729	33,430
Total Required Maintenance of School Facilities	95,278	37,881	133,159	99,729	33,430
Custodial Services:					
Salaries	210,132	(11,413)	198,719	176,491	22,228
Purchased Professional and Technical Services	36,970	(11,500)	25,470	16,458	9,012
Cleaning, Repair and Maintenance Services	44,211	3,000	47,211	42,627	4,584
Insurance	23,568	(6,500)	17,068	16,992	76
General Supplies	43,868	(7,995)	35,873	17,555	18,318
Energy (Electricity)	127,026	(14,626)	112,400	103,518	8,882
Other Objects	1,300		1,300	780	520
Energy (Oil)		14,036	14,036	14,036	
Energy (Natural Gas)	38,500	(8,898)	29,602	21,167	8,435
Total Other Operations & Maintenance of Plant	525,575	(43,896)	481,679	409,624	72,055
Care and Upkeep of Grounds:					
Salaries	7,000	(3,000)	4,000	4,000	
General Supplies	4,950	150	5,100	2,827	2,273
Total Care and Upkeep of Grounds	11,950	(2,850)	9,100	6,827	2,273

HAMPTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Security					
Cleaning, Repair and Maintenance Services	\$ 3,500		\$ 3,500	\$ 443	\$ 3,057
Total Security	<u>3,500</u>		<u>3,500</u>	<u>443</u>	<u>3,057</u>
Student Transportation Services:					
Salaries of Non-Instructional Aides	2,500		2,500		2,500
Salaries for Pupil Transportation (Between Home & School) - Regular	3,433		3,433	3,433	
Contracted Services:					
Management Fee - ESC & CTSA Transportation Program	6,000		6,000	1,714	4,286
Between Home and School - Vendors	284,100		284,100	273,103	10,997
Other Between Home and School - Vendors	11,410		11,410	6,675	4,735
Between Home and School - Joint Agreements	32,288	\$ (5,000)	27,288	16,916	10,372
Special Education Students - ESCs & CTSA	139,025	(13,000)	126,025	94,554	31,471
Total Student Transportation Services	<u>478,756</u>	<u>(18,000)</u>	<u>460,756</u>	<u>396,395</u>	<u>64,361</u>
Allocated Benefits:					
Regular Instruction:					
Health Benefits	589,202	(5,422)	583,780	559,910	23,870
Special Education:					
Health Benefits	74,400		74,400	74,400	
Health Services:					
Health Benefits	25,680	(200)	25,480	25,480	
Other Support Services - Students - Related:					
Health Benefits	14,400		14,400	14,400	
Other Support Services - Child Study Teams:					
Health Benefits	27,000		27,000	27,000	
Educational Media Services/School Library:					
Health Benefits	31,993	(343)	31,650	28,000	3,650
Support Services - General Administration:					
Health Benefits	25,614		25,614	25,614	

HAMPTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Allocated Benefits (Cont'd):					
Support Services - School Administration:					
Health Benefits	\$ 23,775		\$ 23,775	\$ 23,775	
Central Services:					
Health Benefits	26,200		26,200	26,200	
Other Operations & Maintenance of Plant:					
Health Benefits	57,700		57,700	57,700	
Total Allocated Benefits	895,964	\$ (5,965)	889,999	862,479	\$ 27,520
Unallocated Benefits:					
Social Security Contributions	45,000		45,000	42,027	2,973
Other Retirement Contributions - PERS	37,000	2,229	39,229	39,229	
Unemployment Compensation	6,000	30,000	36,000	36,000	
Workmen's Compensation	47,891	1,537	49,428	49,428	
Tuition Reimbursement	18,000		18,000	11,533	6,467
Total Unallocated Benefits	153,891	33,766	187,657	178,217	9,440
On-behalf TPAF Pension Contributions (non-budgeted)					
				10,126	(10,126)
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)					
				190,189	(190,189)
Reimbursed TPAF Social Security Contributions (non-budgeted)					
				243,787	(243,787)
Total Undistributed Expenses	3,706,943	(12,438)	3,694,505	3,815,103	(122,389)
TOTAL GENERAL CURRENT EXPENSE	6,497,379	7,401	6,504,780	6,474,276	28,713
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures - Instruction		1,999	1,999	1,999	
Undistributed Expenditures - Operations & Maintenance of Plant		7,600	7,600	200	7,400
Total Equipment		9,599	9,599	2,199	7,400
TOTAL CAPITAL OUTLAY		9,599	9,599	2,199	7,400

HAMPTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Transfer of Funds to Charter Schools	\$ 45,756	\$ (17,000)	\$ 28,756	\$ 26,460	\$ 2,296
TOTAL EXPENDITURES	<u>6,543,135</u>		<u>6,543,135</u>	<u>6,502,935</u>	<u>38,409</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(326,603)		(326,603)	68,404	393,216
Fund Balance, July 1	<u>1,090,274</u>		<u>1,090,274</u>	<u>1,090,274</u>	
Fund Balance, June 30	<u>\$ 763.671</u>	<u>\$ -0-</u>	<u>\$ 763.671</u>	<u>\$ 1,158.678</u>	<u>\$ 393,216</u>

Recapitulation:

Reserve for Encumbrances	\$ 140,804
Excess Surplus	107,795
Excess Surplus Designated for Subsequent Year's Expenditures	49,711
Capital Reserve	454,162
Emergency Reserve	21,625
Unreserved Designated for Subsequent Year's Expenditures	110,289
Unreserved/Undesignated	<u>274,292</u>
	1,158,678
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payments not Recognized on GAAP Basis	<u>(138,535)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,020,143</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenue:					
Local Sources	\$ 2,073	\$ 464	\$ 2,537	\$ 1,440	\$ 1,097
State Sources	155,539	(34,335)	121,204	63,648	57,556
Federal Sources	279,730	51,246	330,976	320,447	10,529
Total Revenue	<u>437,342</u>	<u>17,375</u>	<u>454,717</u>	<u>385,535</u>	<u>69,182</u>
Expenditures:					
Instruction:					
Salaries of Teachers		52,106	52,106	52,106	
Other Salaries for Instruction	19,564	96,665	116,229	113,450	2,779
Tuition	41,056	(32,541)	8,515	8,515	
Purchased Professional - Educational Services	115,737	(13,969)	101,768	79,866	21,902
Other Purchased Services	50,679	10,953	61,632	52,326	9,306
General Supplies	2,073	(31)	2,042	1,103	939
Textbooks	10,676	1,920	12,596	10,676	1,920
Total Instruction	<u>239,785</u>	<u>115,103</u>	<u>354,888</u>	<u>318,042</u>	<u>36,846</u>
Support Services:					
Salaries of Other Professional Staff		37,400	37,400	18,732	18,668
Personal Services - Employee Benefits		14,654	14,654	12,722	1,932
Purchased Professional - Educational Services	197,557	(162,058)	35,499	29,443	6,056
Other Purchased Professional Services		12,044	12,044	6,364	5,680
Supplies and Materials		232	232	232	
Total Support Services	<u>197,557</u>	<u>(97,728)</u>	<u>99,829</u>	<u>67,493</u>	<u>32,336</u>
Total Expenditures	<u>437,342</u>	<u>17,375</u>	<u>454,717</u>	<u>385,535</u>	<u>69,182</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RS1
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 6,571,339	\$ 385,535
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis recognizes Encumbrances as Expenditures and Revenue while the GAAP basis does not.		
Current Year Encumbrances		(1,575)
Prior Year Encumbrances		10,795
Prior Year State Aid Payment Recognized for GAAP Statements	130,414	
State Aid Payment Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(138,535)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 6,563,218	 \$ 394,755
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 6,502,935	\$ 385,535
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.		
Current Year Encumbrances		(1,575)
Prior Year Encumbrances		10,795
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 6,502,935	 \$ 394,755

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. 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. 6:20-2A.2(m)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions or the annual budgets during the year).

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

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HAMPTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	No Child Left Behind						
	Title I	Title I Carryover	Title IIA	Title IIA Carryover	Title II Part D	Title IV	Title I ARRA
REVENUE:							
Local Sources							
State Sources							
Federal Sources	\$ 19,564	\$ 7,553	\$ 9,606	\$ 3,059	\$ 139	\$ 809	\$ 5,687
Total Revenue	19,564	7,553	9,606	3,059	139	809	5,687
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Other Salaries for Instruction					105		
Tuition							
Purchased Professional Educational Service	15,488	7,553	7,945	2,201			5,403
Other Purchased Services							
General Supplies							
Textbooks							
Total Instruction	15,488	7,553	7,945	2,201	105		5,403
Support Services:							
Salaries of Other Professional Staff							
Personal Services - Employee Benefits	3,098				21		284
Purchased Professional Educational Service	978					809	
Other Purchased Professional Services			1,661	858	13		
Supplies and Materials							
Total Support Services	4,076		1,661	858	34	809	284
Total Expenditures	\$ 19,564	\$ 7,553	\$ 9,606	\$ 3,059	\$ 139	\$ 809	\$ 5,687

HAMPTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	IDEA Part B					Small, Rural School Achievement
	Basic	Basic Carryover	Preschool	Preschool Carryover	Basic ARRA	
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 73,727	\$ 34,585	\$ 8,515	\$ 422	\$ 111,893	\$ 3,832
Total Revenue	73,727	34,585	8,515	422	111,893	3,832
EXPENDITURES:						
Instruction:						
Salaries of Teachers					52,106	
Other Salaries for Instruction	33,190				37,659	41,056
Tuition			8,515			
Purchased Professional Educational Service	30,692	10,584				
Other Purchased Services						
General Supplies		457				
Textbooks						
Total Instruction	63,882	11,041	8,515		89,765	41,056
Support Services:						
Salaries of Other Professional Staff	1,500	17,232				
Personal Services - Employee Benefits		1,706			7,613	
Purchased Professional Educational Service	8,113	4,606		422	14,515	
Other Purchased Professional Services						3,832
Supplies and Materials	232					
Total Support Services	9,845	23,544		422	22,128	3,832
Total Expenditures	\$ 73,727	\$ 34,585	\$ 8,515	\$ 422	\$ 111,893	\$ 3,832

HAMPTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Nonpublic Textbook	Nonpublic Nursing	Nonpublic Technology	Nonpublic Handicapped		
				Exam and Classification	Supplemental Instruction	Corrective Speech
REVENUE:						
Local Sources						
State Sources	\$ 10,676	\$ 12,660	\$ 646	\$ 12,129	\$ 826	\$ 19,344
Federal Sources						
Total Revenue	<u>10,676</u>	<u>12,660</u>	<u>646</u>	<u>12,129</u>	<u>826</u>	<u>19,344</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Tuition						
Purchased Professional Educational Service						
Other Purchased Services		12,660		12,129	826	19,344
General Supplies			646			
Textbooks	10,676					
Total Instruction	<u>10,676</u>	<u>12,660</u>	<u>646</u>	<u>12,129</u>	<u>826</u>	<u>19,344</u>
Support Services:						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits						
Purchased Professional Educational Service						
Other Purchased Professional Services						
Supplies and Materials						
Total Support Services						
Total Expenditures	<u>\$ 10,676</u>	<u>\$ 12,660</u>	<u>\$ 646</u>	<u>\$ 12,129</u>	<u>\$ 826</u>	<u>\$ 19,344</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Nonpublic Auxiliary		Alliance Grant	Totals
	Compensatory Education	English as a Second Language		
REVENUE:				
Local Sources			\$ 1,440	\$ 1,440
State Sources	\$ 7,265	\$ 102		63,648
Federal Sources				320,447
Total Revenue	<u>7,265</u>	<u>102</u>	<u>1,440</u>	<u>385,535</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers			1,440	53,546
Other Salaries for Instruction				112,010
Tuition				8,515
Purchased Professional Educational Service				79,866
Other Purchased Services	7,265	102		52,326
General Supplies				1,103
Textbooks				10,676
Total Instruction	<u>7,265</u>	<u>102</u>	<u>1,440</u>	<u>318,042</u>
Support Services:				
Salaries of Other Professional Staff				18,732
Personal Services - Employee Benefits				12,722
Purchased Professional Educational Service				29,443
Other Purchased Professional Services				6,364
Supplies and Materials				232
Total Support Services				<u>67,493</u>
Total Expenditures	<u>\$ 7,265</u>	<u>\$ 102</u>	<u>\$ 1,440</u>	<u>\$ 385,535</u>

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

HAMPTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 49,187
Inventories	1,386

Total Current Assets 50,573

Non-Current Assets:

Capital Assets: Net of Depreciation	
Depreciable Furniture and Equipment	4,824

Total Non-Current Assets 4,824

Total Assets 55,397

NET ASSETS:

Investment in Capital Assets Net of Related Debt	4,824
Unrestricted	50,573

Total Net Assets \$ 55,397

HAMPTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 78,186
Daily Sales - Non-Reimbursable Programs	13,435
	<hr/>
Total Operating Revenue	91,621
	<hr/>
Operating Expenses:	
Cost of Sales	50,209
Salaries, Benefits & Payroll Taxes	44,394
Supplies, Insurance & Other Costs	5,163
Management Fee	6,784
Depreciation Expense	876
	<hr/>
Total Operating Expenses	107,426
	<hr/>
Operating Loss	(15,805)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	232
State Sources:	
State School Lunch Program	2,105
Federal Sources:	
National School Lunch Program	25,281
Food Distribution Program	6,162
	<hr/>
Total Non-Operating Income	33,780
	<hr/>
Change in Net Assets	17,975
	<hr/>
Net Assets - Beginning of Year	37,422
	<hr/>
Net Assets - End of Year	\$ 55,397
	<hr/> <hr/>

HAMPTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 91,621
Payments to Employees	(44,394)
Payments to Food Service Vendor	(51,316)
Payments to Suppliers	(5,163)
	<hr/>
Net Cash Used for Operating Activities	(9,252)
	<hr/>
Cash Flows provided for Investing Activities:	
Local Sources:	
Interest Income	232
	<hr/>
Net Cash Provided by Investing Activities	232
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	2,105
Federal Sources:	
National School Lunch Program	25,281
	<hr/>
Net Cash Provided by Noncapital Financing Activities	27,386
	<hr/>
Net Increase in Cash and Cash Equivalents	18,366
Cash and Cash Equivalents, July 1	30,821
	<hr/>
Cash and Cash Equivalents, June 30	\$ 49,187
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (15,805)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	876
Food Distribution Program	6,162
Changes in Assets and Liabilities:	
Decrease in Inventory	(485)
	<hr/>
Net Cash Used for Operating Activities	\$ (9,252)
	<hr/> <hr/>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$6,162 for the fiscal year ended June 30, 2010

FIDUCIARY FUNDS

HAMPTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30,2010

	Agency		Unemployment Compensation Trust	Private Purpose Scholarship Trust	Totals
	Student Activity	Payroll			
ASSETS:					
Cash and Cash Equivalents	\$ 12,851	\$ 1,182	\$ 84,083	\$ 10,725	\$ 108,841
Total Assets	12,851	1,182	84,083	10,725	108,841
LIABILITIES:					
Due to Student Groups	12,851				12,851
Payroll Deductions and Withholdings		1,182			1,182
Total Liabilities	12,851	1,182			14,033
NET ASSETS:					
Held in Trust for Unemployment Claims			84,083		84,083
Reserved for Scholarships				10,725	10,725
Total Net Assets	\$ -0-	\$ -0-	\$ 84,083	\$ 10,725	\$ 94,808

Exhibit H-2

HAMPTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Totals
Additions:			
Contributions:			
Plan Contributions:			
Employee Contributions	\$ 5,524		\$ 5,524
Employer Contributions	36,000		36,000
Donations		\$ 50	50
Total Contributions	41,524	50	41,574
Investment Earnings:			
Interest	336	137	473
Net Investment Earnings	336	137	473
Total Additions	41,860	187	42,047
Deductions			
Unemployment Compensation Claims	11,324		11,324
Total Deductions	11,324		11,324
Change in Net Assets	30,536	187	30,723
Net Assets - Beginning of the Year	53,547	10,538	64,085
Net Assets - End of the Year	\$ 84,083	\$ 10,725	\$ 94,808

HAMPTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 10,714	\$ 36,674	\$ 34,537	\$ 12,851
Total Assets	<u>\$ 10,714</u>	<u>\$ 36,674</u>	<u>\$ 34,537</u>	<u>\$ 12,851</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 10,714	\$ 36,674	\$ 34,537	\$ 12,851
Total Liabilities	<u>\$ 10,714</u>	<u>\$ 36,674</u>	<u>\$ 34,537</u>	<u>\$ 12,851</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
Elementary School:				
General Organization Account	\$ 10,714	\$ 36,674	\$ 34,537	\$ 12,851
Total All Schools	<u>\$ 10,714</u>	<u>\$ 36,674</u>	<u>\$ 34,537</u>	<u>\$ 12,851</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 1,320	\$ 6,557,149	\$ 6,557,287	\$ 1,182
Total Assets	<u>\$ 1,320</u>	<u>\$ 6,557,149</u>	<u>\$ 6,557,287</u>	<u>\$ 1,182</u>
<u>LIABILITIES:</u>				
Payroll Deduction and Withholdings	\$ 1,320	\$ 6,557,149	\$ 6,557,287	\$ 1,182
Total Liabilities	<u>\$ 1,320</u>	<u>\$ 6,557,149</u>	<u>\$ 6,557,287</u>	<u>\$ 1,182</u>

LONG-TERM DEBT
(NOT APPLICABLE)

STATISTICAL SECTION

This part of the School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the School's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The School implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Governmental Activities						
Invested in Capital Assets, Net of Related Debt	\$ 2,758,617	\$ 2,853,956	\$ 2,804,572	\$ 2,689,964	\$ 2,591,593	\$ 2,490,573
Restricted	366,593	316,154	300,406	428,325	827,151	774,097
Unrestricted / (Deficit)	(107,017)	(57,103)	68,019	67,634	31,969	152,476
Total Governmental Activities Net Assets	\$ 3,018,193	\$ 3,113,007	\$ 3,172,997	\$ 3,185,923	\$ 3,450,713	\$ 3,417,146
Business-Type Activities						
Invested in Capital Assets, Net of Related Debt	\$ 12,405	\$ 10,378	\$ 7,454	\$ 6,577	\$ 5,700	\$ 4,824
Unrestricted	5,937	3,371	7,091	11,661	31,722	50,573
Total Business-Type Activities Net Assets	\$ 18,342	\$ 13,749	\$ 14,545	\$ 18,238	\$ 37,422	\$ 55,397
District-Wide						
Invested in Capital Assets, Net of Related Debt	\$ 2,771,022	\$ 2,864,334	\$ 2,812,026	\$ 2,696,541	\$ 2,597,293	\$ 2,495,397
Restricted	366,593	316,154	300,406	428,325	827,151	774,097
Unrestricted / (Deficit)	(101,080)	(53,732)	75,110	79,295	63,691	203,049
Total District Net Assets	\$ 3,036,535	\$ 3,126,756	\$ 3,187,542	\$ 3,204,161	\$ 3,488,135	\$ 3,472,543

This schedule does not contain ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

Source: School District Financial Reports

HAMPTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Expenses:						
Governmental Activities:						
Instruction:						
Regular	\$ 2,650,651	\$ 2,825,823	\$ 3,088,122	\$ 3,119,881	\$ 3,072,186	\$ 3,266,322
Special Education	694,807	732,172	822,490	759,928	506,075	623,251
Other Instruction	146,186	145,305	158,070	141,542	290,004	229,544
School-Sponsored Instruction	74,201	33,985	56,905	68,377	121,883	88,018
Support Services:						
Tuition	133,993	151,346	157,567	273,177	100,568	190,581
Student & Instruction Related Services	670,986	621,737	655,110	679,146	718,293	728,390
General Administrative Services	223,639	242,438	301,433	279,916	287,576	297,691
School Administrative Services	186,408	204,687	239,107	242,580	174,364	187,441
Central Services	131,211	136,095	144,870	187,528	189,565	203,861
Administrative Information Technology	64,332	56,808	89,296	52,220	69,181	61,371
Plant Operations And Maintenance	469,683	602,578	556,881	623,365	602,164	584,964
Pupil Transportation	381,101	398,034	393,510	478,108	377,393	396,564
Business and Other Support Services	61,009	31,402	36,105			
Increase in Current Expense Emergency Reserve				21,625		
Charter Schools	24,995	14,142	27,549	25,062	65,233	
Interest On Long-Term Debt	22,140	13,530	4,613			
Unallocated Depreciation	104,778	102,780	201,244	103,733	108,060	107,082
Total Governmental Activities Expenses	<u>6,040,120</u>	<u>6,312,862</u>	<u>6,932,872</u>	<u>7,056,188</u>	<u>6,682,545</u>	<u>6,991,540</u>
Business-Type Activities:						
Food Service	99,581	107,425	116,359	124,300	105,786	107,426
Total Business-Type Activities Expense	<u>99,581</u>	<u>107,425</u>	<u>116,359</u>	<u>124,300</u>	<u>105,786</u>	<u>107,426</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
UNAUDITED
(Continued)
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Total District Expenses	<u>\$ 6,139,701</u>	<u>\$ 6,420,287</u>	<u>\$ 7,049,231</u>	<u>\$ 7,180,488</u>	<u>\$ 6,788,331</u>	<u>\$ 7,098,966</u>
Program Revenues:						
Governmental Activities:						
Operating Grants and Contributions	<u>1,811,987</u>	<u>1,867,869</u>	<u>2,136,328</u>	<u>2,148,999</u>	<u>1,094,957</u>	<u>1,224,282</u>
Total Governmental Activities Program Revenues	<u>1,811,987</u>	<u>1,867,869</u>	<u>2,136,328</u>	<u>2,148,999</u>	<u>1,094,957</u>	<u>1,224,282</u>
Business-Type Activities:						
Charges for Services:						
Food Service	75,681	82,064	93,229	99,887	92,990	91,621
Operating Grants and Contributions	18,880	20,588	25,051	27,919	31,727	33,548
Total Business Type Activities Program Revenues	<u>94,561</u>	<u>102,652</u>	<u>118,280</u>	<u>127,806</u>	<u>124,717</u>	<u>125,169</u>
Total District Program Revenues	<u>\$ 1,906,548</u>	<u>\$ 1,970,521</u>	<u>\$ 2,254,608</u>	<u>\$ 2,276,805</u>	<u>\$ 1,219,674</u>	<u>\$ 1,349,451</u>
Net (Expense)/Revenue						
Governmental Activities	(4,228,133)	(4,444,993)	(4,796,544)	(4,907,189)	(5,587,588)	(5,767,258)
Business-Type Activities	(5,020)	(4,773)	1,921	3,506	18,931	17,743
Total District-Wide Net Expense	<u>\$ (4,233,153)</u>	<u>\$ (4,449,766)</u>	<u>\$ (4,794,623)</u>	<u>\$ (4,903,683)</u>	<u>\$ (5,568,657)</u>	<u>\$ (5,749,515)</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
UNAUDITED
(Continued)
(accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2008	2010
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Property Taxes Levied for General Purposes, Net	\$ 3,876,691	\$ 4,097,737	\$ 4,391,661	\$ 4,533,374	\$ 4,723,432	\$ 4,723,432
Taxes Levied for Debt Service	131,388	124,591	125,688			
Unrestricted Grants and Contributions	298,190	306,121	295,310	359,060	1,100,296	943,114
Investment Earnings						2,827
Miscellaneous Income	12,944	11,358	43,874	27,681	28,650	64,318
Total Governmental Activities	<u>4,319,213</u>	<u>4,539,807</u>	<u>4,856,533</u>	<u>4,920,115</u>	<u>5,852,378</u>	<u>5,733,691</u>
Business-Type Activities:						
Investment Earnings	130	180	248	187	253	232
Total Business-Type Activities	<u>130</u>	<u>180</u>	<u>248</u>	<u>187</u>	<u>253</u>	<u>232</u>
Total District-Wide	<u>\$ 4,319,343</u>	<u>\$ 4,539,987</u>	<u>\$ 4,856,781</u>	<u>\$ 4,920,302</u>	<u>\$ 5,852,631</u>	<u>\$ 5,733,923</u>
Change in Net Assets						
Governmental Activities	91,080	94,814	59,989	12,926	264,790	(33,567)
Business-Type Activities	(4,890)	(4,593)	2,169	3,693	19,184	17,975
Total District	<u>\$ 86,190</u>	<u>\$ 90,221</u>	<u>\$ 62,158</u>	<u>\$ 16,619</u>	<u>\$ 283,974</u>	<u>\$ (15,592)</u>

This schedule does not contain ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

Source: School District Financial Reports

HAMPTON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
General Fund/Total Governmental Fund						
Reserved	\$ 264,428	\$ 265,914	\$ 278,781	\$ 428,325	\$ 827,151	\$ 774,097
Unreserved	134,222	135,999	222,041	224,911	132,709	246,046
Total General Fund/Total Governmental Fund	<u>\$ 398,650</u>	<u>\$ 401,913</u>	<u>\$ 500,822</u>	<u>\$ 653,236</u>	<u>\$ 959,860</u>	<u>\$ 1,020,143</u>

This schedule does not contain ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

Source: School District Financial Reports

HAMPTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Revenues						
Tax Levy	\$ 4,008,079	\$ 4,222,328	\$ 4,517,349	\$ 4,533,374	\$ 4,723,432	\$ 4,723,432
Interest Earned on Capital Reserve Funds		140	757	1,083	2,101	2,827
Miscellaneous	13,224	11,218	44,117	28,157	28,592	65,758
State Sources	1,950,323	2,014,661	2,241,004	2,312,419	2,009,901	1,719,343
Federal Sources	159,574	159,329	189,634	194,081	183,309	446,613
Total Revenue	6,131,200	6,407,676	6,992,861	7,069,114	6,947,335	6,957,973
Expenditures:						
Instruction:						
Regular Instruction	2,018,662	2,042,137	2,221,307	2,119,281	2,319,336	2,279,011
Special Education Instruction	529,202	518,853	541,430	553,843	401,681	510,093
Basic Skills	146,186	145,305	158,070	141,542	290,004	229,544
School Sponsored/Other Instruction	28,444	27,189	30,437	39,475	54,864	35,280
Support Services:						
Tuition	133,993	151,346	157,567	273,177	100,568	190,581
Student & Instruction Related Services	609,977	522,051	561,406	586,980	562,563	578,284
General Administrative Services	231,139	242,438	286,871	262,828	267,253	276,909
School Administrative Services	121,102	123,019	139,300	138,605	125,079	140,834
Central Services	131,211	136,095	144,870	147,991	159,022	170,180
Administrative Information Technology	64,332	56,808	89,296	52,220	67,904	60,499
Plant Operations And Maintenance	447,192	557,231	502,576	569,621	549,352	516,623
Pupil Transportation	381,101	398,034	393,510	478,108	377,164	396,395
Allocated and Unallocated Benefits	1,192,937	1,232,052	1,480,538	1,506,342	1,294,315	1,484,798
Increase in Current Expense Emergency Reserve				21,625		

HAMPTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SIX FISCAL YEARS
UNAUDITED
(Continued)
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,					
	2005	2006	2007	2008	2009	2010
Debt Service:						
Principal	\$ 140,000	\$ 140,000	\$ 150,000			
Interest And Other Charges	26,445	17,835	9,225			
Capital Outlay	60,368	79,878			\$ 6,373	\$ 2,199
Charter Schools	24,995	14,142	27,549	\$ 25,062	65,233	26,460
Total Expenditures	<u>6,287,286</u>	<u>6,404,413</u>	<u>6,893,952</u>	<u>6,916,700</u>	<u>6,640,711</u>	<u>6,897,690</u>
Excess/(Deficiency) Of Revenues Over/(Under) Expenditures	<u>(156,086)</u>	<u>3,263</u>	<u>98,909</u>	<u>152,414</u>	<u>306,624</u>	<u>60,283</u>
Debt Service As A Percentage Of Noncapital Expenditures	2.67%	2.50%	2.31%	0.00%	0.00%	0.00%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

HAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	Prior Year Accounts Payable Cancelled	Prior Year Refunds	Other	Total
2001	\$ 25,133			\$ 8,755	\$ 33,888
2002	10,707	\$ 5,654		3,169	19,530
2003	14,035			2,905	16,940
2004	9,597			6,957	16,554
2005	9,673			917	10,590
2006	11,218				11,218
2007	12,202		\$ 139	30,775	43,116
2008	15,002		1,215	11,464	27,681
2009	13,985		139	14,526	28,650
2010	9,867		7,000	50,278	67,145

HAMPTON TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Qualifying Farm	Commercial	Industrial	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2000	\$ 11,119,200	\$ 248,626,900	\$ 19,905,700	\$ 2,181,300	\$ 54,480,500	\$ 610,000	\$ 336,923,600	\$ 32,973,400	\$ 1,852,758	\$ 338,776,358	\$ 0.906	\$ 344,473,581
2001	10,165,800	251,296,000	21,876,500	2,374,550	58,822,700	610,000	345,145,550	39,174,200	1,935,704	347,081,254	0.961	355,623,225
2002	9,577,500	255,251,500	23,689,000	2,244,300	60,313,650	610,000	351,685,950	39,066,700	1,858,079	353,544,029	1.054	380,905,190
2003	9,079,900	260,745,000	24,556,500	2,373,530	57,643,950	610,000	355,008,880	40,003,350	1,682,730	356,691,610	1.125	411,285,122
2004	8,631,300	265,720,400	24,697,700	2,221,930	58,888,450	610,000	360,769,780	40,205,350	1,500,514	362,270,294	1.124	482,461,816
2005	7,782,400	270,649,300	25,705,600	2,237,460	60,717,900	610,000	367,702,660	42,086,850	1,324,797	369,027,457	1.107	557,203,273
2006	7,079,000	274,750,100	26,527,900	2,128,705	61,194,100	610,000	372,289,805	42,385,450	1,042,234	373,332,039	1.170	651,785,866
2007	8,518,000	278,836,900	27,470,000	2,041,025	66,591,500	335,000	383,792,425	43,118,250	869,121	384,661,546	1.177	776,623,352
2008	8,643,700	281,085,400	28,620,700	2,036,775	67,294,100	335,000	388,015,675	45,231,850	809,939	388,825,614	1.190	788,692,929
2009	8,382,500	282,185,800	28,776,200	1,910,000	67,470,200	335,000	389,059,700	48,234,550	665,388	389,725,088	1.212	792,388,864

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 \$100 per assessed value

Source: Municipal Tax Assessor

HAMPTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

Year Ended December 31,	Hampton Township School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate		Total Direct	Township of Hampton	Kittatiny Regional High School	Sussex County	
	Basic Rate ^a	General Obligation Debt Service ^b					
2000	\$ 0.829	\$ 0.077	\$ 0.906	\$ 0.413	\$ 0.742	\$ 0.539	\$ 2.600
2001	0.890	0.071	0.961	0.421	0.776	0.592	2.750
2002	0.976	0.078	1.054	0.421	0.831	0.620	2.926
2003	1.051	0.074	1.125	0.420	0.897	0.623	3.065
2004	1.077	0.047	1.124	0.418	0.937	0.666	3.145
2005	1.041	0.066	1.107	0.418	1.001	0.693	3.219
2006	1.101	0.069	1.170	0.418	1.076	0.762	3.426
2007	1.117	0.060	1.177	0.460	1.110	0.788	3.535
2008	1.190		1.190	0.519	1.152	0.777	3.638
2009	1.212		1.212	0.548	1.181	0.773	3.714

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.

Source: Municipal Tax Collector and School Business Administrator

HAMPTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

TOWNSHIP OF HAMPTON

2009			2000		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Walmart Stores	\$ 8,800,000	2.26%	Wal-Mart Stores	\$ 12,437,700	3.50%
Lowe's Home Center	7,875,300	2.03%	Individual Taxpayer #1	7,748,600	2.18%
Individual Taxpayer #1	6,223,100	1.60%	Susan Elizabeth Shopping Center	5,157,700	1.45%
Susan Elizabeth Shopping Center	5,838,500	1.50%	Condit Motors	4,667,700	1.31%
Ephemeral Realty, LLC	5,789,300	1.49%	Individual Taxpayer #2	3,254,600	0.92%
Sussex County Realty, LLC	2,972,400	0.76%	Salerno-Duane	2,113,400	0.59%
Individual Taxpayer #2	2,302,900	0.59%	Carriage Mobile Homes Park	2,037,400	0.57%
Carriage Mobile Homes Park	2,121,300	0.55%	Toyota Motor Sales	2,002,800	0.56%
Salerno-Duane	2,113,400	0.54%	B.P.A. Realty	1,928,100	0.54%
B.P.A. Realty	1,928,100	0.50%	Individual Taxpayer #3	1,732,500	0.49%
Total	\$ 37,164,300	11.82%		\$ 43,080,500	12.11%

Note: Individual Taxpayers listed may be different in 2009 and 2000

Source: Municipal Tax Assessor

HAMPTON TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 3,177,655	\$ 3,177,655	100.00%	-0-
2002	3,475,239	3,475,239	100.00%	-0-
2003	3,957,301	3,957,301	100.00%	-0-
2004	4,071,804	4,071,804	100.00%	-0-
2005	4,008,079	4,008,079	100.00%	-0-
2006	4,222,328	4,222,328	100.00%	-0-
2007	4,391,661	4,391,661	100.00%	-0-
2008	4,533,374	4,533,374	100.00%	-0-
2009	4,723,432	4,723,432	100.00%	-0-
2010	4,723,432	4,723,432	100.00%	-0-

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

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

HAMPTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX FISCAL YEARS
UNAUDITED

(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
2005	\$ 290,000	\$ -0-	\$ 290,000	0.13%	\$ 56
2006	150,000	-0-	150,000	0.06%	29
2007	-0-	-0-	-0-	0.00%	-0-
2008	-0-	-0-	-0-	0.00%	-0-
2009	-0-	-0-	-0-	0.00%	-0-
2010	-0-	-0-	-0-	0.00%	-0-

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

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.

Source: School District Financial Reports

HAMPTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SIX FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 290,000	-0-	\$ 290,000	0.08%	\$ 56
2006	150,000	-0-	150,000	0.04%	29
2007	-0-	-0-	-0-	0.00%	-0-
2008	-0-	-0-	-0-	0.00%	-0-
2009	-0-	-0-	-0-	0.00%	-0-
2010	-0-	-0-	-0-	0.00%	-0-

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

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. This ratio is calculated using valuation data for the prior calendar year.

^b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: School District Financial Reports

HAMPTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF JUNE 30, 2010

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes:			
Kittatiny Valley Regional High School	\$ 2,292,000	35.24%	\$ 807,745
Township of Hampton	303,482	100.00%	303,482
Sussex County General Obligation Debt	77,111,415	2.27% ^a	<u>1,753,165</u>
Subtotal, Overlapping Debt			2,864,392
Hampton Township School District Direct Debt			<u>-0-</u>
Total Direct And Overlapping Debt			<u>\$ 2,864,392</u>

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 that is borne by the residents and businesses of Hampton Township. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of Hampton Township's equalized property value that is within the Sussex County boundaries and dividing it by Sussex County's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Sussex County Board of Taxation; debt outstanding data provided by each governmental unit.

Exhibit J-13

HAMPTON TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2010

	Hampton Township
Equalized valuation basis	
2009	\$ 752,970,195
2008	787,050,051
2007	774,868,615
	\$ 2,314,888,861
Average Equalized Valuation of Taxable Property	\$ 771,629,620
Debt Limit (2.5% of average equalization value) ^a	19,290,741
Net Bonded School Debt as of June 30, 2010	-0-
Legal Debt Margin	\$ 19,290,741

	Fiscal Year				
	2006	2007	2008	2009	2009
Debt Limit	\$ 13,797,277	\$ 15,881,003	\$ 17,809,144	\$ 19,029,587	\$ 19,290,741
Total Net Debt Applicable to Limit	150,000	-0-	-0-	-0-	-0-
Legal Debt Margin	\$ 13,647,277	\$ 15,881,003	\$ 17,809,144	\$ 19,029,587	\$ 19,290,741
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	1.09%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2001	2002	2003	2004	2005
Debt Limit	\$ 8,230,948	\$ 8,675,876	\$ 9,316,203	\$ 10,383,415	\$ 11,826,448
Total Net Debt Applicable to Limit	930,000	690,000	560,000	430,000	290,000
Legal Debt Margin	\$ 7,300,948	\$ 7,985,876	\$ 9,316,203	\$ 10,383,415	\$ 11,536,448
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	11.30%	7.95%	6.01%	4.14%	2.45%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

a Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts.

Exhibit J-14

HAMPTON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2001	4,958	\$ 191,264,766	\$ 38,577	3.10%
2002	5,017	194,273,291	38,723	4.40%
2003	5,074	199,590,864	39,336	4.70%
2004	5,120	208,993,280	40,819	3.50%
2005	5,139	218,150,550	42,450	3.30%
2006	5,153	234,193,544	45,448	3.50%
2007	5,156	249,931,944	48,474	3.40%
2008	5,134	255,483,242	49,763	4.40%
2009	5,128	255,184,664	49,763 *	7.30%
2010	5,128 **	255,184,664	49,763 *	N/A

* - Latest Sussex County per capita personal income available (2009) was used for calculation purposes.

** - Latest population data available (2008) was used for calculation purposes.

N/A - Information Unavailable

Sources:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development.
- ^b Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development.

HAMPTON TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SIX FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction:						
Regular	31.0	29.5	37.0	39.0	30.7	31.7
Special Education	4.2	3.9	6.0	6.0	7.0	7.0
Other Special Education	6.7	5.7	4.0	2.0	2.0	2.0
Other Instruction	2.0	2.0	2.0	2.0	3.0	3.0
Support Services:						
Student & Instruction Related Services	4.6	4.6	6.0	6.0	10.8	9.4
School Administrative Services	4.2	4.2	4.3	4.3	4.3	3.3
General Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	4.0	4.0	4.0	4.0	4.0	3.0
Business and Other Support Services	1.0	1.0	1.0	1.0	1.0	2.0
Total	<u>59.7</u>	<u>56.9</u>	<u>66.3</u>	<u>66.3</u>	<u>64.8</u>	<u>63.4</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

HAMPTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST SIX FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment June 30,</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^d</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2005	435	\$ 6,060,473	\$ 13,932	9.32%	46	9.5/1	428	411	-5.93%	96.03%
2006	436	6,166,700	14,144	1.52%	44	9.9/1	426	408	-0.47%	95.77%
2007	439	6,734,727	15,341	8.46%	45	9.8/1	432	412	1.41%	95.37%
2008	422	6,916,700	16,390	6.84%	45	9.4/1	424	406	-1.85%	95.75%
2009	413	6,634,338	16,064	-1.99%	44	9.4/1	413	394	-2.59%	95.40%
2010	422	6,895,491	16,340	1.72%	44	9.6/1	422	398	2.18%	94.31%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d The cost per pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

Source: Hampton Township School District records

HAMPTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST SIX FISCAL YEARS

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Marion Emmons McKeown School (1972, 1992)						
Square Feet	60,900	60,900	60,900	60,900	60,900	60,900
Capacity (students)	474	474	474	474	474	474
Enrollment as of June 30	435	436	439	422	413	422

Number of Schools at June 30, 2010
 Elementary = 1

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Note: Year of original construction along with date of additions is shown in parentheses.

Source: Hampton Township School District Facilities Office

HAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures:
 Required Maintenance for School Facilities
 11-000-261-XXX

<u>School Facilities</u>	<u>Projects #</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Marion Emmons McKeown School	N/A	\$ 18,950	\$ 23,529	\$ 53,417	\$ 77,537	\$ 89,873
<u>School Facilities (Cont'd)</u>	<u>Projects #</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Marion Emmons McKeown School	N/A	\$ 166,911	\$ 130,532	\$ 170,329	\$ 140,893	\$ 99,729

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Hampton Township School District records

Exhibit J-20

HAMPTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2010
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund (SAIF):		
Property - Blanket Building and Contents Including Boiler and Building and Personal Property	\$ 250,000,000	\$ 1,000
Inland Marine - Auto Physical Damage		
General Liability including Auto, Employee Benefits	5,000,000	
Each Occurance		
General Aggregate	50,000,000	Fund Aggregate
Product Completed Ops		
Personal Injury		
Fire Damage	2,500,000	
Medical Expenses	10,000	
(Excluding Students Taking Part in Athletics)		
Automobile Coverage		
Combined Single Limit		
Hired/Non Owned		
Environmental Impairment Liability	1,000,000/25,000,000	Fund Aggregate 5,000
Crime Coverage	50,000	Inside/Outside 1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler and Machinery	100,000,000	1,000
Excess Liability (AL/GL)	5,000,000	
School Board Legal	5,000,000/5,000,000	5,000
Excess SLPL	5,000,000/5,000,000	
Workers' Compensation	Statutory	
Employer's Liability	5,000,000	
Supplemental Indemnity	Statutory	
Bond for School Business Administrator	200,000	Selective Insurance
Bond for Treasurer of School Monies	200,000	Selective Insurance
Student Accident	Bollinger Voluntary Coverage Only	

Source: Township of Hampton School District records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road Suite 300
 Mount Arlington, NJ 07856-1320
 Phone: 973-328-1825
 Fax: 973-328-0507

Lawrence Business Park
 11 Lawrence Road
 Newton, NJ 07860
 Phone: 973-383-6699
 Fax: 973-383-6555

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance
 and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
 Government Auditing Standards

The Honorable President and Members
 of the Board of Education
 Hampton Township School District
 County of Sussex, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hampton Township School District, in the County of Sussex (the "Board") as of, and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 7, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Honorable President and Members
of the Board of Education
Hampton Township School District
Page 2

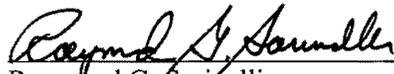
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with 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.

September 7, 2010
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP



Raymond G. Sarnelli
Licensed Public School Accountant #864
Certified Public Accountant



Mount Arlington Corporate Center
 200 Valley Road Suite 300
 Mount Arlington, NJ 07856-1320
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 11 Lawrence Road
 Newton, NJ 07860
 Phone: 973-383-6699
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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members
 of the Board of Education
 Hampton Township School District
 County of Sussex, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Hampton Township School District in the County of Sussex (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2010. The Board's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2010.

The Honorable President and Members
of the Board of Education
Hampton Township School District
Page 2

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

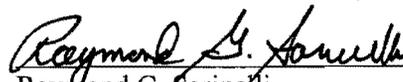
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be, used by anyone other than these specified parties.

September 7, 2010
Mount Arlington, New Jersey

NISIVOCCIA & COMPANY LLP



Raymond G. Sarinelli
Licensed Public School Accountant #864
Certified Public Accountant

HAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor/ Program Title/ Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009				Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2010		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Adjustments				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
U.S. Department of Education Passed-through State Department of Education:														
General Fund:														
American Recovery and Reinvestment Act:														
Equalization Aid - ESF	84.394	10-495-034-5120-078	7/1/09-6/30/10	\$ 114,737					\$ 114,737	\$ (114,737)				
Equalization Aid - GSF	84.397	10-495-034-5120-078	7/1/09-6/30/10	4,442					4,442	(4,442)				
Total General Fund									119,179	(119,179)				
Special Revenue Fund														
No Child Left Behind Consolidated Grant:														
Title I	84.010A	NCLB198010	9/1/09-8/31/10	19,564					17,781	(19,564)	\$ (1,783)			
Title I	84.010A	NCLB198009	9/1/08-8/31/09	19,138	\$ (908)				8,461	(7,553)				
Title II, Part A	84.010A	NCLB198010	9/1/09-8/31/10	11,967				\$ 2,004	7,022	(9,606)	(580)			
Title II, Part A	84.367A	NCLB198009	9/1/08-8/31/09	11,251		\$ 1,089		\$ (1,089)						
Title II, Part A - Carryover	84.367A	NCLB198009	9/1/08-8/31/10	11,251				1,089	858	(3,059)				
Title II, Part A - Carryover	84.367A	NCLB198008	9/1/07-8/31/09	12,130			\$ 80		(80)					
Title II, Part A - Carryover	84.367A	NCLB198007	9/1/06-8/31/08	11,980			2,782		(2,782)					
Title II, Part D	84.318X	NCLB198010	9/1/09-8/31/10	144					139	(139)				
Title IV	84.186A	NCLB198010	9/1/09-8/31/10	809					734	(809)	(75)			
Title I - ARRA	84.389	NCLB198010	9/1/09-8/31/10	5,687					5,687	(5,687)				
Small Rural School Achievement Program	84.358A	S358A023332	7/1/09-8/31/10	41,056					41,056	(41,056)				
Special Education Cluster:														
IDEA Combined Grant:														
I.D.E.A. Part B, Basic	84.027	IDEA198010	9/1/09-8/31/10	106,006					458	62,339	(73,727)	(10,930)		
I.D.E.A. Part B, Basic	84.027	IDEA198009	9/1/08-8/31/09	122,897	(27,696)					62,281	(34,585)			
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA198008	9/1/07-8/31/09	120,422		458			(458)					
I.D.E.A. Part B, Preschool	84.173	IDEA198010	9/1/09-8/31/10	9,731					(421)	8,936	(8,515)			
I.D.E.A. Part B, Preschool	84.173	IDEA198009	9/1/08-8/31/09	9,944	(2,860)				841	2,441	(422)			
I.D.E.A. Part B, Preschool, Carryover	84.173	IDEA198008	9/1/07-8/31/09	10,234		420			(420)					
I.D.E.A. Part B, Basic - ARRA	84.391	IDEA198010	9/1/09-8/31/10	121,103					104,280	(111,893)	(7,613)			
I.D.E.A. Part B, Preschool - ARRA	84.392	IDEA198010	9/1/09-8/31/10	4,379					1,283	(3,832)	(2,549)			
Total Special Education Cluster					(30,556)	878				241,560	(232,974)	(21,092)		
Total Special Revenue Fund					(31,464)	1,967	2,862			323,552	(320,447)	(23,530)		
Total U.S. Department of Education					(31,464)	1,967	2,862			442,731	(439,626)	(23,530)		

HAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass Through Grantor/ Program Title/ Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Carryover/ (Walkover) Amount	Adjustments	Cash Received	Budgetary Expenditures	Balance at June 30, 2010		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
U.S. Department of Agriculture:														
Passed-through State Department of Education:														
Child Nutrition Cluster:														
U.S.D.A Commodities Program	10.555	N/A	7/1/09-6/30/10	\$ 6,162						\$ 6,162	\$ (6,162)			
National School Lunch Program	10.555	N/A	7/1/08-6/30/09	25,281						25,281	(25,281)			
Total U.S. Department of Agriculture/Child Nutrition Cluster										31,443	(31,443)			
Total Federal Awards					<u>\$ (31,464)</u>	<u>\$ 1,967</u>	<u>\$ 2,862</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 474,174</u>	<u>\$ (471,069)</u>	<u>\$ (23,530)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

N/A - Not Applicable

HAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009			Repayment of Prior Years' Balances	Balance at June 30, 2010		MEMO		
				Budgetary Accounts Receivable	Due to Grantor	Cash Received		Budgetary Expenditures	GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education												
General Fund:												
Categorical Special Education Aid	09-495-034-5120-089	7/1/08 - 6/30/09	202,384	\$ (18,375)		\$ 18,375					\$ 202,384	
Equalization Aid	09-495-034-5120-078	7/1/08 - 6/30/09	727,420	(66,697)	66,697						727,420	
Categorical Security Aid	09-495-034-5120-084	7/1/08 - 6/30/09	28,891	(2,623)	2,623						28,891	
Adjustment Aid	09-495-034-5120-085	7/1/08 - 6/30/09	325,144	(29,521)	29,521						325,144	
Categorical Transportation Aid	09-495-035-5120-014	7/1/08 - 6/30/09	145,362	(13,198)	13,198						145,362	
Extraordinary Aid	09-100-034-5120-473	7/1/08 - 6/30/09	94,525	(83,247)	83,247						94,525	
Nonpublic Transportation	09-495-035-5120-014	7/1/08 - 6/30/09	1,845	(1,845)	1,845						1,845	
Categorical Special Education Aid	10-495-034-5120-089	7/1/09 - 6/30/10	205,316		180,928	\$ (205,316)			\$ (24,388)		205,316	
Equalization Aid	10-495-034-5120-078	7/1/09 - 6/30/10	537,646		473,964	(537,646)			(63,682)		537,646	
Categorical Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	30,680		27,036	(30,680)			(3,644)		30,680	
Adjustment Aid	10-495-034-5120-085	7/1/09 - 6/30/10	254,504		224,274	(254,504)			(30,230)		254,504	
Categorical Transportation Aid	10-495-035-5120-014	7/1/09 - 6/30/10	138,166		121,755	(138,166)			(16,411)		138,166	
Extraordinary Aid	10-100-034-5120-473	7/1/09 - 6/30/10	51,028			(51,028)		\$ (51,028)	(51,028)		51,028	
Nonpublic Transportation	10-495-035-5120-014	7/1/09 - 6/30/10	141			(141)		(141)	(141)		141	
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09 - 6/30/10	243,787		243,787	(243,787)					243,787	
Total General Fund State Aid				(215,506)		1,487,250	(1,461,268)		(51,169)		(189,524)	2,986,839
Special Revenue Fund:												
New Jersey Nonpublic Aid:												
Textbook	10-100-034-5120-064	9/1/09 - 6/30/10	10,676		10,676	(10,676)					10,676	
Nursing Services	10-100-034-5120-070	9/1/09 - 6/30/10	12,660		12,660	(12,660)					12,660	
Technology Aid	10-100-034-5120-373	9/1/09 - 6/30/10	652		652	(646)		\$ 6			646	
Handicapped Services:												
Examination & Classification	09-100-034-5120-066	9/1/08 - 6/30/09	8,345	\$ 2,017			\$ 2,017				6,328	
Examination & Classification	10-100-034-5120-066	9/1/09 - 6/30/10	13,160		13,160	(12,129)			1,031		12,129	
Supplementary Instruction	09-100-034-5120-066	9/1/08 - 6/30/09	3,965	991			991				2,974	
Supplementary Instruction	10-100-034-5120-066	9/1/09 - 6/30/10	3,186		3,186	(826)			2,360		826	
Corrective Speech	09-100-034-5120-066	9/1/08 - 6/30/09	31,992	7,812			7,812				24,180	
Corrective Speech	10-100-034-5120-066	9/1/09 - 6/30/10	28,695		28,695	(19,344)			9,351		19,344	
Auxiliary Services:												
Compensatory Education	09-100-034-5120-067	9/1/08 - 6/30/09	22,892		3,384		3,384				19,508	
Compensatory Education	10-100-034-5120-067	9/1/09 - 6/30/10	47,985		47,985	(7,265)			40,720		7,265	
English as a Second Language	09-100-034-5120-067	9/1/08 - 6/30/09	1,015	1,015			1,015					
English as a Second Language	10-100-034-5120-067	9/1/09 - 6/30/10	1,957		1,957	(102)			1,855		102	
Total Special Revenue Fund					15,219	118,971	(63,648)	15,219		55,323	116,638	

HAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2009		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2010		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
Enterprise Fund State School Lunch Program	10-100-010-3350-023	9/1/09 - 6/30/10	\$ 2,105			\$ 2,105	\$ (2,105)					\$ 2,105
Total Enterprise Fund						2,105	(2,105)					2,105
Total State Financial Assistance				\$ (215,506)	\$ 15,219	\$1,608,326	\$ (1,527,021)	\$ 15,219	\$ (51,169)	\$ 55,323	\$ (189,524)	\$ 3,105,582

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal and state awards are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC 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 payments for the prior year and for the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year and the final payment for the prior year is recognized in the current 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,121) for the general fund and \$9,220 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Non-Contributory Insurance and Post Retirement Contributions revenue of \$10,126 and \$190,189 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 119,179	\$ 1,653,462	\$ 1,772,641
Special Revenue Fund	327,434	65,881	393,315
Food Service Fund	31,443	2,105	33,548
Total Financial Assistance	<u>\$ 478,056</u>	<u>\$ 1,721,448</u>	<u>\$ 2,199,504</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

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. FEDERAL AND STATE LOANS OUTSTANDING

Hampton Township School District had no loan balances outstanding at June 30, 2010.

NOTE 6. OTHER

The amounts reported as TPAF Non-Contributory Insurance and Post Retirement Medical Contributions represent the amounts paid by the State on behalf of the District for the year ended June 30, 2010. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2010. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

HAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major state programs.
- An unqualified report was issued on the District's compliance for major state programs.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2010 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.*
- The District's major state programs for the current fiscal year consisted of the following state aid:

<u>General Fund State Aid:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Categorical Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	\$ 205,316	\$ 205,316
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	537,646	537,646
Categorical Security Aid	10-495-034-5120-084	7/1/09-6/30/10	30,680	30,680
Adjustment Aid	10-495-034-5120-085	7/1/09-6/30/10	254,504	254,504

- The threshold for distinguishing Type A and Type B programs was \$300,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Circular.

HAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any finding or questioned costs for state awards as defined in section 510(a) of the federal circular or NJOMB 04-04.

HAMPTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings:

There were no findings or questioned costs for the year ended June 30, 2009.