

**HAMPTON TOWNSHIP  
SCHOOL DISTRICT**

**Hampton Township School District  
Board of Education  
Hampton, Sussex County  
New Jersey**

**Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2012**



# **Comprehensive Annual**

## **Financial Report**

**of the**

**Hampton Township School District**

**Board of Education**

**Hampton, New Jersey**

**For the Fiscal Year Ending June 30, 2012**

**Prepared by**

**Hampton Township School District**

**Board of Education**

**Finance Department**

# OUTLINE OF CAFR

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# Introductory Section



# HAMPTON TOWNSHIP BOARD OF EDUCATION

One School Road  
Newton, New Jersey 07860

(973) 383-7140  
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Peter Pearson  
*Interim-Board Secretary/  
Business Administrator*

Dominic Festante  
*Principal*

Everett C. Burns  
*Chief School  
Administrator*

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

September 30, 2012

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, 2012 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 2011-2012 school year was 373 students which represents a decrease of 12 students from the prior year. Over the past five years, the School District has experienced a slow decline of student enrollment with small increases and decreases noted.

The Honorable President and Members  
of the Board of Education Hampton  
Township School District Page 2  
September 30, 2012

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>
2011-2012	373	-3.11%
2010-2011	385	-8.77%
2009-2010	422	2.18%
2008-2009	413	-2.59%
2007-2008	424	-1.85%
2006-2007	432	1.41%

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:** The Township of Hampton remains one of the finest managed communities in Sussex County. Although, fiscally challenged like so many other communities in Sussex County, the Township council and Township manager have set forth a plan that allows for controlled growth in both the residential and commercial sectors. While the residential area lies behind and separate from the commercial component, the two are within easy traveling distance. Much of the commercial growth for the foreseeable future is at a standstill as a result of the less then strong economic times.

It should be noted as in the past, that large tracts of undeveloped land have been examined for the most effective use of open space. Several parcels have been added to the list of Farmland Preservation Lands with the use of state funding. These large tracts will assist in controlling the community growth. Further growth of the township will be carefully monitored. Over the last few years, the Hampton Township School District has had declining student enrollment. The average class size for the 2012-13 school year will be 17 students per class. The overall student enrollment for the coming school year will be 346 students. Ten years ago the student population was hovering around 500 students. The administration of the Hampton Township School District and the Hampton Board of Education continues to monitor the student population numbers as well as the number of special needs students in order to address any staffing recommendations arising from these changes.

**3. MAJOR INITIATIVES:** The Hampton Township School District is a "High Performing" school district with a district wide mission that emphasizes student growth and development on an individual level. Over the last four years, the district has been involved in a Five Year Strategic Plan. The purpose of this plan is to involve the shareholders, including teachers, students, board members, parents, administrators, council members, senior citizens and graduates in the planning for the future. The school district has three active Ad Hoc Study Committees that are made up of various members of the educational community at large that are actively examining all aspects of the curriculum, personnel, and facilities for future enhancements.

During the 2012-13 school year, The Hampton Township School District worked in conjunction with the other Kittatinny Regional sending districts, to complete a revision to the district core curriculum standards . Under the direction of the teachers from each sending district and employing the services of a curriculum consultant, representatives from the four elementary schools and from the seventh and eighth grades came together to develop the new curricula. Each new curriculum contains a common lesson plan model which for the first time employs an "Essential Question" for each lesson.

For the 2012-13 school year, the district is planning revisions on the music and technology curricula as well as implementing a new math series including the introduction of a new textbook. We are looking forward to strengthening our already strong math scores in the state testing program. We are encouraged by our progress in technology.

**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.

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 fund balance restrictions, commitments and assignments at June 30, 2012.

**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, 2012, 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 Ardito And 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.

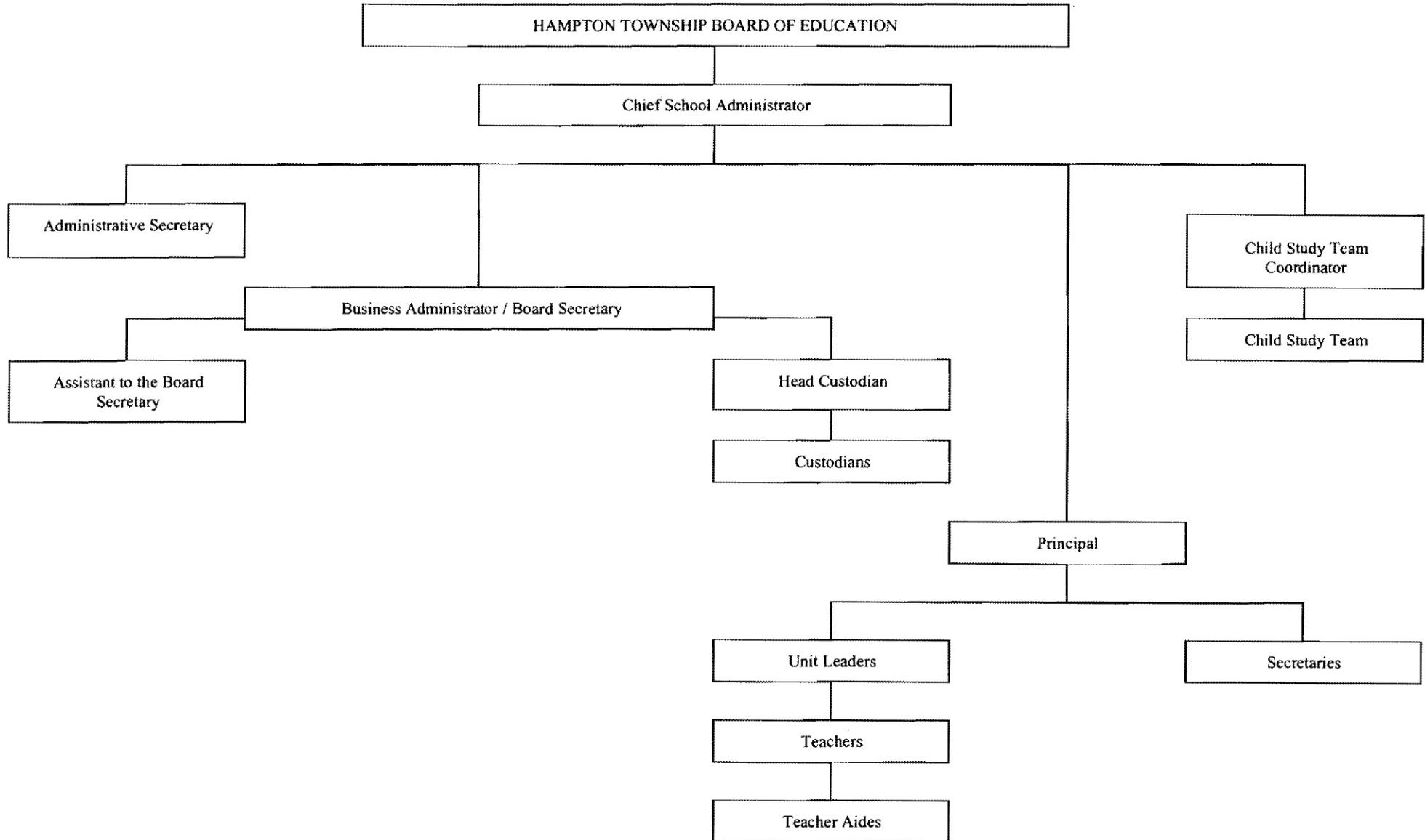
Respectfully submitted,



Everett C. Bums  
Chief School Administrator  
Secretary



Peter Pearson  
Interim Business Administrator/Board



**Hampton Township School District  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**June 30, 2012**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Joseph Santora, President	2014
Barry Johnson, Vice President	2013
Joyce Anderson	2012
Ernest Logsdon	2012
Becky Kriege	2012
Meredith Sajdak	2012
Eleanore Shaffer	2014
Scott Valentine	2014
John Wohlleber	2013

**Other Officials**

Everett C. Burns, Chief School Administrator  
Kerry K. Murphy, Board Secretary/School Business Administrator  
René Solar, Treasurer  
Cherie Adams, Attorney

**Hampton Township School District  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**ATTORNEY**

**Adams, Stern, Gutierrez, & Lattibouiderre, LLC**  
1037 Raymond Boulevard, Suite 900  
Newark, New Jersey 07102

**AUDIT FIRM**

**Ardito & Co., LLP**  
1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825

**OFFICIAL DEPOSITORIES**

**Lakeland Bank**  
11 Hampton House Road  
Newton, New Jersey 07860

# Financial Section

# Independent Auditor's Report

# **ARDITO & Co., LLP**

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Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA  
Anthony F. Ardito, PA, RMA, PSA

## **UNQUALIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND SUPPLEMENTARY SCHEDULE OF FEDERAL AND STATE AWARDS AND OTHER SUPPLEMENTARY INFORMATION-GOVERNMENTAL ENTITY**

### **Independent Auditor's Report**

The Honorable President and  
Members of the Board of Education  
Hampton Township School District  
County of Sussex  
Newton, New Jersey 07860

We have audited the accompanying financial statements of the governmental activities, the business-type activities and 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, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hampton Township School District 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 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, and each major fund, and the aggregate remaining fund information of the Hampton Township School District Board of Education in the County of Sussex, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the 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 30, 2012, on our consideration of the Hampton Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Management Discussion and Analysis and Budgetary Comparison Information on pages 7 through 7.8, and 38 through 50 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 Hampton Township School District Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules 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 information 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.

The accompanying schedules of expenditures of state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Date: September 30, 2012



Licensed Public School Accountant No. 2369  
ARDITO & CO., LLP

**Required Supplementary Information -  
Part I**

**Management's Discussion and Analysis**

HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

The discussion and analysis of 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, 2012. 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- ◆ In total, net assets decreased \$98,755 which represents a 2.7 percent increase from 2011.
- ◆ General revenues accounted for \$4,905,398 in revenue or 68.4 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,263,314 or 31.6 percent of total revenues of \$7,68,712.
- ◆ Total assets of governmental activities decreased by \$58,131 as cash and cash equivalents decreased by \$20,559, receivables increased by \$62,629 and capital assets decreased by \$100,556.
- ◆ The School District had \$7,267,467 in expenses; only \$2,263,314 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,905,398 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$6,786,263 in revenues and \$6,809,790 in expenditures. The General Fund's surplus balance decreased \$23,527 over 2011, which compares favorably to a budgeted decrease of \$119,800. This was a result of \$91,484 in additional state aid received after the annual operating budget was adopted.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

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 next 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 total in one column. In the case of Hampton Township School District, the General Fund is by far the most significant fund.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. 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 positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax 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**

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

**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 the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be 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 you 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.

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2012 compared to 2011.

	<u>2012</u>	<u>2011</u>
<b>Table 1</b>		
<b>Net Assets</b>		
<b>Assets</b>		
Current and Other Assets	\$ 1,235,927	\$ 1,193,502
Capital Assets	<u>2,411,833</u>	<u>2,512,389</u>
<b>Total Assets</b>	<u>3,647,760</u>	<u>3,705,891</u>
<b>Liabilities</b>		
Long-Term Liabilities	51,270	72,687
Other Liabilities	<u>99,120</u>	<u>37,079</u>
<b>Total Liabilities</b>	<u>150,390</u>	<u>109,766</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	2,411,833	2,512,389
Restricted	885,528	909,244
Unrestricted	<u>200,009</u>	<u>174,492</u>
<b>Total Net Assets</b>	<u>\$ 3,497,370</u>	<u>\$ 3,596,125</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

Total assets decreased \$58,131. Cash and cash equivalents decreased by \$20,559, receivables increased by \$62,629, and capital assets decreased by \$100,556. Cash decreased and Receivables increase due to federal Education Jobs grants spending in advance of reimbursement. Capital assets decreased due to depreciation expense. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$25,517.

Table 2 shows the changes in net assets from fiscal year 2011.

**Table 2**  
**Changes in Net Assets**

	<u>2012</u>	<u>2011</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 83,347	\$ 84,484
Operating Grants and Contributions	2,179,967	1,189,070
General Revenues:		
Property Taxes	4,890,185	4,813,907
Federal and State Aid for Capital Asset Projects		804,739
Other	<u>15,213</u>	<u>3,060</u>
<b>Total Revenues</b>	<u>7,168,712</u>	<u>6,895,260</u>
 <b>Program Expenses</b>		
Instruction	4,228,204	4,239,745
Support Services:		
Pupils and Instructional Staff	1,050,968	858,430
General Administration, School Administration, Business	825,107	757,594
Operations and Maintenance of Facilities	627,608	532,012
Pupil Transportation	410,133	382,963
Business-Type Activities	<u>125,447</u>	<u>116,162</u>
<b>Total Expenses</b>	<u>7,267,467</u>	<u>6,886,906</u>
 Increase/(Decrease) in Net Assets	 <u>\$ (98,755)</u>	 <u>\$ 8,354</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 68.2 percent of revenues for governmental activities for the Hampton Township School District for the fiscal year 2012.

Instruction comprises 58.2 percent of district expenses. Support services expenses make up 40.1 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of</u> <u>Services 2012</u>	<u>Net Cost of</u> <u>Services 2012</u>	<u>Total Cost of</u> <u>Services 2011</u>	<u>Net Cost of</u> <u>Services 2011</u>
Instruction	\$ 4,228,204	\$ 2,934,928	\$ 4,239,745	\$ 3,273,789
Support Services:				
Pupils and Instructional Staff	1,050,968	700,598	858,430	858,430
General Admin., School Admin., Business	825,107	607,495	757,594	742,834
Operation and Maintenance of Facilities	627,608	462,084	532,012	532,012
Pupil Transportation	410,133	301,965	382,963	209,728
Business-Type Activities	<u>125,447</u>	<u>(2,917)</u>	<u>116,162</u>	<u>(3,441)</u>
<b>Total Expenses</b>	<u>\$ 7,267,467</u>	<u>\$ 5,004,153</u>	<u>\$ 6,886,906</u>	<u>\$ 5,613,352</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

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

Operation and maintenance of facilities activities 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.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
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Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in school lunch programs.

The dependence upon tax revenues is apparent. Over 69.4 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 71.1 percent. The community, as a whole, is the primary support for the Hampton Township School District.

**The School District's Funds**

Information about the School District's major funds starts on page 10. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,040,230 and expenditures of \$7,063,757. The General Fund's surplus balance decreased \$23,527 over 2011, which compares favorably to a budgeted decrease of \$119,800. This was a result of \$91,484 in additional state aid received after the annual operating budget was adopted.

**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 budgeted fund is the General Fund.

During the course of the fiscal 2012 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding TPAF on-behalf amount, was \$6,268,630, \$112,031 over original budgeted estimates of \$6,159,599. This difference was due primarily to \$91,484 in additional state aid received after the annual operating budget was adopted.

However, the General fund revenues and other financing sources of the School District fell short of expenditures by \$3,028, which compares favorably to a planned shortfall of \$305,883. Expense savings were evident in the areas of Administration, Operations and Maintenance, and direct Instruction.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
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**Capital Assets**

At the end of the fiscal year 2012, the School District had \$2,408,761 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2012 balances compared to 2011.

**Table 4  
Capital Assets (Net of Depreciation) at June 30,**

	<u>2012</u>	<u>2011</u>
Land	\$ 1,558,800	\$ 1,558,800
Buildings and Improvements	684,151	765,186
Machinery and Equipment	<u>165,810</u>	<u>184,455</u>
 Totals	 <u>\$ 2,408,761</u>	 <u>\$ 2,508,441</u>

Overall capital assets decreased \$99,680 from fiscal year 2011 to fiscal year 2012, due primarily to depreciation expense.

\$11,600 in major capital assets were purchased during fiscal year 2012.

**Debt Administration**

At June 30, 2012, the School District had \$51,270 as long-term obligations in the form of compensated absences.

At June 30, 2012, the School District's overall legal debt margin was \$18,230,082 and the unvoted debt margin was the same at \$18,230,082.

**For the Future**

The Hampton Township School District is in very good financial condition presently. A major concern is the increased reliance on local property taxes with future possible decreases in state funding.

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

HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
UNAUDITED

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Peter Pearson, Interim School Business Administrator/Board Secretary at Hampton Township School District, 1 School Road, Newton, NJ 07860.

# Basic Financial Statements

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET ASSETS

June 30, 2012

	GOVERNMENTAL		BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES		
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 488,192	\$ 59,849		\$ 548,041
Receivables, Net	109,810	1,276		111,086
Inventory		4,221		4,221
Restricted Assets:				
Capital Reserve Account - Cash	550,954			550,954
Emergency Reserve Account - Cash	21,625			21,625
Capital Assets, Net (Note 6):	2,408,761	3,072		2,411,833
<b>Total Assets</b>	<b>3,579,342</b>	<b>68,418</b>		<b>3,647,760</b>
<b>LIABILITIES</b>				
Accounts Payable	58,367	3,739		62,106
Deferred Revenue	34,261	2,753		37,014
Noncurrent Liabilities (Note 7):				
Due Beyond One Year	51,270			51,270
<b>Total Liabilities</b>	<b>143,898</b>	<b>6,492</b>		<b>150,390</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	2,408,761	3,072		2,411,833
Restricted for:				
Capital Reserve Account	550,954			550,954
Emergency Reserve Account	21,625			21,625
Other Purposes	312,949			312,949
Unrestricted	141,155	58,854		200,009
<b>Total Net Assets</b>	<b>\$ 3,435,444</b>	<b>\$ 61,926</b>		<b>\$ 3,497,370</b>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular	\$ 3,395,622		\$ 1,073,692		\$ (2,321,930)		\$ (2,321,930)
Special Education	414,725		109,379		(305,346)		(305,346)
Other Special Instruction	417,857		110,205		(307,652)		(307,652)
Support Services:							
Tuition	252,179		66,509		(185,670)		(185,670)
Student & Instruction Related Services	798,789		283,861		(514,928)		(514,928)
School Administrative Services	186,956		49,307		(137,649)		(137,649)
General and Business Admin. Services	638,151		168,305		(469,846)		(469,846)
Plant Operations and Maintenance	627,608		165,524		(462,084)		(462,084)
Pupil Transportation	410,133		108,168		(301,965)		(301,965)
Total Governmental Activities	7,142,020	-	2,134,950		(5,007,070)		(5,007,070)
Business-Type Activities:							
Food Service	125,447	\$ 83,347	45,017			\$ 2,917	2,917
Total Business-Type Activities	125,447	83,347	45,017	-	-	2,917	2,917
<b>Total Primary Government</b>	<b>\$ 7,267,467</b>	<b>\$ 83,347</b>	<b>\$ 2,179,967</b>		<b>\$ (5,007,070)</b>	<b>\$ 2,917</b>	<b>\$ (5,004,153)</b>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 4,890,185		\$ 4,890,185
Investment Earnings					3,170	118	3,288
Miscellaneous Income					11,925		11,925
Total General Revenues, Special Items, Extraordinary Items and Transfers					4,905,280	118	4,905,398
Change in Net Assets					(101,790)	3,035	(98,755)
Net Assets—Beginning					3,537,234	58,891	3,596,125
Net Assets—Ending					\$ 3,435,444	\$ 61,926	\$ 3,497,370

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

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

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2012

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,035,854	\$ 24,917	\$ 1,060,771
Interfund Receivables		8,015	8,015
Receivables from Other Governments	61,012	48,798	109,810
<b>TOTAL ASSETS</b>	<u>\$ 1,096,866</u>	<u>\$ 81,730</u>	<u>\$ 1,178,596</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 10,898	\$ 47,469	\$ 58,367
Interfund Payable	8,015		8,015
Reserve for Payment of Debt Service			
Deferred Revenue		34,261	34,261
<b>Total Liabilities</b>	<u>18,913</u>	<u>81,730</u>	<u>100,643</u>
<b>Fund Balances:</b>			
<u>Restricted for:</u>			
Capital Reserve Account	\$ 550,954		\$ 550,954
Emergency Reserve	21,625		21,625
Excess Surplus	136,656		136,656
Excess Surplus - Designated for Subsequent Year's Expenditures	88,868		88,868
<u>Assigned to:</u>			
General Fund - Designated for Subsequent Year's Expenditures	87,425		87,425
Year-End Encumbrances	28,834		28,834
Capital Projects Fund			-
Debt Service Fund			-
<u>Unassigned:</u>			
General Fund	163,591		163,591
<b>Total Fund Balances</b>	<u>1,077,953</u>	<u>-</u>	<u>1,077,953</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 1,096,866</u>	<u>\$ 81,730</u>	<u>\$ 1,178,596</u>

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 \$5,723,326 and the accumulated depreciation is \$3,314,565. \$2,408,761

Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7) (51,270)

Net assets of governmental activities \$ 3,435,444

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
<b>Local sources:</b>			
Local Tax Levy	\$ 4,890,185		\$ 4,890,185
Interest on Capital Reserve	1,081		1,081
Miscellaneous	11,373	\$ 2,641	14,014
<b>Total - Local Sources</b>	<u>4,902,639</u>	<u>2,641</u>	<u>4,905,280</u>
<b>State Sources</b>	1,833,920	\$ 63,590	1,897,510
<b>Federal Sources</b>	49,704	187,736	237,440
<b>Total Revenues</b>	<u>6,786,263</u>	<u>253,967</u>	<u>7,040,230</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Regular Instruction	2,759,102	180,777	2,939,879
Special Education Instruction	366,950		366,950
Other Special Instruction	369,721		369,721
School Sponsored Other Instruction			-
Support services and undistributed costs:			
Tuition	252,179		252,179
Student and Instruction Related Services	625,479	73,190	698,669
School Administrative Services	162,528		162,528
Other Administrative Services	551,998		551,998
Plant Operations and Maintenance	553,661		553,661
Pupil Transportation	410,133		410,133
Unallocated Benefits	699,539		699,539
Transfer to Charter School	46,900		46,900
<b>Debt Service:</b>			
Principal			-
Interest and Other Charges			-
<b>Capital Outlay</b>	11,600		11,600
<b>Total Expenditures</b>	<u>6,809,790</u>	<u>253,967</u>	<u>7,063,757</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(23,527)</u>	<u>-</u>	<u>(23,527)</u>
Net Change in Fund Balances	(23,527)	-	(23,527)
Fund Balance—July 1	1,101,480	-	1,101,480
<b>Fund Balance—June 30</b>	<u>\$ 1,077,953</u>	<u>-</u>	<u>\$ 1,077,953</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ (23,527)

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

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

Depreciation Expense	\$ (111,280)	
Capital Outlays	<u>11,600</u>	(99,680)

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This amount is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

21,417

**Change in Net Assets of Governmental Activities** \$ (101,790)

**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET ASSETS  
 PROPRIETARY FUNDS

June 30, 2012

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Food Service</b>	<b>Totals</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and Cash Equivalents	\$ 59,849	\$ 59,849
Accounts Receivable	1,276	1,276
Inventories	4,221	4,221
<b>Total Current Assets</b>	<b>65,346</b>	<b>65,346</b>
<b>Noncurrent Assets:</b>		
Furniture, Machinery and Equipment	8,827	8,827
Less Accumulated Depreciation	(5,755)	(5,755)
<b>Total Noncurrent Assets</b>	<b>3,072</b>	<b>3,072</b>
<b>Total Assets</b>	<b>68,418</b>	<b>68,418</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts Payable	3,739	3,739
Deferred Revenue	2,753	2,753
<b>Total Current Liabilities</b>	<b>6,492</b>	<b>6,492</b>
<b>Total Liabilities</b>	<b>6,492</b>	<b>6,492</b>
<b>NET ASSETS</b>		
Invested in Capital Assets Net of Related Debt	3,072	3,072
Unrestricted	58,854	58,854
<b>Total Net Assets</b>	<b>\$ 61,926</b>	<b>\$ 61,926</b>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2012

	<b>Business-type Activities -</b>	
	<b>Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 78,753	\$ 78,753
Daily Sales - Non-Reimbursable Programs	4,571	4,571
Miscellaneous	23	23
Interest Income	118	118
<b>Total Operating Revenues</b>	<b>83,465</b>	<b>83,465</b>
 <b>Operating Expenses:</b>		
Cost of Sales	64,422	64,422
Salaries	37,665	37,665
Employee Benefits	9,339	9,339
Other Purchased Professional Services	13,145	13,145
Depreciation	876	876
<b>Total Operating Expenses</b>	<b>125,447</b>	<b>125,447</b>
 Operating Income (Loss)	<b>(41,982)</b>	<b>(41,982)</b>
 <b>Nonoperating Revenues (Expenses):</b>		
State Sources:		
State School Lunch Program	1,634	1,634
Federal Sources:		
National School Lunch Program	30,837	30,837
Food Distribution Program	12,546	12,546
<b>Total Nonoperating Revenues (Expenses)</b>	<b>45,017</b>	<b>45,017</b>
 Income (Loss)	<b>3,035</b>	<b>3,035</b>
 Change in Net Assets	<b>3,035</b>	<b>3,035</b>
 Total Net Assets—Beginning (As Restated)	<b>58,891</b>	<b>58,891</b>
<b>Total Net Assets—Ending</b>	<b>\$ 61,926</b>	<b>\$ 61,926</b>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2012

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 83,464	\$ 83,464
Payments to Employees	(37,665)	(37,665)
Payments for Employee Benefits	(9,339)	(9,339)
Payments to Suppliers	(61,296)	(61,296)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(24,836)</b>	<b>(24,836)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating Transfers from Other Funds	2,125	2,125
State Sources	1,658	1,658
Federal Sources	29,626	29,626
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>33,409</b>	<b>33,409</b>
Net Increase (Decrease) in Cash and Cash Equivalents	8,573	8,573
Balances—Beginning of Year	51,276	51,276
<b>Balances—End of Year</b>	<b>\$ 59,849</b>	<b>\$ 59,849</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (41,982)	\$ (41,982)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	876	876
Federal Commodities	12,546	12,546
(Increase) Decrease in Accounts Receivable, Net		
(Increase) Decrease in Inventories	(14)	(14)
Increase (Decrease) in Accounts Payable	3,738	3,738
Total Adjustments	17,146	17,146
Net Cash Provided by (used for) Operating Activities	\$ (24,836)	\$ (24,836)

**The accompanying Notes to Basic Financial Statements are an integral part of this statement.**

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

June 30, 2012

	<b>Unemployment Compensation Trust</b>	<b>Jane Perlmutter Memorial Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 82,897	\$ 10,642	\$ 22,803
<b>Total Assets</b>	<u>82,897</u>	<u>10,642</u>	<u>22,803</u>
<b>LIABILITIES</b>			
Payable to Student Groups			\$ 15,385
Payroll Deductions and Withholdings			7,418
<b>Total Liabilities</b>			<u>\$ 22,803</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 82,897</u>	<u>\$ 10,642</u>	

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit B-8

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

For the Year Ended June 30, 2012

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Jane Perlmutter Memorial <u>Fund</u></b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 5,636	
Plan Member	<u>18,000</u>	
Total Contributions	<u>23,636</u>	
Investment Earnings:		
Interest	<u>166</u>	\$ <u>96</u>
Net Investment Earnings	<u>166</u>	<u>96</u>
<b>Total Additions</b>	<u>23,802</u>	<u>96</u>
<b>DEDUCTIONS</b>		
Scholarships		300
Quarterly Contribution Reports	<u>18,064</u>	<u>-</u>
<b>Total Deductions</b>	<u>18,064</u>	<u>300</u>
Change in Net Assets	5,738	(204)
Net Assets—Beginning of the Year	<u>77,159</u>	<u>10,846</u>
<b>Net Assets—End of the Year</b>	<u>\$ 82,897</u>	<u>\$ 10,642</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

# Notes to Financial Statements

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, and GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2011.

**A. Reporting Entity:**

The Hampton Township School District is a Type II district located in the County of Sussex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of five members elected to three-year terms. The purpose of the district is to educate students in grades K-6. The Hampton Township School District had an approximate enrollment at June 30, 2012, of 392 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting:**

The School District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Basis of Presentation**

*District-wide Statements:* The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

*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.

**GOVERNMENTAL FUNDS**

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.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued):**

**GOVERNMENTAL FUNDS (Continued)**

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state 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 revenues. 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 Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

**Enterprise (Food Service) Fund** - The Enterprise Fund accounts for all revenues 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 costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be 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 include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting (Continued):**

**Basis of Accounting**

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

*District-wide, Proprietary, and Fiduciary Fund Financial Statements*: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements*: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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. General 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.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. 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 approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**D. Encumbrance Accounting:**

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

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

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

HAMPTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

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

**Interfund Transactions:**

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

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

**Inventories:**

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

**Allowance for Uncollectible Accounts:**

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

**Capital Assets:**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

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

**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.

The District support staff are granted sick leave in varying amounts under the District's contracted personnel policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service and provide for payment based upon predetermined rates and allowable days and upon retirement in the state pension system.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-Term Obligations:**

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**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.

**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 expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**Revenues—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, income 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 income taxes is recognized in the period in which the income is earned. 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 available as an advance, interest and tuition.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

Operating revenues 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.

**Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates:**

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

HAMPTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2: CASH AND CASH EQUIVALENTS**

**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.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2012, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2012, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-7)</u>	<u>Total</u>
Capital Reserve	\$550,954		\$550,954
Emergency Reserve	21,625		21,625
Checking	<u>548,041</u>	<u>\$116,342</u>	<u>664,383</u>
	<u>\$1,120,620</u>	<u>\$116,342</u>	<u>\$1,236,962</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2012, was \$1,236,962 and the bank balance was \$1,346,852. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,096,852 was covered by collateral pool.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

**Investments:**

Pursuant to the Enabling Act, the funds of the district may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the district may approve.

**The district had no investment balance as of June 30, 2012.**

Custodial Credit Risk: Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk disclosure. The district does not have a policy for custodial credit risk.

Credit Risk: The district does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Interest Rate Risk: The district does not have a policy to limit interest rate risk. The average maturity of the district's investments is less than one year.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2012, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government-Wide Financial Statements</u>
State Aid	\$61,012	\$61,077
Federal Aid	48,798	50,009
Local	-	-
Gross Receivable	\$109,810	\$111,086
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	\$109,810	\$111,086

HAMPTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2012, consisted of the following:

Food	\$1,016
Supplies	<u>3,205</u>
	<u>\$4,221</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Being Depreciated:</i>				
Land	\$ 1,558,800			\$ 1,558,800
Buildings and Building Improvements	3,311,546			3,311,546
Machinery and Equipment	841,380	\$ 11,600		852,980
Total at Historical Cost	5,711,726	11,600	-	5,723,326
Less Accumulated Depreciation for:				
Building and Improvements	(2,546,360)	(81,035)		(2,627,395)
Equipment	(656,925)	(30,245)		(687,170)
Total Accumulated Depreciation	(3,203,285)	(111,280)		(3,314,565)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	2,508,441	(99,680)		2,408,761
<b>Government Activity Capital Assets, Net</b>	<b>\$ 2,508,441</b>	<b>\$ (99,680)</b>		<b>\$ 2,408,761</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 5: CAPITAL ASSETS (Continued)**

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction		\$	85,998
Student Related Services			8,102
School Administration			15,531
Plant and Operations			1,649
Total			\$ 111,280

**NOTE 6: LONG-TERM OBLIGATIONS**

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.

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2012, are as follows:

	Balance			Balance	Amounts
	<u>7/1/11</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/12</u>	<u>Due Within</u>
					<u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$72,687		(\$21,417)	\$51,270	
<b>Total Other Liabilities</b>	\$72,687		(\$21,417)	\$51,270	-

Compensated absences have been liquidated in the General Fund.

The district had no bonds outstanding as of June, 30, 2012.

The district had no bonds authorized but not issued as of June, 30, 2012.

The district had no capital lease liabilities as of June, 30, 2012.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 7: PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A.18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 7: PENSION PLANS (Continued)**

**Significant Legislation** - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

<u>Three-Year Trend Information for PERS</u>			
Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$51,440	100 %	-0-
6/30/2011	\$51,979	100	-0-
6/30/2010	\$39,229	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	-0-	100 %	-0-
6/30/2011	-0-	100	-0-
6/30/2010	-0-	100	-0-

During the fiscal year ended June 30, 2012, the State of New Jersey did contribute \$285,399 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$252,733 during the year ended June 30, 2012, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 8: POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2011 there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c. 126, which provides 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide any post-employment benefits other than pension.

**NOTE 9: 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, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

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

HAMPTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 10: 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.

The District support staff are granted sick leave in varying amounts under the District's contracted personnel policies. Sick leave benefits provide for ordinary sick pay and provide for payment based upon predetermined rates and allowable days and upon retirement in the state pension system.

In the district-wide *Statement of 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.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the proprietary fund types.

**NOTE 11: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$18,166	\$5,636	\$18,064	\$82,897
2010-2011	\$6,091	\$5,826	\$18,841	\$77,159
2009-2010	\$36,000	\$5,860	\$11,324	\$84,083

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 12: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the 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 Board is not involved in claims or lawsuits incidental to its operations.

**NOTE 13: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$1,077,953 General Fund fund balance at June 30, 2012, \$28,834 is reserved for encumbrances; \$225,524 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7, as amended; (\$88,868 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2013), \$87,425 has been appropriated and included as anticipated revenue for the year ending June 30, 2013, \$550,954 has been reserved in the Capital Reserve Account; \$21,625 has been reserved in the Emergency Reserve Account; and, \$163,591 is unreserved and undesignated.

**NOTE 14: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Township of Hampton Board of Education by inclusion in the FY 2000-2001 budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end 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. 6A:23-2.13(g), 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 BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 14: CAPITAL RESERVE ACCOUNT (Continued)**

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ 504,873
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/20/2012	45,000
Budgeted Withdrawals	-
Interest Earnings	1,081
Ending Balance, June 30, 2012	\$ 550,954

**NOTE 16: EMERGENCY RESERVE ACCOUNT**

An emergency reserve account was established by the School District Board of Education in fiscal year 2008, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the emergency reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance July 1, 2011	\$ 21,625
Interest earnings	-
Deposits (PL 2007 c.62 (A1))	-
Ending balance June 30, 2012	\$ 21,625

**NOTE 15: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$136,656.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**NOTE 16: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2012:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	
General Fund		\$	8,015
Special Revenue Fund	\$	8,015	
Total	<u>\$</u>	<u>8,015</u>	<u>\$</u> <u>8,015</u>

The general fund owes the special revenue fund for cash advances in excess of state deductions for ch192/193 grants.

**NOTE 17: RETROACTIVE RESTATEMENT OF NET ASSETS**

**Restatement of Prior Period:**

As an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2011. The appraisal revealed asset activity that that should be recorded as of June 30, 2011. Accordingly, a restatement of net assets as of June 30, 2011 was necessary.

<u>Governmental Activities Net Assets:</u>	
Net Assets (per A-1), June 30, 2011	\$ 3,422,006
Restatement of Capital Assets	<u>115,228</u>
Fund balance (per A-1), June 30, 2011, as Restated	<u>\$ 3,537,234</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 4,890,185		\$ 4,890,185	\$ 4,890,185	
Interest on Capital Reserve	200		200	1,081	\$ 881
Miscellaneous	800		800	11,373	10,573
<b>Total - Local Sources</b>	<b>4,891,185</b>		<b>4,891,185</b>	<b>4,902,639</b>	<b>11,454</b>
<b>State Sources:</b>					
Equalization Aid	646,745		646,745	646,745	
Transportation Aid	169,313		169,313	169,313	
Special Education Aid	201,950		201,950	201,950	
Security Aid	31,132		31,132	31,132	
Adjustment Aid	155,663		155,663	218,112	62,449
Other State Aid	20,000		20,000	49,035	29,035
TPAF Pension (On-Behalf - Non-Budgeted)				285,399	285,399
TPAF Social Security (Reimbursed - Non-Budgeted)				252,733	252,733
<b>Total State Sources</b>	<b>1,224,803</b>		<b>1,224,803</b>	<b>1,854,419</b>	<b>629,616</b>
<b>Federal Sources:</b>					
Education Jobs Grant	40,611	9,093	49,704	49,704	
<b>Total Federal Sources</b>	<b>40,611</b>	<b>9,093</b>	<b>49,704</b>	<b>49,704</b>	
<b>TOTAL REVENUES</b>	<b>6,156,599</b>	<b>9,093</b>	<b>6,165,692</b>	<b>6,806,762</b>	<b>641,070</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	224,357	911	225,268	225,268	
Grades 1-5 - Salaries of Teachers	1,598,813	38,521	1,637,334	1,636,886	448
Grades 6-8 - Salaries of Teachers	223,131	85,575	308,706	308,706	
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	2,100	(2,100)			
Purchased Professional-Educational Services	900	(900)			
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	46,236	3,608	49,844	49,205	639
Purchased Professional-Educational Services	13,800	513	14,313	13,613	700
General Supplies	75,938	123,333	199,271	197,220	2,051
Textbooks	20,000	(11,193)	8,807	8,807	
Employee Benefits	431,762	(48,928)	382,834	319,397	63,437
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>2,637,037</b>	<b>189,340</b>	<b>2,826,377</b>	<b>2,759,102</b>	<b>67,275</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Special Education Instruction - Learning or Language Disabilities:</b>					
Salaries of Teachers	193,258	(23,177)	170,081	170,081	
Other Salaries for Instruction	30,857	(8,315)	22,542	22,542	
General Supplies	500	200	700	694	6
Employee Benefits	38,453		38,453	38,453	
<b>Total Special Education Instruction - Learning or Language Dis.</b>	<b>263,068</b>	<b>(31,292)</b>	<b>231,776</b>	<b>231,770</b>	<b>6</b>
<b>Special Education Instruction - Autism:</b>					
Salaries of Teachers	58,244	(3,363)	54,881	54,881	
Other Salaries for Instruction	23,270	(8,990)	14,280	14,280	
General Supplies	700		700	700	
Employee Benefits	59,350		59,350	59,350	
<b>Total Special Education Instruction - Autism</b>	<b>141,564</b>	<b>(12,353)</b>	<b>129,211</b>	<b>129,211</b>	

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Special Education Instruction - Preschool Disab. - Part Time:</b>					
Other Salaries for Instruction	9,042	(3,073)	5,969	5,969	
<b>Total Special Education Instruction - Presch. Disab. - Part Time</b>	<u>9,042</u>	<u>(3,073)</u>	<u>5,969</u>	<u>5,969</u>	
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>413,674</b>	<b>(46,718)</b>	<b>366,956</b>	<b>366,950</b>	<b>6</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	265,352	(12,723)	252,629	252,629	
General Supplies	750	142	892	889	3
Employee Benefits	58,539		58,539	58,539	
<b>Total Basic Skills/Remedial - Instruction</b>	<u>324,641</u>	<u>(12,581)</u>	<u>312,060</u>	<u>312,057</u>	<u>3</u>
<b>Other Instructional Programs - Instruction:</b>					
Purchased Services (Series 300-500)	7,000	4,194	11,194	11,194	
General Supplies	1,500	(631)	869	869	
Other Objects		85	85	83	2
<b>Total Other Instructional Programs - Instruction</b>	<u>8,500</u>	<u>3,648</u>	<u>12,148</u>	<u>12,146</u>	<u>2</u>
<b>School Sponsored Co/Extra Curricular Activities-Instruction:</b>					
Salaries	12,000	2,307	14,307	14,307	
<b>Total School Sponsored Co/Extra Curricular Activities-Instr. Before/After School</b>	<u>12,000</u>	<u>2,307</u>	<u>14,307</u>	<u>14,307</u>	
Salaries of Teachers Tutors	12,000	2,301	14,301	14,301	
<b>Total Before/After School</b>	<u>12,000</u>	<u>2,301</u>	<u>14,301</u>	<u>14,301</u>	
<b>Summer School - Instruction:</b>					
Other Salaries for Instruction	500	298	798	798	
Salaries of Teachers Tutors	19,000	(3,488)	15,512	15,512	
General Supplies	600		600	600	
<b>Total Summer School - Instruction</b>	<u>20,100</u>	<u>(3,190)</u>	<u>16,910</u>	<u>16,910</u>	
<b>TOTAL INSTRUCTION</b>	<b>3,427,952</b>	<b>135,107</b>	<b>3,563,059</b>	<b>3,495,773</b>	<b>67,286</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State-Special	70,000	29,043	99,043	99,043	
Tuition to Private Schools for the Disabled-Within State	206,480	(52,228)	154,252	153,136	1,116
<b>Total Instruction</b>	<b>276,480</b>	<b>(23,185)</b>	<b>253,295</b>	<b>252,179</b>	<b>1,116</b>
<b>Attendance and Social Work:</b>					
Salaries	8,500		8,500	8,498	2
<b>Total Attendance and Social Work</b>	<b>8,500</b>		<b>8,500</b>	<b>8,498</b>	<b>2</b>
<b>Health Services:</b>					
Salaries	59,587	723	60,310	60,225	85
Employee Benefits	20,409	(5,000)	15,409	15,409	
Purchased Professional and Technical Services	1,500	(336)	1,164	1,164	
Supplies and Materials	800	2,244	3,044	2,885	159
<b>Total Health Services</b>	<b>82,296</b>	<b>(2,369)</b>	<b>79,927</b>	<b>79,683</b>	<b>244</b>
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	80,304	(488)	79,816	79,816	
Employee Benefits	19,508		19,508	19,508	
Purchased Professional - Educational Services	49,100	(14,973)	34,127	34,127	
Supplies and Materials	700	746	1,446	1,446	
<b>Total Other Supp. Services Students-Related Services</b>	<b>149,612</b>	<b>(14,715)</b>	<b>134,897</b>	<b>134,897</b>	
<b>Guidance:</b>					
Salaries	11,133	(373)	10,760	10,759	1
Supplies and Materials	100		100	100	
<b>Total Guidance</b>	<b>11,233</b>	<b>(373)</b>	<b>10,860</b>	<b>10,859</b>	<b>1</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	121,907	(1,643)	120,264	120,264	
Salaries of Secretarial and Clerical Assistants	50,053	(12,281)	37,772	37,772	
Other Salaries	500	4,099	4,599	4,599	
Employee Benefits	37,064		37,064	37,064	
Other Purchased Prof. and Tech Svcs	49,000	(516)	48,484	43,527	4,957
Misc Purchased Services (400-500 Other than Resid. Costs)	400	(400)			
Supplies and Materials	1,475	(1,092)	383	383	
<b>Total Other Supp. Services Students-Special</b>	<b>260,399</b>	<b>(11,833)</b>	<b>248,566</b>	<b>243,609</b>	<b>4,957</b>
<b>Improvement of Instruction Services:</b>					
Other Salaries	750	(750)			
Purchased Professional - Educational Services	6,100	(6,100)			
Supplies and Materials	200		200		200
<b>Total Improvement of Instruction Services</b>	<b>7,050</b>	<b>(6,850)</b>	<b>200</b>		<b>200</b>
<b>Educational Media Services/School Library:</b>					
Salaries	92,554	(4,897)	87,657	87,095	562
Employee Benefits	40,818		40,818	40,818	
Purchased Professional and Technical Services	1,000	1,090	2,090	1,782	308
Supplies and Materials	5,500	3,380	8,880	8,036	844
Other Objects	1,875	(103)	1,772	900	872
<b>Total Educational Media Services/School Library</b>	<b>141,747</b>	<b>(530)</b>	<b>141,217</b>	<b>138,631</b>	<b>2,586</b>
<b>Instructional Staff Training Services:</b>					
Salaries of Other Professional Staff	2,500	(2,500)			
Purchased Professional and Technical Services	4,500	11,514	16,014	7,964	8,050
Other Purchased Services (400-500 series)	5,400	(3,724)	1,676	1,338	338
<b>Total Instructional Staff Training Services</b>	<b>12,400</b>	<b>5,290</b>	<b>17,690</b>	<b>9,302</b>	<b>8,388</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Supp. Services - General Administration:</b>					
Salaries	190,138	2	190,140	190,140	
Employee Benefits	37,064		37,064	37,064	
Legal Services	3,900	1,895	5,795	3,738	2,057
Audit Fees	23,800	8,315	32,115	18,890	13,225
Other Purchased Professional Services	14,000	4,091	18,091	15,208	2,883
Communications/Telephone	9,000	1,275	10,275	8,270	2,005
Other Purchased Services (400-500)	25,028	(8,290)	16,738	12,554	4,184
General Supplies	1,100	1,139	2,239	1,887	352
BOE In House Training/Meeting Supplies	300	125	425	275	150
Miscellaneous Expenses	5,000	2,642	7,642	7,642	
BOE Membership Dues and Fees	4,500		4,500	4,194	306
<b>Total Supp. Services - General Administration</b>	<b>313,830</b>	<b>11,194</b>	<b>325,024</b>	<b>299,862</b>	<b>25,162</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	99,103	(971)	98,132	98,132	
Salaries of Secretarial and Clerical Assistants	18,032	809	18,841	18,392	449
Employee Benefits	38,941		38,941	38,941	
Other Purchased Services (400-500 series)	6,128	(1,618)	4,510	3,882	628
Supplies and Materials	2,400	623	3,023	2,235	788
Other Objects	800	146	946	946	
<b>Total Support Services - School Administration</b>	<b>165,404</b>	<b>(1,011)</b>	<b>164,393</b>	<b>162,528</b>	<b>1,865</b>
<b>Central Services:</b>					
Salaries	162,800	12,570	175,370	174,960	410
Employee Benefits	38,941		38,941	38,941	
Misc Purchased Services (400-500 Other than Resid. Costs)	2,100		2,100	75	2,025
Supplies and Materials	5,000	876	5,876	4,072	1,804
Other Objects	300	437	737	737	
<b>Total Central Services</b>	<b>209,141</b>	<b>13,883</b>	<b>223,024</b>	<b>218,785</b>	<b>4,239</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Admin Info Tech.:</b>					
Salaries	15,000	537	15,537	12,529	3,008
Purchased Professional Services	5,000	(895)	4,105	4,105	
Purchased Technical Services	12,500	4,185	16,685	15,765	920
Supplies and Materials	1,000	(48)	952	952	
<b>Total Admin. Info. Tech.</b>	<b>33,500</b>	<b>3,779</b>	<b>37,279</b>	<b>33,351</b>	<b>3,928</b>
<b>Required Maintenance for School Facilities:</b>					
Cleaning, Repair and Maintenance Services	49,000	45,751	94,751	89,820	4,931
<b>Total Required Maintenance for School Facilities</b>	<b>49,000</b>	<b>45,751</b>	<b>94,751</b>	<b>89,820</b>	<b>4,931</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	184,523	4,811	189,334	188,922	412
Employee Benefits	58,449		58,449	58,449	
Purchased Professional and Technical Services	23,000	8,150	31,150	24,995	6,155
Cleaning, Repair and Maintenance Services	35,500	14,722	50,222	44,601	5,621
Insurance	29,000	3,091	32,091	31,459	632
General Supplies	22,000	(5,617)	16,383	8,572	7,811
Energy (Natural Gas)	35,000	3,753	38,753	20,198	18,555
Energy (Electricity)	106,500	(4,600)	101,900	78,728	23,172
Other Objects	1,300		1,300	621	679
<b>Total Other Operations and Maintenance of Plant</b>	<b>495,272</b>	<b>24,310</b>	<b>519,582</b>	<b>456,545</b>	<b>63,037</b>
<b>Care and Upkeep of Grounds:</b>					
Supplies and Materials	2,000	2,745	4,745	3,101	1,644
<b>Total Care and Upkeep of Grounds</b>	<b>2,000</b>	<b>2,745</b>	<b>4,745</b>	<b>3,101</b>	<b>1,644</b>
<b>Security:</b>					
Cleaning, Repair and Maintenance Services	3,600	595	4,195	4,195	
<b>Total Security</b>	<b>3,600</b>	<b>595</b>	<b>4,195</b>	<b>4,195</b>	

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Student Transportation Services</b>					
Salaries of Non-Instructional Aides	1,000	(1,000)			
Sal. For Pupil Transp. (Bet Home & Sch) - Reg.	11,183		11,183	11,183	
Management Fee - ESC & CTSA Trans Program	6,000	(98)	5,902	3,977	1,925
Contracted Services (Between Home and School)-Vendors	272,000	(1,500)	270,500	270,242	258
Contracted Services (Other than Bet.Home & School)-Vendors	11,000	1,410	12,410	9,580	2,830
Contracted Services (Between Home and School)-Joint Agrmts.	18,000	97	18,097	18,097	
Contracted Services (Spec. Ed. Students)-ESCs & CTSA's	110,000	(12,882)	97,118	97,054	64
<b>Total Student Transportation Services</b>	<b>429,183</b>	<b>(13,973)</b>	<b>415,210</b>	<b>410,133</b>	<b>5,077</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	45,000	1,000	46,000	45,781	219
Other Retirement Contributions-Regular	52,000	730	52,730	51,440	1,290
Unemployment Compensation	8,000	10,000	18,000	18,000	
Workmen's Compensation	50,000	(20,271)	29,729	29,729	
Tuition Reimbursement	18,000	2,200	20,200	16,457	3,743
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>173,000</b>	<b>(6,341)</b>	<b>166,659</b>	<b>161,407</b>	<b>5,252</b>
On-behalf TPAF pension Contrib. (non-budgeted)				285,399	(285,399)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				252,733	(252,733)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>538,132</b>	<b>(538,132)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	<b>173,000</b>	<b>(6,341)</b>	<b>166,659</b>	<b>699,539</b>	<b>(532,880)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>2,823,647</b>	<b>26,367</b>	<b>2,850,014</b>	<b>3,255,517</b>	<b>(405,503)</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>6,251,599</b>	<b>161,474</b>	<b>6,413,073</b>	<b>6,751,290</b>	<b>(338,217)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment:</b>					
Undistributed Expenditures-Operation & Maint. of Plant Serv.		11,600	11,600	11,600	
<b>Total Equipment</b>		<b>11,600</b>	<b>11,600</b>	<b>11,600</b>	
<b>TOTAL CAPITAL OUTLAY</b>		<b>11,600</b>	<b>11,600</b>	<b>11,600</b>	
Transfer to Charter School	24,800	22,102	46,902	46,900	2
<b>TOTAL EXPENDITURES</b>	<b>6,276,399</b>	<b>195,176</b>	<b>6,471,575</b>	<b>6,809,790</b>	<b>(338,215)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(119,800)</b>	<b>(186,083)</b>	<b>(305,883)</b>	<b>(3,028)</b>	<b>302,855</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(119,800)	(186,083)	(305,883)	(3,028)	302,855
<b>Fund Balance, July 1</b>	1,196,425		1,196,425	1,196,425	
<b>Fund Balance, June 30</b>	\$ 1,076,625	\$ (186,083)	\$ 890,542	\$ 1,193,397	\$ 302,855
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 550,954	
Emergency Reserve				21,625	
Excess Surplus				136,656	
Excess Surplus - Designated for Subsequent Year's Expenditures				88,868	
<b>Assigned to:</b>					
Designated for Subsequent Year's Expenditures				87,425	
Year-End Encumbrances				28,834	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>279,035</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				\$ 1,193,397	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>(115,444)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 1,077,953</u>	

**HAMPTON TOWNSHIP SCHOOL DISTRICT**  
**APPROPRIATIONS COMBINING SCHEDULE - FUNDS 11 AND 18**  
**EDUCATION JOBS GRANT - FUND 18**  
**GENERAL FUND**

Line	Description	Account #	Fund 11/12/13 Approps	Fund 18 Approps	Schedule C-1 Total General Fund Approps
2520	Grades 1-5 - Salaries of Teachers	11-120-100-101	1,599,897	36,989	1,636,886
10180	Health Benefits	11-1XX-100-270	306,682	12,715	319,397
<b>TOTAL EXPENDITURES</b>			1,906,579	49,704	1,956,283

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2012

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources		\$ 4,479	\$ 4,479	\$ 2,836	\$ (1,643)
State Sources	\$ 71,000	(7,575)	63,425	63,425	-
Federal Sources	205,000	11,728	216,728	186,395	(30,333)
<b>Total Revenues</b>	<b>276,000</b>	<b>8,632</b>	<b>284,632</b>	<b>252,656</b>	<b>(31,976)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries	64,430	9,056	73,486	60,266	13,220
Other Salaries	30,000		30,000	30,000	
Purchased Prof. & Tech Svcs	109,472	(33,317)	76,155	71,255	4,900
Tuition	9,867		9,867	9,867	
General Supplies	500	2,479	2,979	2,116	863
Textbooks		7,234	7,234	7,234	
<b>Total Instruction</b>	<b>214,269</b>	<b>(14,548)</b>	<b>199,721</b>	<b>180,738</b>	<b>18,983</b>
<b>Support Services</b>					
Salaries of Prof. Staff	15,728	11,313	27,041	15,530	11,511
Personal Services-Employee Bene.	1,526	1,280	2,806	2,806	
Purchased Profess. Educ. Svcs	40,457	6,757	47,214	45,732	1,482
Other Purchased Svcs	3,898	3,830	7,728	7,728	
Supplies and Materials	122		122	122	
<b>Total Support Services</b>	<b>61,731</b>	<b>23,180</b>	<b>84,911</b>	<b>71,918</b>	<b>12,993</b>
<b>Total Expenditures</b>	<b>276,000</b>	<b>8,632</b>	<b>284,632</b>	<b>252,656</b>	<b>31,976</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>					None
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Current Year Last State Aid Payment not recognized on GAAP basis until received					<u>None</u>
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>					<u>None</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2012

**Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 6,806,762	\$ 252,656
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	N/A	1,511
Current Year	N/A	(200)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	94,945	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(115,444)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 6,786,263</u>	<u>\$ 253,967</u>
 <b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 6,809,790	\$ 252,656
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	N/A	1,511
Current Year	N/A	(200)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>N/A</u>	<u>N/A</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 6,809,790</u>	<u>\$ 253,967</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2012

	<b>Title I</b>	<b>Title I I Part A</b>	<b>Title I I Part D</b>	<b>IDEA Basic</b>	<b>IDEA Preschool</b>	<b>REAP</b>	<b>NP Textbook</b>	<b>NP Nursing</b>	<b>Handi- Cap Svcs Exam.</b>	<b>Handi- Cap Svcs Suppl.</b>	<b>Handi- Cap Svcs Cor. Speech</b>	<b>Aux. Svcs Comp Ed.</b>	<b>LOCAL</b>	<b>Totals</b>
<b>REVENUES</b>														
Local Sources													\$ 2,836	\$ 2,836
State Sources							\$ 7,234	\$ 10,334	\$ 13,851	\$ 8,153	\$ 13,540	\$ 10,313		63,425
Federal Sources	\$ 14,135	\$ 16,065	\$ 5	\$ 108,025	\$ 10,753	\$ 37,412								186,395
<b>TOTAL REVENUES</b>	<b>14,135</b>	<b>16,065</b>	<b>5</b>	<b>108,025</b>	<b>10,753</b>	<b>37,412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>252,656</b>
<b>EXPENDITURES:</b>														
<b>Instruction:</b>														
Salaries	12,915			9,219		37,412							720	60,266
Other Salaries				30,000										30,000
Purchased Prof. & Tech Svcs	132			14,932				10,334	13,851	8,153	13,540	10,313		71,255
Tuition					9,867									9,867
General Supplies													2,116	2,116
Textbooks							7,234							7,234
<b>Total Instruction</b>	<b>13,047</b>	<b>-</b>	<b>-</b>	<b>54,151</b>	<b>9,867</b>	<b>37,412</b>	<b>7,234</b>	<b>10,334</b>	<b>13,851</b>	<b>8,153</b>	<b>13,540</b>	<b>10,313</b>	<b>2,836</b>	<b>180,738</b>
<b>Support Services:</b>														
Salaries of Prof. Staff				15,530										15,530
Personal Services-Employee Bene.				2,806										2,806
Purchased Profess. Educ. Svcs	1,088	8,842		34,916	886									45,732
Other Purchased Svcs		7,223	5	500										7,728
Supplies and Materials				122										122
<b>Total Support Services</b>	<b>1,088</b>	<b>16,065</b>	<b>5</b>	<b>53,874</b>	<b>886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,918</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 14,135</b>	<b>\$ 16,065</b>	<b>\$ 5</b>	<b>\$ 108,025</b>	<b>\$ 10,753</b>	<b>\$ 37,412</b>	<b>\$ 7,234</b>	<b>\$ 10,334</b>	<b>\$ 13,851</b>	<b>\$ 8,153</b>	<b>\$ 13,540</b>	<b>\$ 10,313</b>	<b>\$ 2,836</b>	<b>\$ 252,656</b>
<b>Total Outflows</b>	<b>\$ 14,135</b>	<b>\$ 16,065</b>	<b>\$ 5</b>	<b>\$ 108,025</b>	<b>\$ 10,753</b>	<b>\$ 37,412</b>	<b>\$ 7,234</b>	<b>\$ 10,334</b>	<b>\$ 13,851</b>	<b>\$ 8,153</b>	<b>\$ 13,540</b>	<b>\$ 10,313</b>	<b>\$ 2,836</b>	<b>\$ 252,656</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>														

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

N/A

**PROPRIETARY FUND  
DETAIL STATEMENTS**

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

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

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

<p style="text-align: center;"><b>FIDUCIARY FUND DETAIL STATEMENTS</b></p>
--

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

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

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

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

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	JANE PERLMUTTER MEMORIAL FUND	<u>AGENCY FUNDS</u>		<u>TOTALS</u>
			<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>	
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 82,897	\$ 10,642	\$ 15,385	\$ 7,418	\$ 116,342
<b>TOTAL ASSETS</b>	<u>82,897</u>	<u>10,642</u>	<u>15,385</u>	<u>7,418</u>	<u>116,342</u>
<b>LIABILITIES:</b>					
Liabilities:					
Payroll Deductions & Withholdings				\$ 7,418	\$ 7,418
Payable to Student Groups			\$ 15,385	-	15,385
<b>Total Liabilities</b>			<u>15,385</u>	<u>7,418</u>	<u>22,803</u>
<b>NET ASSETS</b>					
Held in Trust for Unemployment Claims and Other Purposes	\$ 82,897	\$ 10,642			93,539
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 82,897</u>	<u>\$ 10,642</u>	<u>\$ 15,385</u>	<u>\$ 7,418</u>	<u>\$ 116,342</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012**

	<b>UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u></b>	<b>JANE PERLMUTTER MEMORIAL <u>FUND</u></b>	<b><u>TOTALS</u></b>
<b>ADDITIONS</b>			
Contributions:			
Plan Member	\$ 5,636		\$ 5,636
Employer	18,000	-	18,000
Total Contributions	<u>23,636</u>	<u>-</u>	<u>23,636</u>
Investment Earnings:			
Interest	166	\$ 96	262
Net Investment Earnings	<u>166</u>	<u>96</u>	<u>262</u>
<b>Total Additions</b>	<b><u>23,802</u></b>	<b><u>96</u></b>	<b><u>23,898</u></b>
<b>DEDUCTIONS</b>			
Scholarships		300	300
Claims/Quarterly Contribution Reports	18,064	-	18,064
<b>Total Deductions</b>	<b><u>18,064</u></b>	<b><u>300</u></b>	<b><u>18,364</u></b>
Change in Net Assets	5,738	(204)	5,534
Net Assets—Beginning of the Year	<u>77,159</u>	<u>10,846</u>	<u>88,005</u>
<b>Net Assets—End of the Year</b>	<b><u>\$ 82,897</u></b>	<b><u>\$ 10,642</u></b>	<b><u>\$ 93,539</u></b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
STUDENT ACTIVITY AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2011</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2012</u>
Hampton Elementary School	\$ 17,099	\$ 34,695	\$ 36,409	\$ 15,385
<b>TOTALS</b>	<b>\$ 17,099</b>	<b>\$ 34,695</b>	<b>\$ 36,409</b>	<b>\$ 15,385</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>BALANCE</u> July 1, 2011	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> June 30, 2012
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 5,673	\$ 4,306,421	\$ 4,304,676	\$ 7,418
<b>Total Assets</b>	<u>\$ 5,673</u>	<u>\$ 4,306,421</u>	<u>\$ 4,304,676</u>	<u>\$ 7,418</u>
<b>LIABILITIES:</b>				
Payroll Deductions & Withholdings	\$ 5,673	\$ 1,762,313	\$ 1,760,568	\$ 7,418
Accrued Salaries & Wages		2,544,108	2,544,108	-
<b>Total Liabilities</b>	<u>\$ 5,673</u>	<u>\$ 4,306,421</u>	<u>\$ 4,304,676</u>	<u>\$ 7,418</u>

## **LONG-TERM DEBT SCHEDULES**

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

N/A

Hampton Township School District  
**Statistical Section**

<u>Contents</u>	<u>Page</u>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	56-61
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	62-65
<b>Debt Capacity (J-10 thru J-13)</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	66-69
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	70-71
<b>Operating Information (J-16 thru J-20)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	72-76

**Sources:**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

**Hampton Township School District**  
**Net Assets by Component,**  
**Last Ten Fiscal Years \***  
*(accrual basis of accounting)*

**Exhibit J-1**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
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	\$ 2,393,213	\$ 2,408,761
Restricted	366,593	316,154	300,406	428,325	827,151	774,097	909,244	885,528
Unrestricted	(107,017)	(57,103)	68,019	67,634	31,969	152,476	119,549	141,155
Total governmental activities net assets	<u>\$ 3,018,193</u>	<u>\$ 3,113,007</u>	<u>\$ 3,172,997</u>	<u>\$ 3,185,923</u>	<u>\$ 3,450,713</u>	<u>\$ 3,417,146</u>	<u>\$ 3,422,006</u>	<u>\$ 3,435,444</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 12,405	\$ 10,378	\$ 7,454	\$ 6,577	\$ 5,700	\$ 4,824	\$ 3,948	\$ 3,072
Restricted	-	-	-	-	-	-	-	-
Unrestricted	5,937	3,371	7,091	11,661	31,722	50,573	54,943	58,854
Total business-type activities net assets	<u>\$ 18,342</u>	<u>\$ 13,749</u>	<u>\$ 14,545</u>	<u>\$ 18,238</u>	<u>\$ 37,422</u>	<u>\$ 55,397</u>	<u>\$ 58,891</u>	<u>\$ 61,926</u>
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	\$ 2,397,161	\$ 2,411,833
Restricted	366,593	316,154	300,406	428,325	827,151	774,097	909,244	885,528
Unrestricted	(101,080)	(53,732)	75,110	79,295	63,691	203,049	174,492	200,009
Total district net assets	<u>\$ 3,036,535</u>	<u>\$ 3,126,756</u>	<u>\$ 3,187,542</u>	<u>\$ 3,204,161</u>	<u>\$ 3,488,135</u>	<u>\$ 3,472,543</u>	<u>\$ 3,480,897</u>	<u>\$ 3,497,370</u>

Source: CAFR Schedule A-1

\* - GASB requires that ten years of statistical data be presented, however only statistical data for year's since the implementation of GASB#34 need be presented.

**Hampton Township School District**  
**Changes in Net Assets, Last Ten Fiscal Years \***  
*(accrual basis of accounting)*

**Exhibit J-2**

	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>								
Governmental activities								
Instruction								
Regular	\$ 2,650,651	\$ 2,825,823	\$ 3,088,122	\$ 3,119,881	\$ 3,072,186	\$ 3,266,322	\$ 3,131,738	\$ 3,395,622
Special education	694,807	732,172	822,490	759,928	506,075	623,251	720,639	414,725
Other special education	146,186	145,305	158,070	141,542	290,004	229,544	288,181	417,857
School Sponsored Other Instruction	74,201	33,985	56,905	68,377	121,883	88,018	76,632	
Support Services:								
Tuition	133,993	151,346	157,567	273,177	100,568	190,581	208,847	252,179
Student & instruction related services	670,986	621,737	655,110	679,146	718,293	728,390	649,583	798,789
General administrative services	223,639	242,438	301,433	279,916	287,576	297,691	311,534	591,251
School administrative services	381,951	397,590	473,273	482,328	433,110	452,673	446,060	186,956
Plant operations and maintenance	469,683	602,578	556,881	623,365	602,164	584,964	532,012	627,608
Pupil transportation	381,101	398,034	393,510	478,108	377,393	396,564	382,963	410,133
Other Support Services	61,009	31,402	36,105	21,625	-	-	-	-
Charter Schools	24,995	14,142	27,549	25,062	65,233	26,460	22,555	46,900
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>	<u>6,770,744</u>	<u>7,142,020</u>
Business-type activities:								
Food service	99,581	107,425	116,359	124,300	105,786	107,426	116,162	125,447
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>	<u>116,162</u>	<u>125,447</u>
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>	<u>\$ 6,886,906</u>	<u>\$ 7,267,467</u>
<b>Program Revenues</b>								
Governmental activities:								
Operating grants and contributions	1,811,987	1,867,869	2,136,328	2,148,999	1,094,957	1,224,282	1,153,951	2,134,950
Capital grants and contributions	-	-	-	-	-	-	-	-
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>	<u>1,153,951</u>	<u>2,134,950</u>
Business-type activities:								
Charges for services								
Food service	75,681	82,064	93,229	99,887	92,990	91,621	84,484	83,347
Operating grants and contributions	18,880	20,588	25,051	27,919	31,727	33,548	35,119	45,017
Capital grants and contributions	-	-	-	-	-	-	-	-
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>	<u>119,603</u>	<u>128,364</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>	<u>\$ 1,273,554</u>	<u>\$ 2,263,314</u>

**Hampton Township School District**  
**Changes in Net Assets, Last Ten Fiscal Years \***  
*(accrual basis of accounting)*

**Exhibit J-2**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (4,228,133)	\$ (4,444,993)	\$ (4,796,544)	\$ (4,907,189)	\$ (5,587,588)	\$ (5,767,258)	\$ (5,616,793)	\$ (5,007,070)
Business-type activities	(5,020)	(4,773)	1,921	3,506	18,931	17,743	3,441	2,917
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>	<u>\$ (5,613,352)</u>	<u>\$ (5,004,153)</u>
<b>General Revenues and Other Changes in Net Assets</b>								
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	\$ 4,813,907	\$ 4,890,185
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	804,739	-
Investment earnings	-	-	-	-	-	2,827	711	3,170
Miscellaneous income	12,944	11,358	43,874	27,681	28,650	64,318	2,296	11,925
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>	<u>5,621,653</u>	<u>4,905,280</u>
Business-type activities:								
Investment earnings	130	180	248	187	253	232	53	118
Total business-type activities	<u>130</u>	<u>180</u>	<u>248</u>	<u>187</u>	<u>253</u>	<u>232</u>	<u>53</u>	<u>118</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>	<u>\$ 5,621,706</u>	<u>\$ 4,905,398</u>
<b>Change in Net Assets</b>								
Governmental activities	\$ 91,080	\$ 94,814	\$ 59,989	\$ 12,926	\$ 264,790	\$ (33,567)	\$ 4,860	\$ (101,790)
Business-type activities	(4,890)	(4,593)	2,169	3,693	19,184	17,975	3,494	3,035
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>	<u>\$ 8,354</u>	<u>\$ (98,755)</u>

Source: CAFR Schedule A-2

\* - GASB requires that ten years of statistical data be presented, however only statistical data for year's since the implementation of GASB#34 need be presented.

**Hampton Township School District  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years \***  
*(modified accrual basis of accounting)*

**Exhibit J-3**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund								
Reserved	\$ 264,428	\$ 265,914	\$ 278,781	\$ 428,325	\$ 827,151	\$ 774,097	\$ 921,449	\$ 914,362
Unreserved	134,222	135,999	22,041	224,911	132,709	246,046	180,031	163,591
Total general fund	<u>\$ 398,650</u>	<u>\$ 401,913</u>	<u>\$ 300,822</u>	<u>\$ 653,236</u>	<u>\$ 959,860</u>	<u>\$ 1,020,143</u>	<u>\$ 1,101,480</u>	<u>\$ 1,077,953</u>

Source: CAFR Schedule B-1

\* - GASB requires that ten years of statistical data be presented, however only statistical data for year's since the implementation of GASB#34 need be presented.

**Hampton Township School District**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years \***

**Exhibit J-4**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues</b>								
Tax levy	\$ 4,008,079	\$ 4,222,328	\$ 4,517,349	\$ 4,533,374	\$ 4,723,432	\$ 4,723,432	\$ 4,813,907	\$ 4,890,185
Interest on Investments	-	140	757	1,083	2,101	2,827	711	
Miscellaneous	13,224	11,218	44,117	28,157	28,592	65,758	3,651	15,095
State sources	1,950,323	2,014,661	2,241,004	2,312,419	2,009,901	1,719,343	1,747,466	1,897,510
Federal sources	159,574	159,329	189,634	194,081	183,309	446,613	209,869	237,440
<b>Total revenue</b>	<b>6,131,200</b>	<b>6,407,676</b>	<b>6,992,861</b>	<b>7,069,114</b>	<b>6,947,335</b>	<b>6,957,973</b>	<b>6,775,604</b>	<b>7,040,230</b>
<b>Expenditures</b>								
<b>Instruction</b>								
Regular Instruction	2,018,662	2,042,137	2,221,307	2,119,281	2,319,336	2,279,011	2,249,386	2,939,879
Special education instruction	529,202	518,853	541,430	553,843	401,681	510,093	513,459	366,950
Other special instruction	146,186	145,305	158,070	141,542	290,004	229,544	288,181	369,721
Other instruction	28,444	27,189	30,437	39,475	54,864	35,280	18,558	-
<b>Support Services:</b>								
Tuition	133,993	151,346	157,567	273,177	100,568	190,581	208,847	252,179
Student & instruction related services	609,977	522,051	561,406	586,980	562,563	578,284	513,271	698,669
General administrative services	231,139	242,438	286,871	262,828	267,253	276,909	270,913	551,998
School Administrative services	316,645	315,922	373,466	338,816	352,005	371,513	344,060	162,528
Plant operations and maintenance	447,192	557,231	502,576	569,621	549,352	516,623	479,628	553,661
Pupil transportation	381,101	398,034	393,510	478,108	377,164	396,395	382,833	410,133
Unallocated employee benefits	1,192,937	1,232,052	1,480,538	1,506,342	1,294,315	1,484,798	1,395,176	699,539
Other Support Services	-	-	-	21,625	-	-	-	-
Charter Schools	24,995	14,142	27,549	25,062	65,233	26,460	22,555	46,900
Capital outlay	60,368	79,878	-	-	6,373	2,199	7,400	11,600
<b>Debt service:</b>								
Principal	140,000	140,000	150,000	-	-	-	-	-
Interest and other charges	26,445	17,835	9,225	-	-	-	-	-
<b>Total expenditures</b>	<b>6,287,286</b>	<b>6,404,413</b>	<b>6,893,952</b>	<b>6,916,700</b>	<b>6,640,711</b>	<b>6,897,690</b>	<b>6,694,267</b>	<b>7,063,757</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(156,086)</b>	<b>3,263</b>	<b>98,909</b>	<b>152,414</b>	<b>306,624</b>	<b>60,283</b>	<b>81,337</b>	<b>(23,527)</b>
<b>Other Financing Sources (uses)</b>								
Capital Leases								
Proceeds of Refunding Bonds								
Payment to Refunded Bond Escrow								
Transfers in								
Transfers out								
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (156,086)</b>	<b>\$ 3,263</b>	<b>\$ 98,909</b>	<b>\$ 152,414</b>	<b>\$ 306,624</b>	<b>\$ 60,283</b>	<b>\$ 81,337</b>	<b>\$ (23,527)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.7%</b>	<b>2.5%</b>	<b>2.3%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

Source: CAFR Schedule B-2

\* - GASB requires that ten years of statistical data be presented, however only statistical data for year's since the implementation of GASB#34 need be presented.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2011	2,276	380	351	3,007
2012	3,170	2,069	7,215	12,454

SOURCE: District Records

**Hampton Township School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years**

**Exhibit J-6**

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2003	\$9,577,500	\$255,251,500	\$23,689,000	\$2,244,300	\$60,313,650	\$610,000	\$392,610,729	\$39,066,700	\$1,858,079	\$353,544,029	\$1.054	\$380,905,190
2004	9,079,900	260,745,000	24,556,500	2,373,530	57,643,950	610,000	396,694,960	40,003,350	1,682,730	356,691,610	1.126	411,285,122
2005	8,631,300	265,720,400	24,697,700	2,221,930	58,888,450	610,000	402,475,644	40,205,350	1,500,514	362,270,294	1.124	482,461,816
2006	7,782,400	270,649,300	25,705,600	2,237,460	60,717,900	610,000	411,114,307	42,086,850	1,324,797	369,027,457	1.106	557,203,273
2007	7,079,000	274,750,100	26,527,900	2,128,705	61,194,100	610,000	415,717,489	42,385,450	1,042,234	373,332,039	1.170	651,785,866
2008	8,518,000	278,836,900	27,470,000	2,041,025	66,591,500	335,000	427,779,796	43,118,250	869,121	384,661,546	1.177	776,623,352
2009	8,643,700	281,085,400	28,620,700	2,036,775	67,294,100	335,000	434,057,464	45,231,850	809,939	388,825,614	1.190	788,692,929
2010	8,382,500	282,185,800	28,776,200	1,910,000	67,470,200	335,000	437,959,638	48,234,550	665,388	389,725,088	1.211	792,388,864
2011	8,114,900	282,504,200	29,089,000	1,926,700	67,527,000	335,000	439,089,337	49,157,550	434,987	389,931,787	1.223	756,766,252
2012	7,901,200	284,426,800	26,564,000	1,917,300	68,651,400	335,000	441,294,163	51,013,950	484,513	390,280,213	1.243	748,146,536

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

**Hampton Township School District  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Hampton Township School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt		Regional School District	Township	Sussex County	
		Service <sup>b</sup>	Total Direct				
2003	\$0.976	\$0.078	\$1.054	\$0.832	\$0.421	\$0.623	\$2.930
2004	\$1.052	\$0.074	\$1.126	\$0.897	\$0.421	\$0.626	\$3.070
2005	\$1.077	\$0.047	\$1.124	\$0.938	\$0.418	\$0.670	\$3.150
2006	\$1.040	\$0.066	\$1.106	\$1.002	\$0.417	\$0.695	\$3.220
2007	\$1.101	\$0.069	\$1.170	\$1.076	\$0.419	\$0.765	\$3.430
2008	\$1.117	\$0.060	\$1.177	\$1.111	\$0.460	\$0.792	\$3.540
2009	\$1.190		\$1.190	\$1.151	\$0.519	\$0.779	\$3.639
2010	\$1.211		\$1.211	\$1.180	\$0.548	\$0.776	\$3.715
2011	\$1.223		\$1.223	\$1.201	\$0.578	\$0.784	\$3.786
2012	\$1.243		\$1.243	\$1.044	\$0.602	\$0.833	\$3.722

Source: District Records and Municipal Tax Collector

**Note:**

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5%, whichever is greater, plus any spending growth adjustments.

**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.

**Hampton Township School District  
Principal Property Tax Payers  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Wal-Mart Stores	\$ 8,800,000	1	2.25%	12,437,700	1	3.58%
Lowes Home Improvements	7,875,300	2	2.02%			
Individual Taxpayer #1	7,444,900	3	1.91%	7,748,600	2	2.23%
Susan Elizabeth Shopping Center				5,157,700	3	1.49%
Ephemeral Realty, LLC	5,984,200	4	1.53%			
Kere Associates, LLC	5,838,500	5	1.50%			
Sussex County Realty	2,609,200	6	0.67%			
Individual Taxpayer #2	2,302,900	7	0.59%	3,264,600	5	0.94%
Carriage Mobile Homes	2,121,300	8	0.54%	2,037,400	7	0.59%
Salerno-Duane	2,113,400	9	0.54%	2,113,400	6	0.0061
Newton Property Assoc.	1,928,100	10	0.49%			
Toyota Motor Sales				2,002,800	8	0.58%
Individual Taxpayer #3				1,732,500	10	0.50%
Condit Motor				4,667,700	4	1.34%
BPA Realty				1,928,100	9	0.56%
<b>Total</b>	<b>\$ 47,017,800</b>		<b>12.05%</b>	<b>\$ 30,652,800</b>		<b>12.42%</b>

Source: District CAFR & Municipal Tax Assessor

**Hampton Township School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 3,957,301	\$ 3,957,301	100.00%	-
2004	\$ 4,071,804	\$ 4,071,804	100.00%	-
2005	\$ 8,008,079	\$ 8,008,079	100.00%	-
2006	\$ 4,222,328	\$ 4,222,328	100.00%	-
2007	\$ 4,391,661	\$ 4,391,661	100.00%	-
2008	\$ 4,533,374	\$ 4,533,374	100.00%	-
2009	\$ 4,723,432	\$ 4,723,432	100.00%	-
2010	\$ 4,723,432	\$ 4,723,432	100.00%	-
2011	\$ 4,813,907	\$ 4,813,907	100.00%	-
2012	\$ 4,890,185	\$ 4,890,185	100.00%	-

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

**Note:**

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is 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 Ten Fiscal Years \***

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2005	\$ 290,000	-0-	-0-	-0-	-0-	\$ 290,000	0.13%	\$56.64	
2006	\$ 150,000	-0-	-0-	-0-	-0-	\$ 150,000	0.06%	\$29.19	
2007	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
2008	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
2009	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
2010	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
2011	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	
2012	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	

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

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

**a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**b** Includes Early Retirement Incentive Plan (ERIP) refunding

\* - GASB requires that ten years of statistical data be presented, however only statistical data for year's since the implementation of GASB#34 need be presented.

Hampton Township School District  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years \*

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 290,000	-0-	\$ 290,000	0.08%	\$ 57
2006	\$ 150,000	-0-	\$ 150,000	0.04%	\$ 29
2007	-0-	-0-	-0-	N/A	N/A
2008	-0-	-0-	-0-	N/A	N/A
2009	-0-	-0-	-0-	N/A	N/A
2010	-0-	-0-	-0-	N/A	N/A
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A

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

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

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

\* Current data unavailable

\* - GASB requires that ten years of statistical data be presented, however only statistical data for year's since the implementation of GASB#34 need be presented.

**Hampton Township School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2012**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Hampton Township	\$ 263,501	100.000%	\$ 263,501
<b>Other debt</b>			
Sussex County	77,690,095	3.764%	<u>2,924,090</u>
Subtotal, overlapping debt			3,187,591
<b>Hampton Township School District Direct Debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 3,187,591</u></u>

**Sources:** Constituent Townships Finance Officers, Sussex County Finance Office and Utility Authorities

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

Hampton Township School District  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2012

	Equalized valuation basis
	2011 \$ 689,903,894
	2010 744,735,755
	2009 752,970,195
	<b>[A]</b> <u>\$ 2,187,609,844</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 729,203,281
Debt limit (2.5% of average equalization value)	<b>[B]</b> 18,230,082
Net bonded school debt	<b>[C]</b> -
Legal debt margin	<b>[B-C]</b> <u>\$ 18,230,082</u>

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$9,316,203	\$10,383,415	\$11,826,448	\$13,797,277	\$15,881,003	\$17,809,144	\$19,029,587	\$19,290,741	\$19,039,633	\$18,230,082
Total net debt applicable to limit	<u>560,000</u>	<u>430,000</u>	<u>290,000</u>	<u>150,000</u>	-	-	-	-	-	-
Legal debt margin	<u>\$8,756,203</u>	<u>\$9,953,415</u>	<u>\$11,536,448</u>	<u>\$13,647,277</u>	<u>\$15,881,003</u>	<u>\$17,809,144</u>	<u>\$19,029,587</u>	<u>\$19,290,741</u>	<u>\$19,039,633</u>	<u>\$18,230,082</u>
Total net debt applicable to the limit as a percentage of debt limit	6.01%	4.14%	2.45%	1.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

**Hampton Township School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Exhibit J-14**

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2003	5,017	\$197,323,627	\$39,331 R	4.7%
2004	5,074	\$206,694,464	\$40,736 R	3.5%
2005	5,120	\$217,134,080	\$42,409 R	3.3%
2006	5,139	\$233,495,604	\$45,436 R	3.5%
2007	5,153	\$248,379,753	\$48,201 R	3.4%
2008	5,156	\$255,608,700	\$49,575 R	4.4%
2009	5,134	\$243,757,186	\$47,479 R	7.3%
2010	5,128	\$252,333,496	\$49,207 P	7.8%
2011	5,195	\$255,630,365	\$49,207 *	7.6%
2012	5,169	\$254,350,983	\$49,207 *	7.6% *

**Source:**

<sup>a</sup> Combined Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal Income provided by US Dept of Commerce

<sup>c</sup> Per Capita provided by NJ Dept of Labor

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised

P =Projected

\* Current figure unavailable

Hampton Township School District  
Principal Employers,  
Current Year and Nine Years Ago

Exhibit J-15

Employer	2012			2003		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		N/A			N/A	
	-		0.00%	-		0.00%

**Source:**  
Information not available at municipal or county level

**Hampton Township School District  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years \***

**Exhibit J-16**

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction								
Regular	31.0	29.5	37.0	39.0	30.7	31.7	29.7	30.3
Special education	4.2	3.9	6.0	6.0	7.0	7.0	7.0	7.5
Other Special Education	6.7	5.7	4.0	2.0	2.0	2.0	2.0	2.0
Other Instruction	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Support Services:								
Student & instruction related services	4.6	4.6	6.0	6.0	10.8	9.4	10.5	10.5
School administrative services	4.2	4.2	4.3	4.3	4.3	3.3	2.3	3.0
General administrative services	2.0	2.0	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	4.0	4.0
Business and Other Support Services	1.0	1.0	1.0	1.0	1.0	2.0	2.0	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>	<u>62.5</u>	<u>64.3</u>

**Source:** District Personnel Records

\* - GASB requires that ten years of statistical data be presented, however only statistical data for year's since the implementation of GASB#34 need be presented.

Hampton Township School District  
 Operating Statistics  
 Last Ten Fiscal Years \*\*

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2005	435	\$ 6,060,473	\$ 13,932	9.32%	46.00	9.5:1		428.0	411.0	-5.93%	96.00%
2006	436	6,166,700	14,144	1.52%	44.00	9.9:1		426.0	408.0	-0.47%	95.77%
2007	439	6,734,727	15,341	8.46%	45.00	9.8:1		432.0	412.0	1.41%	95.37%
2008	422	6,916,700	16,390	6.84%	45.00	9.4:1		424.0	406.0	-1.85%	95.75%
2009	413	6,634,338	16,064	-1.99%	44.00	9.4:1		413.0	394.0	-2.59%	95.40%
2010	422	6,895,491	16,340	1.72%	44.00	9.6:1		422.0	398.0	2.18%	94.31%
2011	385	6,686,867	17,368	6.29%	42.00	9.2:1		385.0	369.0	-8.77%	95.84%
2012	390	7,052,157	18,082	4.11%	42.80	9.1:1		387.1	373.1	0.55%	96.38%

**Sources:** District records, ASSA and Schedules J-4.

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

\*\* - GASB requires that ten years of statistical data be presented, however only statistical data for year's since the implementation of GASB#34 need be presented.

**Hampton Township School District  
School Building Information  
Last Eight Fiscal Years**

**Exhibit J-18**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>District Building</u></b>								
<b><u>Elementary</u></b>								
Marion Emmons McKeown School (1972, 1992)								
Square Feet	60,900	60,900	60,900	60,900	60,900	60,900	60,900	60,900
Capacity (students)	474	474	474	474	474	474	474	474
Enrollment	435	436	439	422	413	422	385	392

Number of Schools at June 30, 2012  
Elementary = 1

**Source:** District Facilities Office

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

Hampton Township School District

**GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
Last Ten Fiscal Years Ending June 30, 2012**

Exhibit J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-xxx

<u>School Facilities</u>	<u>Project #</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Marion Emmons KcKeown School	N/A	\$ 53,417	\$ 77,537	\$ 89,873	\$ 166,911	\$ 130,532	\$ 170,329	\$ 140,893	\$ 99,729	\$ 87,466	\$ 89,820	\$ 1,053,090
<b>Grand Total</b>		<b>\$ 53,417</b>	<b>\$ 77,537</b>	<b>\$ 89,873</b>	<b>\$ 166,911</b>	<b>\$ 130,532</b>	<b>\$ 170,329</b>	<b>\$ 140,893</b>	<b>\$ 99,729</b>	<b>\$ 87,466</b>	<b>\$ 89,820</b>	<b>\$ 1,053,090</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

**INSURANCE SCHEDULE**  
**June 30, 2012**  
**UNAUDITED**

**Exhibit J-20**

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<b>COMMERCIAL PACKAGE POLICY - NJSBIAG</b>		
Property-Blanket Building and Contents (fund limit)	\$ 10,384,374	\$ 1,000
<b>LIABILITY - NJSBIAG</b>		
Comprehensive General Liability	11,000,000	None
Automobile Liability	11,000,000	None
Fire Damage	2,500,000	None
Excess Liability	50,000,000	1,000
<b>SCHOOL BOARD LEGAL LIABILITY - NJSBIAG</b>		
Limit of Liability	6,000,000	5,000
<b>CRIME - NJSBIAG</b>		
Blanket Employee Dishonesty	500,000	1,000
Forgery	50,000	1,000
<b>PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE</b>		
<b>BLANKET POSITION BOND-Selective Insurance Company</b>		
Treasurer	100,000	
School Board Administrator	200,000	
<b>ENVIRONMENTAL SERVICE - NJSBIAG</b>		
Environmental Impairment	1,000,000	5,000

SOURCE: District Records

# Single Audit Section



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

Honorable President and  
 Members of the Board of Education  
 Hampton Township School District  
 County of Sussex  
 Newton, New Jersey 07860

We have audited the financial statements of the Board of Education of the Hampton Township School District in the County of Sussex, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated September 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

Management of the Hampton Township School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Hampton Township School District Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hampton Township School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hampton Township School District Board of Education's internal control over financial reporting.

-Continued-

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### **Compliance and Other Matters**

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

We noted certain matters that we reported to the Board of Education of the Hampton Township School District in a separate report entitled, Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance dated September 30, 2012.

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



Licensed Public School Accountant No.2369  
ARDITO & CO., LLP

Date: September 30, 2012



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### **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 NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and  
 Members of the Board of Education  
 Hampton Township School District  
 County of Sussex  
 Newton, New Jersey 07860

#### **Compliance**

We have audited the compliance of the Hampton Township School District in the County of Sussex, State of New Jersey, with the types of compliance requirements described in 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, 2012. The Hampton Township School District Board of Education's major state programs are identified in the summary of auditor's 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 Hampton Township School District Board of Education's management. Our responsibility is to express an opinion on the Hampton Township School District Board of Education'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

-Continued-

An audit includes examining, on a test basis, evidence about the Hampton Township School District Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Hampton Township School District Board of Education's compliance with those requirements.

In our opinion the Board of Education of the Hampton Township School District, in the County of Sussex, State of New Jersey, 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, 2012.

### **Internal Control Over Compliance**

The management of the Board of Education of the Hampton Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Hampton Township School District of Education's internal control over compliance with requirements that could have a direct and material effect on a major 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 New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hampton Township School District Board of Education's internal control over compliance.

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

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 the audit committee, management, the Hampton Township School District Board of Education, the New Jersey State Department of Education, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Licensed Public School Accountant No.2369  
ARDITO & CO., LLP

Date: September 30, 2012

Hampton Township School District

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year Ended June 30, 2012

K-4

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2011	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2012			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
<b>STATE DEPARTMENT OF EDUCATION</b>															
<b>General Fund:</b>															
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 646,745			\$ 646,745	\$ (646,745)							\$ 58,917	\$ 646,745
Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	169,313			169,313	(169,313)							15,424	169,313
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	201,950			201,950	(201,950)							18,397	201,950
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	31,132			31,132	(31,132)							2,836	31,132
Adjustment Aid	12-495-034-5120-085	7/1/11-6/30/12	218,112			218,112	(218,112)							19,870	218,112
Extra-ordinary Aid	11-495-034-5120-044	7/1/10-6/30/11		\$ (43,393)		43,393	-								
Extra-ordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	49,035				(49,035)			\$ (49,035)					49,035
Non-Public Transportation Aid	11-100-034-5120-068	7/1/10-6/30/11	1,491	(1,583)		1,583									
Reimbursed TPAF Pension Contrib.	12-495-034-5095-001	7/1/11-6/30/12	285,399			285,399	(285,399)								285,399
Reimbursed TPAF Soc. Secur. Contrib.	12-495-034-5095-002	7/1/11-6/30/12	252,733	(6)		240,762	(252,733)			(11,977)					252,733
<b>Total General Fund</b>				<b>(44,982)</b>		<b>1,838,389</b>	<b>(1,854,419)</b>			<b>(61,012)</b>				<b>115,444</b>	<b>1,854,419</b>
<b>Special Revenue Fund</b>															
N.J. Nonpublic Aid:															
Textbooks Aid	12-100-034-5120-064	7/1/11-6/30/12	7,234			7,234	(7,234)								7,234
Nursing Services	12-100-034-5120-070	7/1/11-6/30/12	10,334			10,334	(10,334)								10,334
Auxiliary Services:															
Compensatory Education	12-100-034-512a-067	7/1/11-6/30/12	38,040	10,802		38,040	(10,313)		\$ (10,802)			\$ 27,727			10,313
ESL	12-100-034-512b-067	7/1/11-6/30/12	862			862	-					862			-
Handicapped Services:															
Examination and Classification	12-100-034-512b-066	7/1/11-6/30/12	13,851	320		13,851	(13,851)		(320)			-			13,851
Corrective Speech	12-100-034-512a-066	7/1/11-6/30/12	31,594	20,027		31,594	(13,540)		(20,027)			18,054			13,540
Supplementary Instruction	12-100-034-512c-066	7/1/11-6/30/12	8,980	139		8,980	(8,154)		(139)			826			8,154
<b>Total Special Revenue Fund</b>				<b>31,288</b>		<b>110,895</b>	<b>(63,426)</b>		<b>(31,288)</b>			<b>-</b>	<b>47,469</b>		<b>63,426</b>
<b>Enterprise Fund:</b>															
Nat. School Lunch Prog. (State Share)	11-100-010-3350-023	7/1/10-6/30/11		(88)		88									
Nat. School Lunch Prog. (State Share)	12-100-010-3350-023	7/1/11-6/30/12	1,634			1,569	(1,634)			(65)					1,634
<b>Total Enterprise Fund</b>				<b>(88)</b>		<b>1,657</b>	<b>(1,634)</b>			<b>(65)</b>					<b>1,634</b>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<b>\$ (13,782)</b>		<b>- \$ 1,950,941</b>	<b>\$ (1,919,479)</b>		<b>- \$ (31,288)</b>	<b>\$ (61,077)</b>		<b>- \$ 47,469</b>		<b>\$ 115,444</b>	<b>\$ 1,919,479</b>

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2012

**NOTE 1. GENERAL**

The accompanying schedule of expenditures of state financial assistance includes federal and state award 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 state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$20,499) for the general fund and \$1,311 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. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
 JUNE 30, 2012

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	49,704	\$ 1,833,920	\$ 1,883,624
Special Revenue Fund	\$ 187,736	63,590	251,326
Food Service Fund	<u>43,383</u>	<u>1,634</u>	<u>45,017</u>
Total Financial Assistance	<u>\$ 280,823</u>	<u>\$ 1,899,144</u>	<u>\$ 2,179,967</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Part I - Summary of Auditor's Results

**Financial Statement Section**

- A) Type of auditor's report issued: Unqualified
  
- B) Internal control over financial reporting:
  - 1) Material weakness(es) identified? \_\_\_ Yes x No
  - 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes  
x None  
Reported
  
- C) Noncompliance material to financial statements noted? \_\_\_ Yes x No

**Federal Awards Section**

N/A

- D) Dollar threshold used to determine Type A programs: \$300,000
  
- E) Auditee qualified as low-risk auditee? \_\_\_ Yes \_\_\_ No
  
- F) Type of auditor's report on compliance for major programs: Unqualified
  
- G) Internal Control over compliance:
  - 1) Material weakness(es) identified? \_\_\_ Yes \_\_\_ No
  - 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes \_\_\_ No
  
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? \_\_\_ Yes \_\_\_ No
  
- I) Identification of major programs:

**CFDA NUMBER(S)**

**NAME OF FEDERAL PROGRAM OR CLUSTER**

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Part I - Summary of Auditor's Results

**State Financial Assistance Section**

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x yes    no
- L) Type of auditor's report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified?    yes    no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses?    yes    none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04?    yes    no
- O) Identification of major programs:

**GMIS Number(s)**

12-495-034-5120-078

12-495-034-5095-002

**Name of State Program**

Equalization Aid

Reimb. TPAF Soc. Security

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Section II-Financial Statement Findings**

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with Government Auditing Standards.

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

**STATE FINANCIAL ASSISTANCE**-There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 04-04.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year findings.