

**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, 2013**

Comprehensive Annual

Financial Report

of the

Hampton Township School District

Board of Education

Hampton, New Jersey

For the Fiscal Year Ending June 30, 2013

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

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Joanne Black
*Board Secretary/
Business Administrator*

Dominic Festante
Principal

George H. Petty, Ed. D
Interim Superintendent

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

September 30, 2013

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, 2013 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-i33, 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 2012-2013 school year was 345 students which represents a decrease of 28 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 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>
2012-2013	345	-7.51%
2011-2012	373	-3.11%
2010-2011	385	-8.77%
2009-2010	422	2.18%
2008-2009	413	-2.59%

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. 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 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 Yearbook club, the Math club, the Ski 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 Committee and Township Administrator 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 2013-14 school year will be 17 students per class. The overall student enrollment for the coming school year will be 335 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. Initiatives under way include the reconfiguration of the main office which will further enhance the school security, the completion of the first phase of the reroofing project deliberately designed to enable solar panels to be installed if deemed advisable and the installation of a climbing wall in the school gymnasium. Recently completed initiatives include installation of smart boards in all classrooms, a newly created soccer field and the establishment of a viable instrumental room.

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, 2013.

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.

The Honorable President and
Members of the Board of
Education Hampton Township
School District Page 4
September 30, 2013

7. DEBT ADMINISTRATION: As of June 30, 2013, the District has no outstanding debt.

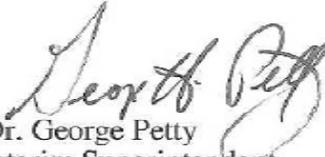
8. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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.

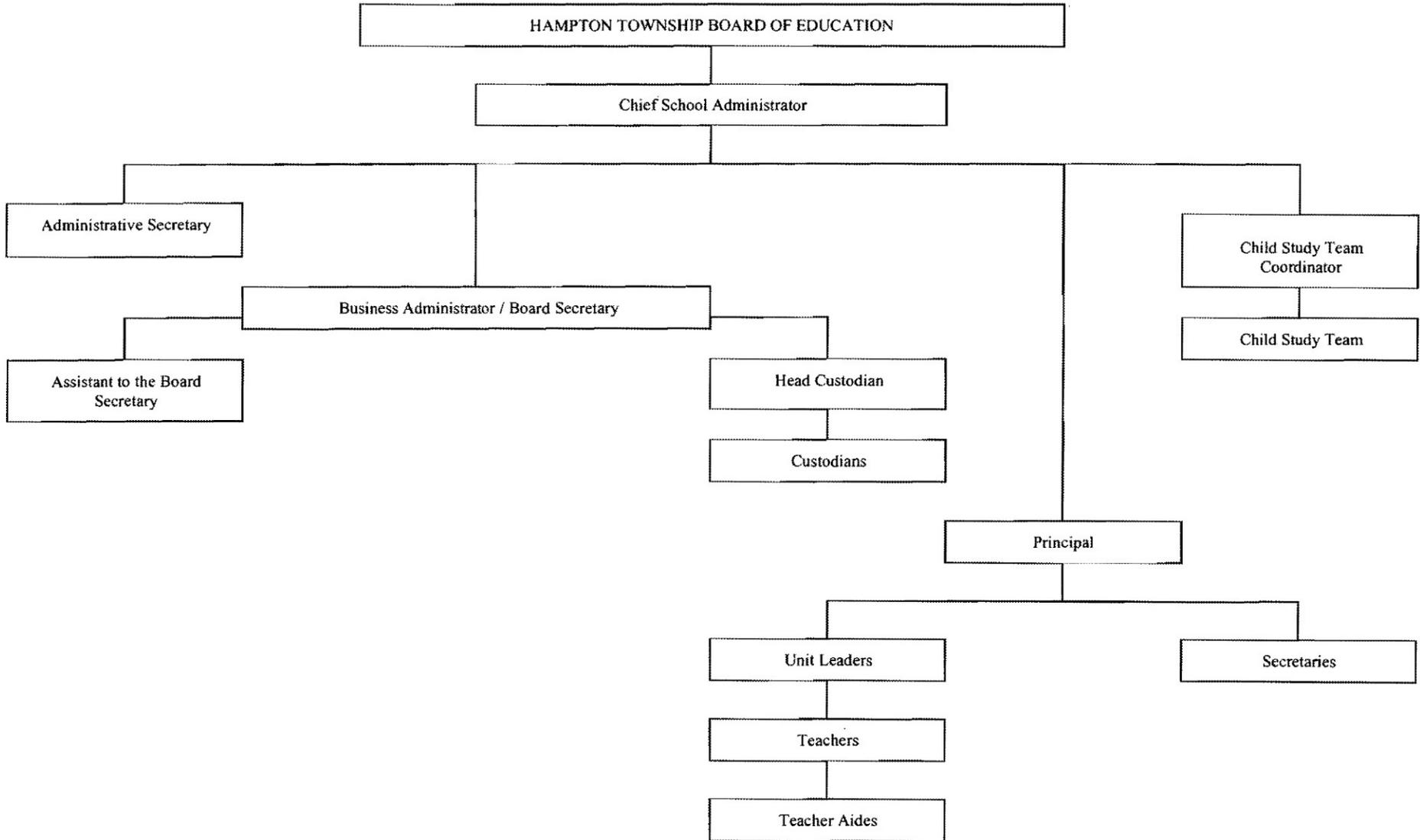
11. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Hampton Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance 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,


Dr. George Petty
Interim Superintendent


Joanne Black
Business Administrator/Board Secretary

HAMPTON TOWNSHIP BOARD OF EDUCATION
Newton, New Jersey 07860



**Hampton Township School District
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2013

Members of the Board of Education

Term Expires

Joseph Santora, President	2014
Barry Johnson, Vice President	2013
Joyce Anderson	2015
Jeffrey W. Orosz	2013
Terry Cassidy	2015
Meredith Sajdak	2013
Eleanore Shaffer	2014
Scott Valentine	2014
John Wohlleber	2013

Other Officials

George H. Petty, Chief School Administrator

Joanne Black, Board Secretary/School Business Administrator

René Solar, Treasurer

Cherie Adams, Attorney

**Hampton Township School District
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ATTORNEY

Adams, 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



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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hampton Township School District Board of Education, as of and for the year ended June 30, 2013, and the related notes to the financial statements, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Hampton Township School District Board of Education, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 8.8 and 39 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hampton Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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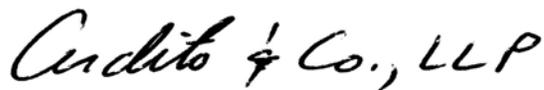
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2013, 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* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
October 4, 2013



Licensed Public School Accountant No. 2369

**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, 2013
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, 2013. 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 2013 are as follows:

- ◆ In total, net assets decreased \$21,456 which represents a 6.0 percent decrease from 2012.
- ◆ General revenues accounted for \$4,878,362 in revenue or 68.1 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 \$2,282,092 or 31.9 percent of total revenues of \$7,160,454.
- ◆ Total assets of governmental activities increased by \$117,785 as cash and cash equivalents increased by \$160,580, receivables increased by \$70,632 and capital assets decreased by \$112,156.
- ◆ The School District had \$7,181,910 in expenses; only \$2,282,092 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$4,878,362 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$6,826,254 in revenues and \$6,615,091 in expenditures. After transfers of capital reserve of \$162,500 to fund phase I of the roof project, the General Fund's surplus balance still increased by \$48,663 over 2012, which compares favorably to a budgeted decrease of \$176,295. This was a result of approximately \$235,000 in expenditure saving in the instructional and maintenance areas.

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 Position 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, 2013
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position 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 2013?" The Statement of Net Position 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 Position 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, 2013
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 Position 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 Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2013 compared to 2012.

**Table 1
Net Position**

	<u>2013</u>	<u>2012</u>
Assets		
Current and Other Assets	\$ 1,465,868	\$ 1,235,927
Capital Assets	<u>2,299,677</u>	<u>2,411,833</u>
Total Assets	<u>3,765,545</u>	<u>3,647,760</u>
 Liabilities		
Long-Term Liabilities	165,124	51,270
Other Liabilities	<u>124,507</u>	<u>99,120</u>
Total Liabilities	<u>289,631</u>	<u>150,390</u>
 Net Position		
Invested in Capital Assets, Net of Debt	2,299,677	2,411,833
Restricted	866,025	885,528
Unrestricted	<u>310,212</u>	<u>200,009</u>
Total Net Position	<u>\$ 3,475,914</u>	<u>\$ 3,497,370</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Total assets decreased \$117,785. Cash and cash equivalents increased by \$160,580, receivables increased by \$70,632, and capital assets decreased by \$112,156. Cash increased due to operational budget expense savings, and receivables increased due to federal 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 \$110,203.

Table 2 shows the changes in net assets from fiscal year 2012.

Table 2
Changes in Net Position

	<u>2013</u>	<u>2012</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 70,059	\$ 83,347
Operating Grants and Contributions	2,212,033	2,179,967
General Revenues:		
Property Taxes	4,867,320	4,890,185
Federal and State Aid for Capital Asset Projects		-
Other	<u>11,042</u>	<u>15,213</u>
Total Revenues	<u>7,160,454</u>	<u>7,168,712</u>
Program Expenses		
Instruction	4,208,937	4,228,204
Support Services:		
Pupils and Instructional Staff	1,025,687	1,050,968
General Administration, School Administration, Business	844,100	825,107
Operations and Maintenance of Facilities	594,938	627,608
Pupil Transportation	394,017	410,133
Business-Type Activities	<u>114,231</u>	<u>125,447</u>
Total Expenses	<u>7,181,910</u>	<u>7,267,467</u>
Increase/(Decrease) in Net Position	<u>\$ (21,456)</u>	<u>\$ (98,755)</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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 68.0 percent of revenues for governmental activities for the Hampton Township School District for the fiscal year 2013.

Instruction comprises 58.6 percent of district expenses. Support services expenses make up 39.8 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 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>
Instruction	\$ 4,208,937	\$ 2,863,378	\$ 4,228,204	\$ 2,934,928
Support Services:				
Pupils and Instructional Staff	1,025,687	708,448	1,050,968	700,598
General Admin., School Admin., Business	844,100	611,396	825,107	607,495
Operation and Maintenance of Facilities	594,938	430,923	627,608	462,084
Pupil Transportation	394,017	285,393	410,133	301,965
Business-Type Activities	<u>114,231</u>	<u>280</u>	<u>125,447</u>	<u>(2,917)</u>
Total Expenses	<u>\$ 7,181,910</u>	<u>\$ 4,899,818</u>	<u>\$ 7,267,467</u>	<u>\$ 5,004,153</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, 2013
UNAUDITED

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 68.0 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 71.2 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 11. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,046,208 and expenditures of \$6,842,545. The General Fund's surplus balance increased \$48,663 over 2012, which compares favorably to a budgeted decrease of \$176,293. This was a result of expenditure saving in the instructional and maintenance areas.

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 2013 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 \$6,172,929, \$14,869 over original budgeted estimates of \$6,158,060. This difference was due primarily to non-public transportation aid.

General fund revenues and other financing sources of the School District fell exceeded expenditures by \$59,060, which compares favorably to a planned shortfall of 176,293. Expense savings were evident in the areas of Instruction and maintenance.

HAMPTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Capital Assets

At the end of the fiscal year 2013, the School District had \$2,297,481 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2013 balances compared to 2012.

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

	<u>2013</u>	<u>2012</u>
Land	\$ 1,558,800	\$ 1,558,800
Buildings and Improvements	603,116	684,151
Machinery and Equipment	<u>135,565</u>	<u>165,810</u>
 Totals	 <u>\$ 2,297,481</u>	 <u>\$ 2,408,761</u>

Overall capital assets decreased \$111,280 from fiscal year 2012 to fiscal year 2013, due primarily to depreciation expense.

No major capital assets were purchased during fiscal year 2013.

Debt Administration

At June 30, 2013, the School District had \$165,124 as long-term obligations in the form of compensated absences.

At June 30, 2013, the School District's overall legal debt margin was \$17,343,657 and the unvoted debt margin was the same at \$17,343,657.

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, 2013
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 Joanne Black, 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 POSITION

June 30, 2013

	GOVERNMENTAL		BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES		
ASSETS				
Cash and Cash Equivalents	\$ 696,507	\$ 51,681		\$ 748,188
Receivables, Net	174,990	6,728		181,718
Inventory		2,950		2,950
Restricted Assets:				
Capital Reserve Account - Cash	511,387			511,387
Emergency Reserve Account - Cash	21,625			21,625
Capital Assets, Net (Note 6):	2,297,481	2,196		2,299,677
Total Assets	3,701,990	63,555		3,765,545
LIABILITIES				
Accounts Payable	60,055			60,055
Unearned Revenue	62,838	1,614		64,452
Noncurrent Liabilities (Note 7):				
Due Beyond One Year	165,124			165,124
Total Liabilities	288,017	1,614		289,631
NET POSITION				
Invested in Capital Assets, Net of Related Debt	2,297,481	2,196		2,299,677
Restricted for:				
Capital Reserve Account	511,387			511,387
Emergency Reserve Account	21,625			21,625
Other Purposes	333,013			333,013
Unrestricted	250,467	59,745		310,212
Total Net Position	\$ 3,413,973	\$ 61,941		\$ 3,475,914

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, 2013

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular	\$ 3,417,088		\$ 1,127,260		\$ (2,289,828)		\$ (2,289,828)
Special Education	353,650		97,495		(256,155)		(256,155)
Other Special Instruction	438,199		120,804		(317,395)		(317,395)
Support Services:							
Tuition	149,083		41,100		(107,983)		(107,983)
Student & Instruction Related Services	876,604		276,139		(600,465)		(600,465)
School Administrative Services	208,493		57,478		(151,015)		(151,015)
General and Business Admin. Services	635,607		175,226		(460,381)		(460,381)
Plant Operations and Maintenance	594,938		164,015		(430,923)		(430,923)
Pupil Transportation	394,017		108,624		(285,393)		(285,393)
Total Governmental Activities	7,067,679	-	2,168,141		(4,899,538)		(4,899,538)
Business-Type Activities:							
Food Service	114,231	\$ 70,059	43,892			\$ (280)	(280)
Total Business-Type Activities	114,231	70,059	43,892	-	-	(280)	(280)
Total Primary Government	\$ 7,181,910	\$ 70,059	\$ 2,212,033		\$ (4,899,538)	\$ (280)	\$ (4,899,818)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 4,867,320		\$ 4,867,320
Investment Earnings					3,388	295	3,683
Miscellaneous Income					7,359		7,359
Total General Revenues, Special Items, Extraordinary Items and Transfers					4,878,067	295	4,878,362
Change in Net Position					(21,471)	15	(21,456)
Net Position—Beginning					3,435,444	61,926	3,497,370
Net Position—Ending					\$ 3,413,973	\$ 61,941	\$ 3,475,914

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, 2013

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,229,519			\$ 1,229,519
Interfund Receivables	55,783		\$ 162,500	218,283
Receivables from Other Governments	44,727	\$ 130,263		174,990
TOTAL ASSETS	<u>\$ 1,330,029</u>	<u>\$ 130,263</u>	<u>\$ 162,500</u>	<u>\$ 1,622,792</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 40,913	\$ 19,142		\$ 60,055
Interfund Payable	162,500	48,283	\$ 7,500	218,283
Deferred Revenue		62,838		62,838
Total Liabilities	<u>203,413</u>	<u>130,263</u>	<u>7,500</u>	<u>341,176</u>
Fund Balances:				
<u>Restricted for:</u>				
Capital Reserve Account	\$ 511,387			\$ 511,387
Emergency Reserve	21,625			21,625
Excess Surplus	167,322			167,322
Excess Surplus - Designated for Subsequent Year's Expenditures	136,656			136,656
<u>Assigned to:</u>				
General Fund - Designated for Subsequent Year's Expenditures	29,035			29,035
Year-End Encumbrances	133,822			133,822
Capital Projects Fund			\$ 155,000	155,000
Debt Service Fund				
<u>Unassigned:</u>				
General Fund	126,769			126,769
Total Fund Balances	<u>1,126,616</u>	<u>-</u>	<u>155,000</u>	<u>1,281,616</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,330,029</u>	<u>\$ 130,263</u>	<u>\$ 162,500</u>	<u>\$ 1,622,792</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 \$3,425,845.

\$2,297,481

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)

(165,124)

Net Position of governmental activities

\$ 3,413,973

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 BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 4,867,320			\$ 4,867,320
Interest on Capital Reserve	1,133			1,133
Miscellaneous	9,359	\$ 255		9,614
Total - Local Sources	4,877,812	255	-	4,878,067
State Sources	1,948,442	56,822		2,005,264
Federal Sources		162,877		162,877
Total Revenues	6,826,254	219,954	-	7,046,208
EXPENDITURES				
Current:				
Regular Instruction	2,571,605	185,480		2,757,085
Special Education Instruction	306,027			306,027
Other Special Instruction	379,190			379,190
School Sponsored Other Instruction				-
Support services and undistributed costs:				
Tuition	149,083			149,083
Student and Instruction Related Services	715,983	34,474		750,457
School Administrative Services	177,526			177,526
Other Administrative Services	537,375			537,375
Plant Operations and Maintenance	501,042			501,042
Pupil Transportation	394,017			394,017
Unallocated Benefits	855,803			855,803
Transfer to Charter School	22,808			22,808
Debt Service:				
Principal				-
Interest and Other Charges				-
Capital Outlay	4,632		\$ 7,500	12,132
Total Expenditures	6,615,091	219,954	7,500	6,842,545
Excess (Deficiency) of Revenues Over Expenditures	211,163	-	(7,500)	203,663
OTHER FINANCING SOURCES (USES)				
Transfers to Capital Fund	(162,500)		162,500	-
Total Other Financing Sources and Uses	(162,500)	-	162,500	-
Net Change in Fund Balances	48,663	-	155,000	203,663
Fund Balance—July 1	1,077,953	-	-	1,077,953
Fund Balance—June 30	\$ 1,126,616	-	155,000	\$ 1,281,616

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, 2013**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 203,663

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> -</u>	(111,280)

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. (113,854)

Change in Net Position of Governmental Activities \$ (21,471)

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 POSITION
 PROPRIETARY FUNDS

June 30, 2013

	Business-Type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 51,681	\$ 51,681
Accounts Receivable	6,728	6,728
Inventories	2,950	2,950
Total Current Assets	<u>61,359</u>	<u>61,359</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	8,827	8,827
Less Accumulated Depreciation	(6,631)	(6,631)
Total Noncurrent Assets	<u>2,196</u>	<u>2,196</u>
Total Assets	<u>63,555</u>	<u>63,555</u>
LIABILITIES		
Current liabilities:		
Deferred Revenue	1,614	1,614
Total Current Liabilities	<u>1,614</u>	<u>1,614</u>
Total Liabilities	<u>1,614</u>	<u>1,614</u>
NET POSITION		
Invested in Capital Assets Net of Related Debt	2,196	2,196
Unrestricted	59,745	59,745
Total Net Position	<u>\$ 61,941</u>	<u>\$ 61,941</u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable/Non-Reimb Programs	\$ 70,059	\$ 70,059
Miscellaneous	295	295
Total Operating Revenues	<u>70,354</u>	<u>70,354</u>
Operating Expenses:		
Cost of Sales	50,907	50,907
Salaries	36,644	36,644
Employee Benefits	8,991	8,991
Other Purchased Professional Services	16,813	16,813
Depreciation	876	876
Total Operating Expenses	<u>114,231</u>	<u>114,231</u>
Operating Income (Loss)	<u>(43,877)</u>	<u>(43,877)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,319	1,319
Federal Sources:		
National School Lunch Program	30,097	30,097
Food Distribution Program	12,476	12,476
Total Nonoperating Revenues (Expenses)	<u>43,892</u>	<u>43,892</u>
Income (Loss)	15	15
Change in Net Position	<u>15</u>	<u>15</u>
Total Net Position—Beginning	61,926	61,926
Total Net Position—Ending	<u>\$ 61,941</u>	<u>\$ 61,941</u>

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, 2013

	Business-Type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 70,355	\$ 70,355
Payments to Employees	(36,644)	(36,644)
Payments for Employee Benefits	(8,991)	(8,991)
Payments to Suppliers	(58,852)	(58,852)
Net Cash Provided by (used for) Operating Activities	(34,132)	(34,132)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Transfers from Other Funds	-	-
State Sources	1,100	1,100
Federal Sources	24,864	24,864
Net Cash Provided by (used for) Non-Capital Financing Activities	25,964	25,964
Net Increase (Decrease) in Cash and Cash Equivalents	(8,168)	(8,168)
Balances—Beginning of Year	59,849	59,849
Balances—End of Year	\$ 51,681	\$ 51,681
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (43,877)	\$ (43,877)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	876	876
Federal Commodities	12,476	12,476
(Increase) Decrease in Accounts Receivable, Net		
(Increase) Decrease in Inventories	132	132
Increase (Decrease) in Accounts Payable	(3,739)	(3,739)
Total Adjustments	9,745	9,745
Net Cash Provided by (used for) Operating Activities	\$ (34,132)	\$ (34,132)

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 POSITION
FIDUCIARY FUNDS**

June 30, 2013

	Unemployment Compensation Trust	Jane Perlmutter Memorial Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 88,715	\$ 10,619	\$ 17,025
Total Assets	<u>88,715</u>	<u>10,619</u>	<u>17,025</u>
LIABILITIES			
Payable to Student Groups			\$ 14,326
Payroll Deductions and Withholdings			2,699
Total Liabilities			<u>\$ 17,025</u>
NET POSITION			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 88,715</u>	<u>\$ 10,619</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 POSITION
FIDUCIARY FUNDS**

For the Year Ended June 30, 2013

	Unemployment Compensation <u>Trust</u>	Jane Perlmutter Memorial <u>Fund</u>
ADDITIONS		
Contributions:		
Employer	\$ 5,659	
Plan Member	<u>17,829</u>	
Total Contributions	<u>23,488</u>	
Investment Earnings:		
Interest	<u>159</u>	\$ <u>77</u>
Net Investment Earnings	<u>159</u>	<u>77</u>
Total Additions	<u>23,647</u>	<u>77</u>
DEDUCTIONS		
Scholarships		100
Quarterly Contribution Reports	<u>17,829</u>	<u>-</u>
Total Deductions	<u>17,829</u>	<u>100</u>
Change in Net Position	5,818	(23)
Net Position—Beginning of the Year	<u>82,897</u>	<u>10,642</u>
Net Position—End of the Year	<u>\$ 88,715</u>	<u>\$ 10,619</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, 2013

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, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2012.

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, 2013, of 349 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, 2013

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, 2013

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, 2013

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, 2013

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, 2013

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, 2013

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, 2013, but which were levied to finance fiscal year 2014 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, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net Position represent the difference between assets and liabilities. Net Position 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 Position 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, 2013

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, 2013

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, 2013, 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, 2013, 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	\$511,387		\$511,387
Emergency Reserve	21,625		21,625
Checking	<u>748,188</u>	<u>\$116,359</u>	<u>864,547</u>
	<u>\$1,281,200</u>	<u>\$116,359</u>	<u>\$1,397,559</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2013, was \$1,397,559 and the bank balance was \$1,607,477. 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 \$1,357,477 was covered by collateral pool.

HAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013.

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, 2013, 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	\$44,727	\$45,011
Federal Aid	127,708	134,152
Local	2,555	2,555
Gross Receivable	\$174,990	\$181,718
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	\$174,990	\$181,718

HAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2013, consisted of the following:

Food	\$961
Supplies	<u>1,989</u>
	<u>\$2,950</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, 2013, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
<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	852,980			852,980
Total at Historical Cost	5,723,326	-	-	5,723,326
Less Accumulated Depreciation for:				
Building and Improvements	(2,627,395)	\$ (81,035)		(2,708,430)
Equipment	(687,170)	(30,245)		(717,415)
Total Accumulated Depreciation	(3,314,565)	(111,280)		(3,425,845)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	2,408,761	(111,280)		2,297,481
Government Activity Capital Assets, Net	\$ 2,408,761	\$ (111,280)		\$ 2,297,481

HAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013, are as follows:

	Balance <u>7/1/12</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/13</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$51,270	\$113,854		\$165,124	
Total Other Liabilities	\$51,270	\$113,854		\$165,124	-

Compensated absences have been liquidated in the General Fund.

The district had no bonds outstanding as of June, 30, 2013.

The district had no bonds authorized but not issued as of June, 30, 2013.

The district had no capital lease liabilities as of June, 30, 2013.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013

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>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2013	\$55,804	100 %	-0-
6/30/2012	\$51,440	100	-0-
6/30/2011	\$51,979	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2013	-0-	100 %	-0-
6/30/2012	-0-	100	-0-
6/30/2011	-0-	100	-0-

During the fiscal year ended June 30, 2013, the State of New Jersey did contribute \$438,876 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 \$224,844 during the year ended June 30, 2013, 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, 2013

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, 2012 there were 97,661 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

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, 2013

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, 2013, 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>
2012-2013	\$17,988	\$5,659	\$17,829	\$88,715
2011-2012	\$18,166	\$5,636	\$18,064	\$82,897
2010-2011	\$6,091	\$5,826	\$18,841	\$77,159

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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 \$1,126,616 General Fund fund balance at June 30, 2013, \$133,822 is reserved for encumbrances; \$303,978 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7, as amended; \$136,656 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2014), \$29,035 has been appropriated and included as anticipated revenue for the year ending June 30, 2014, \$511,387 has been reserved in the Capital Reserve Account; \$21,625 has been reserved in the Emergency Reserve Account; and, \$126,769 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, 2013

NOTE 14: CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$ 550,954
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/26/2013	225,000
Budgeted Withdrawals	(265,700)
Interest Earnings	1,133
Ending Balance, June 30, 2013	\$ 511,387

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, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance July 1, 2012	\$ 21,625
Interest earnings	-
Deposits (PL 2007 c.62 (A1))	-
Ending balance June 30, 2013	\$ 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, 2013 is \$167,322.

HAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2013:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 55,783	\$ 162,500
Special Revenue Fund		48,283
Capital Projects Fund	\$ 162,500	7,500
Total	<u>\$ 218,283</u>	<u>\$ 218,283</u>

The General Fund owes the Capital Projects Fund for budgeted withdrawal of capital reserve amounts for the roof project. The Special Revenue fund owes the General Fund for cash advances in anticipation of federal grant draw down payments.

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, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,867,320		\$ 4,867,320	\$ 4,867,320	
Interest on Capital Reserve	200		200	1,133	\$ 933
Miscellaneous	800		800	9,359	8,559
Total - Local Sources	<u>4,868,320</u>		<u>4,868,320</u>	<u>4,877,812</u>	<u>9,492</u>
State Sources:					
Equalization Aid	676,985		676,985	676,985	
Transportation Aid	173,340		173,340	173,340	
Special Education Aid	213,317		213,317	213,317	
Security Aid	31,608		31,608	31,608	
Adjustment Aid	174,490		174,490	174,490	
Other State Aid	20,000		20,000	25,377	5,377
TPAF Pension and PRM (On-Behalf - Non-Budgeted)				438,878	438,878
TPAF Social Security (Reimbursed - Non-Budgeted)				224,844	224,844
Total State Sources	<u>1,289,740</u>		<u>1,289,740</u>	<u>1,958,839</u>	<u>669,099</u>
TOTAL REVENUES	<u>6,158,060</u>		<u>6,158,060</u>	<u>6,836,651</u>	<u>678,591</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	282,635	(74,682)	207,953	163,091	44,862
Grades 1-5 - Salaries of Teachers	1,975,691	(53,083)	1,922,608	1,905,511	17,097
Grades 6-8 - Salaries of Teachers	315,164	2,795	317,959	317,959	
Regular Programs - Home Instruction:					
Salaries of Teachers	2,200	(2,200)			
Purchased Professional-Educational Services	100		100		100
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	57,255	19,212	76,467	75,873	594
Purchased Professional-Educational Services	14,000	4,255	18,255	18,255	
General Supplies	96,369	17,937	114,306	90,916	23,390
Textbooks	20,000	11,993	31,993		31,993
Employee Benefits					
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,763,414	(73,773)	2,689,641	2,571,605	118,036
SPECIAL EDUCATION - INSTRUCTION					
Special Education Instruction - Learning or Language Disabilities:					
Salaries of Teachers	114,679	3,756	118,435	118,435	
Other Salaries for Instruction	61,068	(24,298)	36,770	29,402	7,368
General Supplies	500		500	75	425
Employee Benefits	69,950	(25,218)	44,732	44,732	
Total Special Education Instruction - Learning or Language Dis.	246,197	(45,760)	200,437	192,644	7,793
Special Education Instruction - Autism:					
Salaries of Teachers	59,878	26,731	86,609	72,286	14,323
Other Salaries for Instruction	19,482	5,670	25,152	5,835	19,317
General Supplies	400		400	176	224
Employee Benefits	56,105	(5,765)	50,340	26,443	23,897
Total Special Education Instruction - Autism	135,865	26,636	162,501	104,740	57,761

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Special Education Instruction - Preschool Disab. - Part Time:					
Other Salaries for Instruction	9,344	(475)	8,869	8,643	226
Total Special Education Instruction - Presch. Disab. - Part Time	<u>9,344</u>	<u>(475)</u>	<u>8,869</u>	<u>8,643</u>	<u>226</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	391,406	(19,599)	371,807	306,027	65,780
Basic Skills/Remedial - Instruction					
Salaries of Teachers	299,759	(285)	299,474	299,474	
General Supplies	700	62	762	725	37
Employee Benefits	45,536	(1,681)	43,855	43,855	
Total Basic Skills/Remedial - Instruction	<u>345,995</u>	<u>(1,904)</u>	<u>344,091</u>	<u>344,054</u>	<u>37</u>
Other Instructional Programs - Instruction:					
Salaries	12,000	2,440	14,440	14,440	
Purchased Services (Series 300-500)	11,400	2,899	14,299	12,969	1,330
General Supplies	750	(18)	732	357	375
Other Objects	200	(92)	108	108	
Total Other Instructional Programs - Instruction	<u>24,350</u>	<u>5,229</u>	<u>29,579</u>	<u>27,874</u>	<u>1,705</u>
Before/After School					
Salaries of Teachers Tutors	8,000	6,570	14,570	6,454	8,116
Total Before/After School	<u>8,000</u>	<u>6,570</u>	<u>14,570</u>	<u>6,454</u>	<u>8,116</u>
Summer School - Instruction:					
Other Salaries for Instruction	500	308	808	808	
Salaries of Teachers Tutors	17,000	(17,000)			
General Supplies	600	(8)	592		592
Total Summer School - Instruction	<u>18,100</u>	<u>(16,700)</u>	<u>1,400</u>	<u>808</u>	<u>592</u>
TOTAL INSTRUCTION	3,551,265	(100,177)	3,451,088	3,256,822	194,266

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Special	86,000	(71,803)	14,197	4,237	9,960
Tuition to Private Schools for the Disabled-Within State	119,000	65,999	184,999	144,846	40,153
Total Instruction	205,000	(5,804)	199,196	149,083	50,113
Attendance and Social Work:					
Salaries	8,500		8,500	8,500	
Total Attendance and Social Work	8,500		8,500	8,500	
Health Services:					
Salaries	61,791		61,791	61,751	40
Employee Benefits	24,077		24,077	24,077	
Purchased Professional and Technical Services	1,000	651	1,651	1,492	159
Supplies and Materials	860	1,300	2,160	1,816	344
Total Health Services	87,728	1,951	89,679	89,136	543
Other Supp. Services Students-Related Services:					
Salaries	57,227	25,083	82,310	82,310	
Employee Benefits	21,087		21,087	15,108	5,979
Purchased Professional - Educational Services	34,800	(3,500)	31,300	29,668	1,632
Supplies and Materials	500	432	932	883	49
Total Other Supp. Services Students-Related Services	113,614	22,015	135,629	127,969	7,660
Guidance:					
Salaries	7,060	4,074	11,134	11,134	
Supplies and Materials	100		100		100
Total Guidance	7,160	4,074	11,234	11,134	100

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	127,994	(436)	127,558	127,280	278
Salaries of Secretarial and Clerical Assistants	51,304		51,304	51,304	
Other Salaries	500	5,664	6,164	6,164	
Employee Benefits	39,254	9,474	48,728	48,728	
Other Purchased Prof. and Tech Svcs	51,000	5,306	56,306	56,306	
Misc Purchased Services (400-500 Other than Resid. Costs)	400	(300)	100		100
Supplies and Materials	1,400	(516)	884	884	
Total Other Supp. Services Students-Special	271,852	19,192	291,044	290,666	378
Improvement of Instruction Services:					
Purchased Professional - Educational Services	6,100	1,239	7,339	7,329	10
Supplies and Materials	100	30	130	130	
Total Improvement of Instruction Services	6,200	1,269	7,469	7,459	10
Educational Media Services/School Library:					
Salaries	93,220	1,123	94,343	94,193	150
Employee Benefits	48,148	(648)	47,500	47,500	
Purchased Professional and Technical Services	1,300	206	1,506	1,439	67
Supplies and Materials	5,500	(470)	5,030	5,029	1
Other Objects	1,914	(1,014)	900	900	
Total Educational Media Services/School Library	150,082	(803)	149,279	149,061	218
Instructional Staff Training Services:					
Salaries of Other Professional Staff		22,083	22,083	16,579	5,504
Purchased Professional and Technical Services	3,500	13,742	17,242	12,041	5,201
Other Purchased Services (400-500 series)	5,400	(1,905)	3,495	3,438	57
Total Instructional Staff Training Services	8,900	33,920	42,820	32,058	10,762

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	191,002	33,751	224,753	222,484	2,269
Employee Benefits	39,254		39,254	39,129	125
Legal Services	3,900	(370)	3,530	3,530	
Audit Fees	13,000		13,000	13,000	
Other Purchased Professional Services	15,800	3,051	18,851	18,851	
Communications/Telephone	8,000	(4,738)	3,262	3,262	
Other Purchased Services (400-500)	12,500	5,326	17,826	17,636	190
General Supplies	1,000	1,021	2,021	1,643	378
BOE In House Training/Meeting Supplies	250	(250)			
Miscellaneous Expenses	5,000	1,730	6,730	6,100	630
BOE Membership Dues and Fees	4,500	817	5,317	5,317	
Total Supp. Services - General Administration	294,206	40,338	334,544	330,952	3,592
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	99,113		99,113	99,113	
Salaries of Secretarial and Clerical Assistants	26,731	5,786	32,517	32,236	281
Employee Benefits	43,700		43,700	43,232	468
Other Purchased Services (400-500 series)	6,000	(4,653)	1,347		1,347
Supplies and Materials	2,400	72	2,472	2,472	
Other Objects	800	(308)	492	473	19
Total Support Services - School Administration	178,744	897	179,641	177,526	2,115
Central Services:					
Salaries	165,363	(30,237)	135,126	135,126	
Employee Benefits	43,700	(2,201)	41,499	25,406	16,093
Misc Purchased Services (400-500 Other than Resid. Costs)	3,500	200	3,700		3,700
Supplies and Materials	6,000		6,000	5,338	662
Other Objects	1,500	511	2,011	2,011	
Total Central Services	220,063	(31,727)	188,336	167,881	20,455

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Admin Info Tech.:					
Salaries	15,000	3,253	18,253	18,175	78
Purchased Professional Services	3,400		3,400	3,192	208
Purchased Technical Services	10,000	7,285	17,285	17,175	110
Supplies and Materials	1,000	(489)	511		511
Total Admin. Info. Tech.	29,400	10,049	39,449	38,542	907
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	38,500	14,315	52,815	49,596	3,219
Total Required Maintenance for School Facilities	38,500	14,315	52,815	49,596	3,219
Other Operations and Maintenance of Plant:					
Salaries	189,610	3,333	192,943	192,691	252
Employee Benefits	67,776		67,776	67,776	
Purchased Professional and Technical Services	28,525	33,185	61,710	29,023	32,687
Cleaning, Repair and Maintenance Services	37,500		37,500	37,131	369
Insurance	31,000	(1,000)	30,000	29,504	496
General Supplies	24,000	(11,919)	12,081	11,081	1,000
Energy (Natural Gas)	33,000	(4,585)	28,415	26,271	2,144
Energy (Electricity)	100,000	(61,389)	38,611	38,611	
Energy (Oil)	500		500	488	12
Other Objects	1,300		1,300	952	348
Total Other Operations and Maintenance of Plant	513,211	(42,375)	470,836	433,528	37,308
Care and Upkeep of Grounds:					
Salaries	1,000		1,000		1,000
Supplies and Materials	3,000	780	3,780	3,760	20
Total Care and Upkeep of Grounds	4,000	780	4,780	3,760	1,020
Security:					
Cleaning, Repair and Maintenance Services	4,800	10,500	15,300	14,158	1,142
Total Security	4,800	10,500	15,300	14,158	1,142

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Sal. For Pupil Transp. (Bet Home & Sch) - Reg.	2,692		2,692	2,244	448
Management Fee - ESC & CTSA Trans Program	6,000	(4,252)	1,748	586	1,162
Contracted Services (Between Home and School)-Vendors	278,349	(300)	278,049	278,049	
Contracted Services (Other than Bet.Home & School)-Vendors	13,500	(3,000)	10,500	7,450	3,050
Contracted Services (Between Home and School)-Joint Agrmts.	17,000		17,000	13,101	3,899
Contracted Services (Spec. Ed. Students)-ESCs & CTSA's	112,000	(10,759)	101,241	92,587	8,654
Total Student Transportation Services	429,541	(18,311)	411,230	394,017	17,213
UNALLOCATED BENEFITS					
Social Security Contributions	45,000	26,233	71,233	71,233	
Other Retirement Contributions-Regular	53,000	2,804	55,804	55,804	
Unemployment Compensation	8,000	9,828	17,828	17,828	
Workmen's Compensation	50,300	(17,603)	32,697	32,285	412
Tuition Reimbursement	18,000	(163)	17,837	14,931	2,906
TOTAL UNALLOCATED BENEFITS	174,300	21,099	195,399	192,081	3,318
On-behalf TPAF pension and PRM Contrib. (non-budgeted)				438,878	(438,878)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				224,844	(224,844)
TOTAL ON-BEHALF CONTRIBUTIONS				663,722	(663,722)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	174,300	21,099	195,399	855,803	(660,404)
TOTAL UNDISTRIBUTED EXPENDITURES	2,745,801	81,379	2,827,180	3,330,829	(503,649)

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
TOTAL GENERAL CURRENT EXPENSE	6,297,066	(18,798)	6,278,268	6,587,651	(309,383)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Architectual/Engineering Services		4,632	4,632	4,632	
Other Purchased Professional and Technical Services		43,000	43,000		43,000
Total Facilities Acquisition and Construction Services		47,632	47,632	4,632	43,000
TOTAL CAPITAL OUTLAY		47,632	47,632	4,632	43,000
Transfer to Charter School	37,287		37,287	22,808	14,479
TOTAL EXPENDITURES	6,334,353	28,834	6,363,187	6,615,091	(251,904)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(176,293)	(28,834)	(205,127)	221,560	426,687
Other Financing Sources:					
Operating Transfer In/(Out):					
Transfer to Capital Projects Fund		(265,700)	(265,700)	(162,500)	(103,200)
Total Other Financing Sources:		(265,700)	(265,700)	(162,500)	(103,200)

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(176,293)	(294,534)	(470,827)	59,060	323,487
Fund Balance, July 1	1,193,397		1,193,397	1,193,397	
Fund Balance, June 30	\$ 1,017,104	\$ (294,534)	\$ 722,570	\$ 1,252,457	\$ 323,487
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 511,387	
Emergency Reserve				21,625	
Excess Surplus				167,322	
Excess Surplus - Designated for Subsequent Year's Expenditures				136,656	
Assigned to:					
Designated for Subsequent Year's Expenditures				29,035	
Year-End Encumbrances				133,822	
Unassigned:					
Unrestricted Fund Balance				<u>252,610</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				\$ 1,252,457	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>(125,841)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 1,126,616</u>	

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 3,859	\$ 3,859	\$ 283	\$ (3,576)
State Sources	\$ 83,200	(26,377)	56,823	56,823	-
Federal Sources	180,000	39,891	219,891	171,993	(47,898)
Total Revenues	263,200	17,373	280,573	229,099	(51,474)
EXPENDITURES:					
Instruction					
Salaries	52,051	160	52,211	48,579	3,632
Other Salaries	105,000	(42,388)	62,612	41,168	21,444
Purchased Prof. & Tech Svcs	78,500	(14,960)	63,540	60,047	3,493
Tuition	9,000	16,289	25,289	25,289	
General Supplies	1,200	6,623	7,823	2,977	4,846
Textbooks	5,500	1,950	7,450	7,450	
Total Instruction	251,251	(32,326)	218,925	185,510	33,415
Support Services					
Salaries of Prof. Staff		11,511	11,511	10,995	516
Personal Services-Employee Bene.	1,949	11,682	13,631	11,828	1,803
Purchased Profess. Educ. Svcs	10,000	23,181	33,181	17,960	15,221
Other Purchased Svcs		2,814	2,814	2,806	8
Supplies and Materials		511	511		511
Total Support Services	11,949	49,699	61,648	43,589	18,059
Total Expenditures	263,200	17,373	280,573	229,099	51,474
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)					None
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Current Year Last State Aid Payment not recognized on GAAP basis until received					<u>None</u>
Fund Balance per Governmental Funds(GAAP Basis)					<u>None</u>

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

For the Fiscal Year Ended June 30, 2013

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 6,836,651	\$ 229,099
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	200
Current Year	N/A	(9,345)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	115,444	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(125,841)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 6,826,254</u>	<u>\$ 219,954</u>
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 6,615,091	\$ 229,099
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	200
Current Year	N/A	(9,345)
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>\$ 6,615,091</u>	<u>\$ 219,954</u>

OTHER SUPPLEMENTARY INFORMATION

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

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, 2013

	Title I	Title I I Part A	Title I I Part D	IDEA Basic	IDEA Preschool	REAP	Race to the Top	NP Textbook	NP Nursing	NP Technology	Handi- Cap Svcs Exam.	Handi- Cap Svcs Suppl.	Handi- Cap Svcs Cor. Speech	Aux. Svcs Comp Ed.	Local Grants	Totals
REVENUES																
Local Sources															\$ 283	\$ 283
State Sources								\$ 7,450	\$ 10,341	\$ 2,464	\$ 13,004	\$ 6,244	\$ 3,359	\$ 13,961		56,823
Federal Sources	\$ 30,717	\$ 6,584	\$ -	\$ 90,188	\$ 9,889	\$ 32,950	\$ 1,665									171,993
TOTAL REVENUES	30,717	6,584	-	90,188	9,889	32,950	1,665	-	-	-	-	-	-	-	-	229,099
EXPENDITURES:																
Instruction:																
Salaries	19,017			4,930		24,632										48,579
Other Salaries	6,903			34,265												41,168
Purchased Prof. & Tech Svcs	1,287			11,851					10,341		13,004	6,244	3,359	13,961		60,047
Tuition				15,400	9,889											25,289
General Supplies				230						2,464					283	2,977
Textbooks								7,450								7,450
Total Instruction	27,207	-	-	66,676	9,889	24,632	-	7,450	10,341	2,464	13,004	6,244	3,359	13,961	283	185,510
Support Services:																
Salaries of Prof. Staff				10,995												10,995
Personal Services-Employee Bene.	3,510					8,318										11,828
Purchased Profess. Educ. Svcs		3,778		12,517			1,665									17,960
Other Purchased Svcs		2,806														2,806
Total Support Services	3,510	6,584	-	23,512	-	8,318	1,665	-	-	-	-	-	-	-	-	43,589
TOTAL EXPENDITURES	\$ 30,717	\$ 6,584	\$ -	\$ 90,188	\$ 9,889	\$ 32,950	\$ 1,665	\$ 7,450	\$ 10,341	\$ 2,464	\$ 13,004	\$ 6,244	\$ 3,359	\$ 13,961	\$ 283	\$ 229,099
Total Outflows	\$ 30,717	\$ 6,584	\$ -	\$ 90,188	\$ 9,889	\$ 32,950	\$ 1,665	\$ 7,450	\$ 10,341	\$ 2,464	\$ 13,004	\$ 6,244	\$ 3,359	\$ 13,961	\$ 283	\$ 229,099
Excess (Deficiency) of Revenues Over (Under) Expenditures																

**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.

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2013

	<u>Original Date</u>	<u>Approval</u>	<u>Original Appropriations</u>	<u>Revised Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2013</u>
					<u>Prior Years</u>	<u>Current Year</u>	
Roof Project (Phase I) Capital Outlay Budget-Capital Reserve	2/13/2013	Board of Education	\$ 265,700	\$ 162,500		\$ 7,500	\$ 155,000
				<u>\$ 162,500</u>		<u>- \$ 7,500</u>	<u>\$ 155,000</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

**CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2013

**Revenues and Other Financing
Sources**

Transfer from Capital Outlay	\$ 162,500
Total Revenues	<u>162,500</u>

**Expenditures and Other Financing
Sources**

Purchased Professional Services	<u>7,500</u>
Total Expenditures	<u>7,500</u>

Excess(deficiency) of revenues over(under) expenditures	155,000
--	---------

Fund Balance - Beginning	<u>-</u>
--------------------------	----------

Fund Balance - Ending	<u><u>\$ 155,000</u></u>
-----------------------	--------------------------

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
PARTIAL REROOFING-MCKEOWN ELEMENTARY

From Inception and for the Fiscal Year Ended June 30, 2013

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfers from Capital Outlay		\$ 162,500	\$ 162,500	\$ 162,500
Total Revenues	-	162,500	162,500	162,500
Expenditures and Other Financing Sources				
Purchase Professional & Technical Services		7,500	7,500	7,500
Construction Services			-	155,000
Total Expenditures	-	7,500	7,500	162,500
Excess(deficiency) of revenues over(under) expenditures	-	\$ 155,000	155,000	

Project Fund Balance, 6/30/13 \$ 155,000

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$265,000
Additional Authorized Cost	-\$102,500
Revised Authorized Cost	\$162,500
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	4.6%
Original Target Completion Date	6/30/2014
Revised Target Completion Date	6/30/2014

**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;">FIDUCIARY FUND DETAIL STATEMENTS</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 POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	JANE PERLMUTTER MEMORIAL FUND	<u>AGENCY FUNDS</u>		<u>TOTALS</u>
			<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>	
ASSETS:					
Cash and Cash Equivalents	\$ 88,715	\$ 10,619	\$ 14,326	\$ 2,699	\$ 116,359
TOTAL ASSETS	<u>88,715</u>	<u>10,619</u>	<u>14,326</u>	<u>2,699</u>	<u>116,359</u>
LIABILITIES:					
Liabilities:					
Payroll Deductions & Withholdings				\$ 2,699	\$ 2,699
Payable to Student Groups			\$ 14,326	-	14,326
Total Liabilities			<u>14,326</u>	<u>2,699</u>	<u>17,025</u>
NET POSITION					
Held in Trust for Unemployment Claims and Other Purposes	\$ 88,715	\$ 10,619			99,334
TOTAL LIABILITIES AND NET POSITION	<u>\$ 88,715</u>	<u>\$ 10,619</u>	<u>\$ 14,326</u>	<u>\$ 2,699</u>	<u>\$ 116,359</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2013**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	JANE PERLMUTTER MEMORIAL <u>FUND</u>	<u>TOTALS</u>
ADDITIONS			
Contributions:			
Plan Member	\$ 5,659		\$ 5,659
Employer	17,829	-	17,829
Total Contributions	<u>23,488</u>	<u>-</u>	<u>23,488</u>
Investment Earnings:			
Interest	159	\$ 77	236
Net Investment Earnings	<u>159</u>	<u>77</u>	<u>236</u>
Total Additions	<u>23,647</u>	<u>77</u>	<u>23,724</u>
DEDUCTIONS			
Scholarships		100	100
Claims/Quarterly Contribution Reports	17,829	-	17,829
Total Deductions	<u>17,829</u>	<u>100</u>	<u>17,929</u>
Change in Net Position	5,818	(23)	5,795
Net Position—Beginning of the Year	82,897	10,642	93,539
Net Position—End of the Year	<u>\$ 88,715</u>	<u>\$ 10,619</u>	<u>\$ 99,334</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2012</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2013</u>
Hampton Elementary School	\$ 15,385	\$ 24,535	\$ 25,594	\$ 14,326
TOTALS	\$ 15,385	\$ 24,535	\$ 25,594	\$ 14,326

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	BALANCE			BALANCE
	<u>July 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>June 30, 2013</u>
ASSETS:				
Cash and Cash Equivalents	\$ 7,418	\$ 4,287,535	\$ 4,292,254	\$ 2,699
Total Assets	<u>\$ 7,418</u>	<u>\$ 4,287,535</u>	<u>\$ 4,292,254</u>	<u>\$ 2,699</u>
LIABILITIES:				
Payroll Deductions & Withholdings	\$ 7,418	\$ 1,821,419	\$ 1,826,138	\$ 2,699
Accrued Salaries & Wages		2,466,116	2,466,116	-
Total Liabilities	<u>\$ 7,418</u>	<u>\$ 4,287,535</u>	<u>\$ 4,292,254</u>	<u>\$ 2,699</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>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	59-64
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	65-68
Debt Capacity (J-10 thru J-13) 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.	69-72
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	73-74
Operating Information (J-16 thru J-20) 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.	75-79

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 Position 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>	<u>2013</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	\$ 2,297,481
Restricted	366,593	316,154	300,406	428,325	827,151	774,097	909,244	885,528	866,025
Unrestricted	(107,017)	(57,103)	68,019	67,634	31,969	152,476	119,549	141,155	250,467
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>	<u>\$ 3,413,973</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	\$ 2,196
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	5,937	3,371	7,091	11,661	31,722	50,573	54,943	58,854	59,745
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>	<u>\$ 61,941</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	\$ 2,299,677
Restricted	366,593	316,154	300,406	428,325	827,151	774,097	909,244	885,528	866,025
Unrestricted	(101,080)	(53,732)	75,110	79,295	63,691	203,049	174,492	200,009	310,212
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>	<u>\$ 3,475,914</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 Position, Last Ten Fiscal Years *
(accrual basis of accounting)

Exhibit J-2

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses									
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	\$ 3,417,088
Special education	694,807	732,172	822,490	759,928	506,075	623,251	720,639	414,725	353,650
Other special education	146,186	145,305	158,070	141,542	290,004	229,544	288,181	417,857	438,199
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	149,083
Student & instruction related services	670,986	621,737	655,110	679,146	718,293	728,390	649,583	798,789	876,604
General administrative services	223,639	242,438	301,433	279,916	287,576	297,691	311,534	591,251	612,799
School administrative services	381,951	397,590	473,273	482,328	433,110	452,673	446,060	186,956	208,493
Plant operations and maintenance	469,683	602,578	556,881	623,365	602,164	584,964	532,012	627,608	594,938
Pupil transportation	381,101	398,034	393,510	478,108	377,393	396,564	382,963	410,133	394,017
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	22,808
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>	<u>7,067,679</u>
Business-type activities:									
Food service	99,581	107,425	116,359	124,300	105,786	107,426	116,162	125,447	114,231
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>	<u>114,231</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>	<u>\$ 7,181,910</u>
Program Revenues									
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	2,168,141
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>	<u>2,168,141</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	70,059
Operating grants and contributions	18,880	20,588	25,051	27,919	31,727	33,548	35,119	45,017	43,892
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>	<u>113,951</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>	<u>\$ 2,282,092</u>

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

Exhibit J-2

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue									
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)	\$ (4,899,538)
Business-type activities	(5,020)	(4,773)	1,921	3,506	18,931	17,743	3,441	2,917	(280)
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>	<u>\$ (4,899,818)</u>
General Revenues and Other Changes in Net Position									
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	\$ 4,867,320
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	3,388
Miscellaneous income	12,944	11,358	43,874	27,681	28,650	64,318	2,296	11,925	7,359
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>	<u>4,878,067</u>
Business-type activities:									
Investment earnings	130	180	248	187	253	232	53	118	295
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>	<u>295</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>	<u>\$ 4,878,362</u>
Change in Net Position									
Governmental activities	\$ 91,080	\$ 94,814	\$ 59,989	\$ 12,926	\$ 264,790	\$ (33,567)	\$ 4,860	\$ (101,790)	\$ (21,471)
Business-type activities	(4,890)	(4,593)	2,169	3,693	19,184	17,975	3,494	3,035	15
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>	<u>\$ (21,456)</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>	<u>2013</u>
General Fund									
Reserved	\$ 264,428	\$ 265,914	\$ 278,781	\$ 428,325	\$ 827,151	\$ 774,097	\$ 921,449	\$ 914,362	\$ 999,847
Unreserved	134,222	135,999	22,041	224,911	132,709	246,046	180,031	163,591	126,769
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>	<u>\$ 1,126,616</u>
All Other Governmental Funds									
Reserved									
Unreserved, reported in:									
Capital projects fund									\$ 155,000
Total all other governmental funds									<u>\$ 155,000</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>	<u>2013</u>
Revenues									
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	\$ 4,867,320
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	10,747
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	2,005,264
Federal sources	159,574	159,329	189,634	194,081	183,309	446,613	209,869	237,440	162,877
Total revenue	6,131,200	6,407,676	6,992,861	7,069,114	6,947,335	6,957,973	6,775,604	7,040,230	7,046,208
Expenditures									
Instruction									
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	2,757,085
Special education instruction	529,202	518,853	541,430	553,843	401,681	510,093	513,459	366,950	306,027
Other special instruction	146,186	145,305	158,070	141,542	290,004	229,544	288,181	369,721	379,190
Other instruction	28,444	27,189	30,437	39,475	54,864	35,280	18,558	-	-
Support Services:									
Tuition	133,993	151,346	157,567	273,177	100,568	190,581	208,847	252,179	149,083
Student & instruction related services	609,977	522,051	561,406	586,980	562,563	578,284	513,271	698,669	750,457
General administrative services	231,139	242,438	286,871	262,828	267,253	276,909	270,913	551,998	537,375
School Administrative services	316,645	315,922	373,466	338,816	352,005	371,513	344,060	162,528	177,526
Plant operations and maintenance	447,192	557,231	502,576	569,621	549,352	516,623	479,628	553,661	501,042
Pupil transportation	381,101	398,034	393,510	478,108	377,164	396,395	382,833	410,133	394,017
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	855,803
Other Support Services	-	-	-	21,625	-	-	-	-	-
Charter Schools	24,995	14,142	27,549	25,062	65,233	26,460	22,555	46,900	22,808
Capital outlay	60,368	79,878	-	-	6,373	2,199	7,400	11,600	12,132
Debt service:									
Principal	140,000	140,000	150,000	-	-	-	-	-	-
Interest and other charges	26,445	17,835	9,225	-	-	-	-	-	-
Total expenditures	6,287,286	6,404,413	6,893,952	6,916,700	6,640,711	6,897,690	6,694,267	7,063,757	6,842,545
Excess (Deficiency) of revenues over (under) expenditures	(156,086)	3,263	98,909	152,414	306,624	60,283	81,337	(23,527)	203,663
Other Financing Sources (uses)									
Capital Leases	-	-	-	-	-	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	162,500
Transfers out	-	-	-	-	-	-	-	-	(162,500)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (156,086)	\$ 3,263	\$ 98,909	\$ 152,414	\$ 306,624	\$ 60,283	\$ 81,337	\$ (23,527)	\$ 203,663
Debt service as a percentage of noncapital expenditures	2.7%	2.5%	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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>
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
2013	3,388		7,104	10,492

SOURCE: District Records

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

Exhibit J-6

<u>Calendar Year Ended Dec 31</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	\$9,079,900	\$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
2004	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
2005	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
2006	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
2007	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
2008	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
2009	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
2010	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
2011	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
2012	7,818,500	285,821,700	25,445,200	1,884,900	69,563,900	335,000	442,062,683	50,639,250	554,233	391,423,433	1.246	694,615,358

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)

Calendar Year Ended Dec 31	Hampton Township School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt		Regional School District	Township	Sussex County	
		Service ^b	Total Direct				
2003	\$1.052	\$0.074	\$1.126	\$0.897	\$0.421	\$0.626	\$3.070
2004	\$1.077	\$0.047	\$1.124	\$0.938	\$0.418	\$0.670	\$3.150
2005	\$1.040	\$0.066	\$1.106	\$1.002	\$0.417	\$0.695	\$3.220
2006	\$1.101	\$0.069	\$1.170	\$1.076	\$0.419	\$0.765	\$3.430
2007	\$1.117	\$0.060	\$1.177	\$1.111	\$0.460	\$0.792	\$3.540
2008	\$1.190		\$1.190	\$1.151	\$0.519	\$0.779	\$3.639
2009	\$1.211		\$1.211	\$1.180	\$0.548	\$0.776	\$3.715
2010	\$1.223		\$1.223	\$1.201	\$0.578	\$0.784	\$3.786
2011	\$1.243		\$1.243	\$1.044	\$0.602	\$0.833	\$3.722
2012	\$1.246		\$1.246	\$1.210	\$0.616	\$0.822	\$3.894

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

Hampton Township						
Taxpayer	2013			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Individual Taxpayer #1	11,889,100.00	1	3.04%	\$ 7,748,600	2	2.23%
Wal-Mart Stores	8,800,000.00	2	2.25%	\$ 12,437,700	1	3.58%
Lowe's Home Improvements	7,875,300.00	3	2.01%			
Ephemeral Realty	6,707,100.00	4	1.71%			
Susan Elizabeth Shopping Center				\$ 5,157,700	3	1.49%
Condit Motors				\$ 4,667,700	4	1.34%
Kere Associates, LLC	5,808,500.00	5	1.48%			
State Title Holdings	2,609,200.00	6	0.67%			
Newton Property Assoc., LLC	2,150,100.00	7	0.55%			
Carriage Mobile Homes	2,121,300.00	8	0.54%	2,037,400	7	0.59%
Individual Taxpayer #2	1,732,500.00	9	0.44%	3,264,600	5	0.94%
Cuma, LLC	1,728,400.00	10	0.44%			
Salerno-Duane				2,113,400	6	0.61%
Individual Taxpayer #3				1,732,500	10	0.50%
Toyota Motor Sales				2,002,800	8	0.58%
BPA Realty				1,928,100	9	0.56%
Total	\$ 51,421,500		13.14%	\$ 35,341,900		10.19%

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	
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%	-
2013	\$ 4,867,320	\$ 4,867,320	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 ^a	Per Capita ^a
	General Obligation Bonds ^b	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-	
2013	-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 ^a of Property	Per Capita ^b
	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
2013	-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, 2013**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Hampton Township	\$ 242,905	100.000%	\$ 242,905
Other debt			
Sussex County	78,366,014	3.677%	<u>2,881,239</u>
Subtotal, overlapping debt			3,124,144
Hampton Township School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 3,124,144</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 2013

	Equalized valuation basis	
	2012	\$ 646,599,173
	2011	689,903,894
	2010	744,735,755
	[A]	<u>\$ 2,081,238,822</u>
Average equalized valuation of taxable property	[A/3]	\$ 693,746,274
Debt limit (2.5% of average equalization value)	[B]	17,343,657
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	<u>\$ 17,343,657</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>2013</u>
Debt limit	\$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	\$17,343,657
Total net debt applicable to limit	430,000	290,000	150,000	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$17,343,657</u>
Total net debt applicable to the limit as a percentage of debt limit	4.14%	2.45%	1.09%	0.00%	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 ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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 R	7.8%
2011	5,195	\$258,617,490	\$49,782 R	7.6%
2012	5,169	\$257,323,158	\$49,782 *	7.5%
2013	5,101	\$253,937,982	\$49,782 *	7.5% *

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by NJ Dept of Labor

^d 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	2013			2004		
	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>	<u>2013</u>
Instruction									
Regular	31.0	29.5	37.0	39.0	30.7	31.7	29.7	30.3	30.5
Special education	4.2	3.9	6.0	6.0	7.0	7.0	7.0	7.5	7.0
Other Special Education	6.7	5.7	4.0	2.0	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	3.0
Support Services:									
Student & instruction related services	4.6	4.6	6.0	6.0	10.8	9.4	10.5	10.5	9.5
School administrative services	4.2	4.2	4.3	4.3	4.3	3.3	2.3	3.0	3.0
General administrative services	2.0	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	4.0
Business and Other Support Services	1.0	1.0	1.0	1.0	1.0	2.0	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>	<u>63.0</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 ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% 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%
2013	349	6,830,413	19,571	8.23%	42.30	8.3:1		345.1	331.3	-10.85%	96.00%

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 Nine Fiscal Years**

Exhibit J-18

<u>District Building</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>2013</u>
<u>Elementary</u>									
Marion Emmons McKeown School (1972, 1992)									
Square Feet	60,900	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	474
Enrollment	435	436	439	422	413	422	385	392	349

Number of Schools at June 30, 2013
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, 2013**

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>2013</u>	<u>Total</u>
Marion Emmons KcKeown School	N/A	\$ 77,537	\$ 89,873	\$ 166,911	\$ 130,532	\$ 170,329	\$ 140,893	\$ 99,729	\$ 87,466	\$ 89,820	\$ 49,596	\$ 1,025,149
Grand Total		\$ 77,537	\$ 89,873	\$ 166,911	\$ 130,532	\$ 170,329	\$ 140,893	\$ 99,729	\$ 87,466	\$ 89,820	\$ 49,596	\$ 1,025,149

HAMPTON TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE
June 30, 2013
UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
COMMERCIAL PACKAGE POLICY - NJSBIAG		
Property-Blanket Building and Contents (fund limit)	\$ 10,474,095	\$ 1,000
LIABILITY - NJSBIAG		
Comprehensive General Liability	11,000,000	None
Automobile Liability	11,000,000	None
Fire Damage	2,500,000	None
SCHOOL BOARD LEGAL LIABILITY - NJSBIAG		
Limit of Liability	11,000,000	5,000
CRIME - NJSBIAG		
Blanket Employee Dishonesty	1,000,000	1,000
Forgery	1,000,000	1,000
Computer Fraud	250,000	1,000
Money and Securities	100,000	1,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND-Selective Insurance Company		
School Board Administrator	200,000	
ENVIRONMENTAL SERVICE - NJSBIAG		
Environmental Impairment	1,000,000	10,000

SOURCE: District Records

Single Audit Section



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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, 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 and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Hampton Township School District Board of Education's basic financial statements, and have issued our report thereon dated October 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

-Continued-

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*** or audit requirements as prescribed by the Office of School Finance, Department of Education,

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ardito & Co., LLP

ARDITO & CO., LLP
October 4, 2013

Cynthia Corder

Licensed Public School Accountant No.2369



ARDITO & Co., LLP

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

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB's Circular 04-04

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Hampton Township School District Board of Education's compliance 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 the District's major state programs for the year ended June 30, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the Hampton Township School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Hampton Township School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program 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 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 state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

ARDITO & Co., LLP

ARDITO & CO., LLP
October 4, 2013

Cynthia Corder

Licensed Public School Accountant No.2369

Hampton Township School District

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2013

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2012	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2013			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
STATE DEPARTMENT OF EDUCATION															
General Fund:															
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	\$ 676,985			\$ 676,985	\$ (676,985)							\$ 67,095	\$ 676,985
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	173,340			173,340	(173,340)							17,179	173,340
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	213,317			213,317	(213,317)							21,141	213,317
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	31,608			31,608	(31,608)							3,133	31,608
Adjustment Aid	13-495-034-5120-085	7/1/12-6/30/13	174,490			174,490	(174,490)							17,293	174,490
Extra-ordinary Aid	12-495-034-5120-044	7/1/11-6/30/12		\$ (49,035)		49,035	-								
Extra-ordinary Aid	13-495-034-5120-044	7/1/12-6/30/13	21,130				(21,130)			\$ (21,130)					21,130
Non-Public Transportation Aid	12-100-034-5120-068	7/1/11-6/30/12	2,767			2,767	(2,767)								2,767
Non-Public Transportation Aid	13-100-034-5120-068	7/1/12-6/30/13	1,480				(1,480)			(1,480)					1,480
Reimbursed TPAF Pension Contrib.	13-495-034-5095-001	7/1/12-6/30/13	438,878			438,878	(438,878)								438,878
Reimbursed TPAF Soc. Secur. Contrib.	13-495-034-5095-002	7/1/12-6/30/13	224,844	(11,977)		214,704	(224,844)			(22,117)					224,844
Total General Fund				(61,012)		1,975,124	(1,958,839)			(44,727)				125,841	1,958,839
Special Revenue Fund															
N.J. Nonpublic Aid:															
Textbooks Aid	13-100-034-5120-064	7/1/12-6/30/13	7,450			7,450	(7,450)								7,450
Nursing Services	13-100-034-5120-070	7/1/12-6/30/13	10,341			10,341	(10,341)								10,341
Technology Aid	13-100-034-5120-373	7/1/12-6/30/13	2,750			2,750	(2,464)					\$ 286			2,464
Auxiliary Services:															
Compensatory Education	13-100-034-512a-067	7/1/12-6/30/13	14,548	27,727		14,548	(13,960)		\$ (27,727)			588			13,960
ESL	12-100-034-512b-067	7/1/11-6/30/12	862	862					(862)						-
Handicapped Services:															
Examination and Classification	13-100-034-512b-066	7/1/12-6/30/13	18,312	-		18,312	(13,004)					5,308			13,004
Corrective Speech	13-100-034-512a-066	7/1/12-6/30/13	15,624	18,054		15,624	(3,359)		(18,054)			12,265			3,359
Supplementary Instruction	13-100-034-512c-066	7/1/12-6/30/13	6,939	826		6,939	(6,244)		(826)			695			6,244
Total Special Revenue Fund				47,469		75,964	(56,822)		(47,469)			-	19,142		56,822
Enterprise Fund:															
Nat. School Lunch Prog. (State Share)	12-100-010-3350-023	7/1/11-6/30/12		(65)		65									
Nat. School Lunch Prog. (State Share)	13-100-010-3350-023	7/1/12-6/30/13	1,319			1,035	(1,319)			(284)					1,319
Total Enterprise Fund				(65)		1,100	(1,319)			(284)					1,319
TOTAL STATE FINANCIAL ASSISTANCE				\$ (13,608)		- \$ 2,052,188	\$ (2,016,980)		- \$ (47,469)	\$ (45,011)		- \$ 19,142		\$ 125,841	\$ 2,016,980

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, 2013

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 (\$10,397) for the general fund and (\$9,145) 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, 2013

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 1,948,442	\$ 1,948,442
Special Revenue Fund	\$ 162,877	56,822	219,699
Food Service Fund	<u>42,573</u>	<u>1,319</u>	<u>43,892</u>
Total Financial Assistance	<u>\$ 205,450</u>	<u>\$ 2,006,583</u>	<u>\$ 2,212,033</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, 2013. 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, 2013.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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)

13-495-034-5120-078

13-495-034-5120-014

Name of State Program

Equalization Aid

Transportation Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013

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