

**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, 2016**



# **Comprehensive Annual**

## **Financial Report**

**of the**

**Hampton Township School District**

**Board of Education**

**Hampton, New Jersey**

**For the Fiscal Year Ending June 30, 2016**

**Prepared by**

**Hampton Township School District**

**Board of Education**

**Finance Department**

# OUTLINE OF CAFR

## INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1
Organizational Chart	2
Roster of Officials	3
Consultants and Advisors	4

## FINANCIAL SECTION

<b>Independent Auditor's Report</b>	7-9
<b>Required Supplementary Information – Part I Management's Discussion and Analysis</b>	11-18
<b>Basic Financial Statements</b>	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position	21
A-2 Statement of Activities	22
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	25
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	30
B-8 Statement of Changes in Fiduciary Net Position	31
<b>Notes to the Financial Statements</b>	33-57
<b>Required Supplementary Information – Part II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	60-69
C1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Block Development Grant (CDBG) – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	70
<b>Notes to Required Supplementary Information - Part II</b>	
C-3 Budget-to-GAAP Reconciliation	71

## OUTLINE OF CAFR

<b>Required Supplementary Information – Part III</b>		<u>Page</u>
L.	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
	L-1/L- Schedule of the District's Proportionate Share of the Net Pension Liability	82
	L-2 Schedule of District Contributions	73
	<b>Notes to Required Supplementary Information - Part III</b>	74
 <b>Other Supplementary Information</b>		
D.	School Level Schedules:	
	D-1 Combining Balance Sheet	N/A
	D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
	D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E.	Special Revenue Fund:	
	E-1 Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis	77
	E-2 Schedule(s) of Preschool Education Aid Expenditures – Preschool-All Programs- Budgetary Basis	N/A
F.	Capital Projects Fund:	
	F-1 Summary Schedule of Project Expenditures	79
	F-2 Summary Schedule of Revenues and Expenditures	80
	F-2a Schedule of Project Revenues and Expenditures-Roof Replacement	81
	F-2b Schedule of Project Revenues and Expenditures-Chiller Replacement	82
	F-2c Schedule of Project Revenues and Expenditures-Well Tank Replacement	83
G.	Proprietary Funds	
	Enterprise Fund:	
	G-1 Combining Statement of Net Position	See B-4
	G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	See B-5
	G-3 Combining Statement of Cash Flows	See B-6
	Internal Service Fund:	
	G-4 Combining Statement of Net Position	N/A
	G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
	G-6 Combining Statement of Cash Flows	N/A

## OUTLINE OF CAFR

<b>Other Supplementary Information -(Continued)</b>		<u>Page</u>
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	86
H-2	Combining Statement of Changes in Fiduciary Net Position	87
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	88
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	89
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	N/A
I-2	Schedule of Obligations Under Capital Leases	N/A
I-3	Budgetary Comparison Schedule Debt Service Fund	N/A

## STATISTICAL SECTION (Unaudited)

		<u>Page</u>
<b>Introduction to the Statistical Section</b>		
<b>Financial Trends</b>		
J-1	Net Position by Component	92
J-2	Changes in Net Position	93-94
J-3	Fund Balances - Governmental Funds	95
J-4	Changes in Fund Balances - Governmental Funds	96
J-5	General Fund Other Local Revenue by Source	97
<b>Revenue Capacity</b>		
J-6	Assessed Value and Estimated Actual Value of Taxable Property	98
J-7	Direct and Overlapping Property Tax Rates	99
J-8	Principal Property Taxpayers	100
J-9	Property Tax Levies and Collections	101
<b>Debt Capacity</b>		
J-10	Ratios of Outstanding Debt by Type	102
J-11	Ratios of General Bonded Debt Outstanding	103
J-12	Direct and Overlapping Governmental Activities Debt	104
J-13	Legal Debt Margin Information	105
<b>Demographic and Economic Information</b>		
J-14	Demographic and Economic Statistics	106
J-15	Principal Employers	107
<b>Operating Information</b>		
J-16	Full-time Equivalent District Employees by Function/Program	108
J-17	Operating Statistics	109
J-18	School Building Information	110
J-19	Schedule of Required Maintenance Expenditures by School Facility	111
J-20	Insurance Schedule	112

## OUTLINE OF CAFR

### SINGLE AUDIT SECTION

	<u>Page</u>
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	114-115
K-2 Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB's circular 15-08	116-117
K-3 Schedule of Expenditures of Federal Awards, Schedule A	N/A
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	118
K-5 Notes to the Schedules of Awards and Financial Assistance	119-120
K-6 Schedule of Findings and Questioned Costs	121-123
K-7 Summary Schedule of Prior Audit Findings	124





# Introductory Section





# HAMPTON TOWNSHIP BOARD OF EDUCATION

One School Road  
Newton, New Jersey 07860

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



Craig Hutcheson  
*Superintendent*

Janet Goodwin, Ed.D.  
*Principal*

Joseph Coladarci  
*Assistant Principal*

Courtney Young  
*School Business  
Administrator/Board  
Secretary*

September 30, 2016

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

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, 2016 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 "Uniform Guidance", Audits of States, Local Governments and Nonprofit Organizations, and New Jersey's OMB Circular NJOMB 15-08, 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 2015-2016 school year was 293 students which represents a decrease of 23 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>
2015-2016	293	-7.28%
2014-2015	316	-2.77%
2013-2014	325	-5.80%
2012-2013	345	-7.51%
2011-2012	373	-3.11%
2010-2011	385	-8.77%
2009-2010	422	2.18%

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. This year the ground work and curriculum was revised to introduce a new enrichment/gifted & talented program which was a Region wide effort to collaborate and articulate the program with other regional school districts. 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. We have introduced the idea for classroom push-in of basic skills and each teacher and unit has had the opportunity to dialogue about the process and classroom instruction for this program adjustment. 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 to the Hampton pre-school age child, which is located in a modern facility known as "Rainbows of Learning" in Augusta, New Jersey. For the 2015-2016 school year we have continued a shared service with Stillwater School, a member of the Kittatinny Region, for our PSD program. The shared service allows the district to conserve funds by combining transportation for students, having educational experiences that are similar or the same in nature with other PSD students, along with allowing us to better supervise and observe our centralized PSD program at the Stillwater School.

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 Ski club, Project Seek, Heritage Cooking club, Sign Language club, Robotics, Drama club, School Newspaper club as well as grade level after school tutoring classes.

## **2. ECONOMIC CONDITION AND OUTLOOK:**

The Township of Hampton continues to be 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 than strong economic times. It continues to be our hope that the economy will shift and we will be increasing our commercial ratables in the near future.

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

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

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 slowly declining student enrollment. The average class size for the 2016-2017 school year will be 18 students per class. The overall student enrollment for the current school year will be 300 students. Ten years ago the student population was hovering around 450 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. Effective January 15, 2014 the Hampton Township Board of Education and Kittatinny Regional High School entered into an inter-local agreement sharing the services of the Superintendent. This agreement continues to provide cost savings opportunities to the district and to develop a more comprehensive Kindergarten to 12<sup>th</sup> grade education program for the students.

During the 2015-16 school year, the Hampton Township School District personnel and curriculum coordinator worked in conjunction with the other Kittatinny Regional sending districts, to complete a revision to the common core state standards, the Next Generation Science Standards and eventually to the revised New Jersey Student Learning Standards in the areas of language Arts and Science 6-12 grades. Under the direction of the lead curriculum and the Supervisor at Kittatinny Regional High School, teachers representing each sending district and employing the services of our regional curriculum consultant, Richard Poplaski and Supervisor Eugene McNicholas, 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 and for the first time we have employed a complete professional development model for teachers so that they are well versed in the new curricular materials. Each unit uses UBD design and includes an "Essential Question" for mat for each lesson. The areas of focus in the 2015-2016 year were Language Arts Literacy, Science and Technology. The new Next Generation Science Standards will require a 2 year revision cycle. The grade K through 5 revisions will be completed in the 2016-2017 school year.

For the 2016-17 school year, the district is continuing to develop "best strategies" for our institution. Major initiatives for the 2016-2017 school year will include a new 9 period day that will infuse STEM into the daily schedule by dedicating a STEM teacher to teach all grades each week. We will be migrating to a new educational support platform in the use of Google Application for Classrooms and Educators. This will also mean a transition from a separate email system to a google based email system saving money for the school district. We have launched a 1 to 1 technology initiative for grades 4 – 6 as each child will be assigned an individual Chromebook for use in every class they attend each day. We are focusing on greening our campus by utilizing a digital report card accessible to parents through our Realtime SIS software. There will be a limited need for paper copies of the report card as we move forward. We are looking forward to strengthening our already strong math scores in the state testing program along with assessing our new initiatives throughout the school year. We will continue to focus on our STEM initiative, our Gifted and Talented and IEP programs throughout the year. We are encouraged by our progress in technology, but will need to continue to invest in our infrastructure to support our 21<sup>st</sup> Century technology based learners.

**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. In the 2016-2017 year, we continue to have a three-person screening procedure for all expenditures, as per the new directive from the superintendent. Each administrator will review the expenditure and will sign off for final approval by the business administrator. Now having an additional review, we can better account for all district expenditures with the proper checks and balances.

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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2016.

**6. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements" Note 1.

**7. DEBT ADMINISTRATION:**

As of June 30, 2016, 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.

The Honorable President and Members  
of the Board of Education Hampton  
Township School District  
Page 5

**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 Uniform Guidance, Audits of States, Local Governments, and Nonprofit Organizations, and New Jersey's OMB Circular NJOMB 15-08, 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.

Respectfully Submitted,



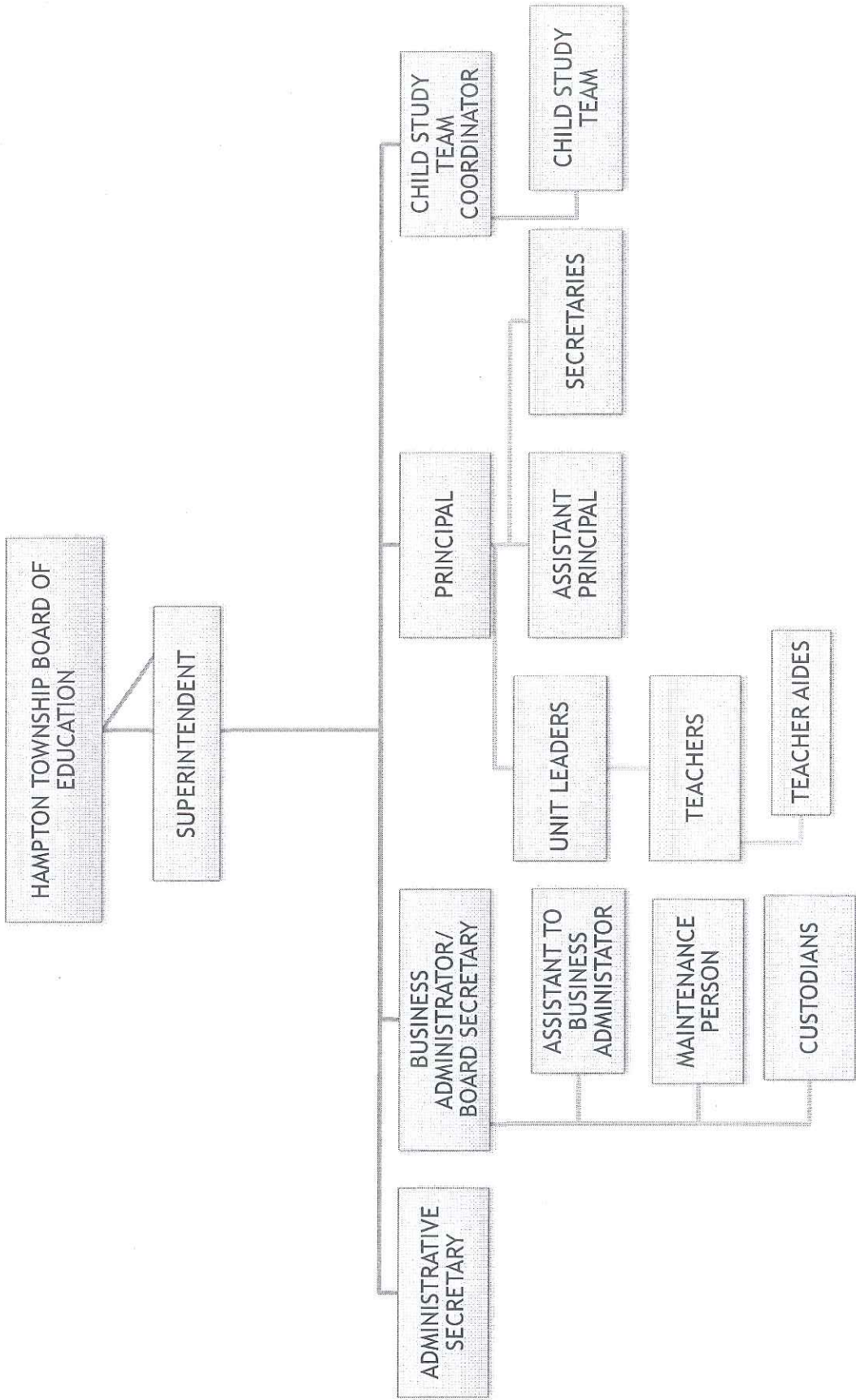
Craig Hutcheson  
Superintendent



Courtney Young  
School Business Administrator/  
Board Secretary









**Hampton Township School District  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**June 30, 2016**

**Members of the Board of Education**

**Term Expires**

Joseph Santora, President	2017
Scott Valentine, Vice President	2017
Joyce Anderson	2018
Jeffrey W. Orosz	2016
Terry Cassidy	2018
Ronald Ostrander	2018
Eleanore Shaffer	2017
John Wohlleber	2016
Vacancy	

**Other Officials**

Craig Hutcheson, Superintendent  
Courtney Young, 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



## **ARDITO & Co., LLP**

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States, and audit requirements as prescribed by the 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 of the financial statements.

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, 2016, 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, budgetary comparison information, and pension trend information as identified in the table of contents 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, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circular 15-08, 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.

-Continued-



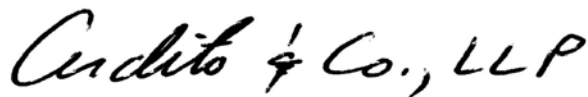
The combining and individual fund financial statement information, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived 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, and schedule of state financial assistance, as required by New Jersey OMB's circular 15-08, *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.

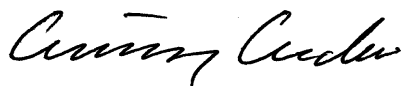
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2016, 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  
September 30, 2016



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, 2016  
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, 2016. 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 2016 are as follows:

- ◆ In total, Net Position increased \$88,050 which represents a 2.5% increase from 2015.
- ◆ General revenues accounted for \$5,111,390 in revenue or 64.2% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,968,263 or 35.8% of total revenues of \$8,079,653.
- ◆ Total assets of governmental activities increased by \$89,672, as cash and cash equivalents decreased by \$223,974, receivables increased by \$2,678, and capital assets increased by \$308,588.
- ◆ The School District had \$7,991,603 in expenses; only \$2,968,263 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,111,390 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$7,145,950 in revenues and \$6,896,565 in expenditures. The General Fund's surplus balance increased \$10,922 over 2015, which compares favorably to the budgeted decrease of \$511,023.

**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, 2016  
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 2016?" 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 Position and changes in those assets. This change in Net Position 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. Nonfinancial 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 24. 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, and Capital Projects Fund.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
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 Position for 2016 compared to 2015.

	<u>2016</u>	<u>2015</u>
<b>Table 1 Net Position</b>		
<b>Assets</b>		
Current and Other Assets	\$ 1,756,217	\$ 1,975,133
Capital Assets	<u>3,269,225</u>	<u>2,960,637</u>
<b>Total Assets</b>	<u>5,025,442</u>	<u>4,935,770</u>
<b>Deferred Outflows of Resources</b>	<u>224,668</u>	<u>92,452</u>
<b>Liabilities</b>		
Long-Term Liabilities	1,413,449	1,323,890
Other Liabilities	<u>119,782</u>	<u>116,371</u>
<b>Total Liabilities</b>	<u>1,533,231</u>	<u>1,440,261</u>
<b>Deferred Inflows of Resources</b>	<u>172,311</u>	<u>133,590</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	3,269,225	2,960,637
Restricted	1,173,170	1,143,916
Unrestricted	<u>(899,974)</u>	<u>(650,182)</u>
<b>Total Net Position</b>	<u>\$ 3,542,421</u>	<u>\$ 3,454,371</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

Total assets of governmental activities increased by \$89,672, as cash and cash equivalents decreased by \$223,974, receivables increased by \$2,678, and capital assets increased by \$308,588.

The cash decrease was mainly due to capital projects spending, net of operational efficiencies attained towards budget, and the increase in capital assets was due to capital fund activity related to the chiller and well tank projects.

Table 2 shows the changes in Net Position from fiscal year 2015.

**Table 2**  
**Changes in Net Position**

	<u>2016</u>	<u>2015</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 72,855	\$ 78,081
Operating Grants and Contributions	2,895,408	2,889,080
General Revenues:		
Property Taxes	5,112,125	5,014,032
Federal & State Aid on Capital Asset Projects	(75,606)	233,294
Investment Earnings	3,945	4826
Other	<u>70,926</u>	<u>36,586</u>
<b>Total Revenues</b>	<u>8,079,653</u>	<u>8,255,899</u>
 <b>Program Expenses</b>		
Instruction	4,662,929	4,699,768
Support Services:		
Tuition	179,243	125,405
Pupils and Instructional Staff	1,007,992	808,667
General Administration, School Administration, Business	926,790	837,675
Operations and Maintenance of Facilities	760,316	687,767
Pupil Transportation	344,443	348,315
Business-Type Activities	<u>109,890</u>	<u>108,536</u>
 <b>Total Expenses</b>	<u>7,991,603</u>	<u>7,616,133</u>
 Increase in Net Position	 <u>\$ 88,050</u>	 <u>\$ 639,766</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
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 63.3% percent of revenues for governmental activities for the HamptonTownship School District for the fiscal year 2016.

Instruction comprises 58.3% of district expenses. Support services expenses make up 40.3% 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 2015. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of</u> <u>Services 2016</u>	<u>Net Cost of</u> <u>Services 2016</u>	<u>Total Cost of</u> <u>Services 2015</u>	<u>Net Cost of</u> <u>Services 2015</u>
Instruction	\$ 4,662,929	\$ 2,950,651	\$ 4,699,768	\$ 2,895,704
Support Services:				
Tuition	179,243	118,978	125,405	81,268
Pupils and Instructional Staff	1,007,992	600,591	808,667	462,100
General Admin., School Admin., Business	926,790	615,184	837,675	542,848
Operation and Maintenance of Facilities	760,316	504,683	687,767	445,701
Pupil Transportation	344,443	228,634	348,315	225,723
Business-Type Activities	<u>109,890</u>	<u>4,619</u>	<u>108,536</u>	<u>(4,372)</u>
<b>Total Expenses</b>	<u>\$ 7,991,603</u>	<u>\$ 5,023,340</u>	<u>\$ 7,616,133</u>	<u>\$ 4,648,972</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, 2016  
UNAUDITED

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 63.3% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 64.3%. 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 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$7,283,348 and expenditures of \$7,503,789. The General Fund's surplus balance increased \$10,922 over 2015, which compares favorably to the budgeted decrease of \$511,023.

**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 2016 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 on-behalf payments, was \$6,486,381, \$92,256 over original budgeted estimates of \$6,394,125. This difference was due primarily to an increases in miscellaneous revenues.

General fund revenues exceeded expenditures by \$10,922. Again this surplus compares to a budgeted deficit of \$511,023, which was due to the budgeted use of surplus and capital reserve needed to balance the 2015-2016 budget. The budgeted deficit was reduced due revenue increases and cost savings in the areas of instruction, transportation and facilities and maintenance.

Overall general fund balance (budget basis) was \$1,669,788, and amounts ear-marked and reserved for future purposes were \$1,401,361, creating a surplus in unreserved fund balance of \$268,427. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.



HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

**Capital Assets**

At the end of the fiscal year 2016, the School District had \$3,269,225 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2016 balances compared to 2015.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 1,558,800	\$ 1,558,800
Land Improvements	-	-
Buildings and Improvements	1,622,897	1,292,619
Machinery and Equipment	<u>87,528</u>	<u>108,774</u>
 Totals	 <u>\$ 3,269,225</u>	 <u>\$ 2,960,193</u>

Overall capital assets increased \$309,032 from fiscal year 2015 to fiscal year 2016. The increase in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$513,509 were purchased during fiscal year 2016 and are mainly costs associated with the chiller and well tank projects and technology equipment.

**Debt Administration**

At June 30, 2016, the School District had \$88,343 as outstanding long term debt. Of this amount, \$88,343 is for compensated absences.

At June 30, 2016, the School District's overall legal debt margin was \$15,548,328 and the unvoted debt margin was the same.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

**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.

**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 Courtney Young, 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, 2016

	GOVERNMENTAL		BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES		
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 528,418	\$ 18,737	\$	547,155
Receivables, Net	353,079	4,673		357,752
Interfund Receivables		2,147		2,147
Inventory		5,235		5,235
Restricted Assets:				
Capital Reserve Account - Cash	822,303			822,303
Emergency Reserve Account - Cash	21,625			21,625
Capital Assets, Net (Note 5):	3,269,225			3,269,225
<b>Total Assets</b>	<b>4,994,650</b>	<b>30,792</b>		<b>5,025,442</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Deferred Outflows		224,668		224,668
<b>LIABILITIES</b>				
Accounts Payable	5,631			5,631
Interfund Payables	2,147			
Unearned Revenue	110,506	3,645		114,151
Net Pension Liability (Note 7)	1,325,106			1,325,106
Noncurrent Liabilities (Note 6):				
Due Beyond One Year	88,343			88,343
<b>Total Liabilities</b>	<b>1,531,733</b>	<b>3,645</b>		<b>1,533,231</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Deferred Inflows		172,311		172,311
<b>NET POSITION</b>				
Invested in Capital Assets, Net of Related Debt	3,269,225			3,269,225
Restricted for:				
Capital Reserve Account	822,303			822,303
Emergency Reserve Account	21,625			21,625
Other Purposes	329,242			329,242
Unrestricted	(927,121)	27,147		(899,974)
<b>Total Net Position</b>	<b>\$ 3,515,274</b>	<b>\$ 27,147</b>	<b>\$</b>	<b>3,542,421</b>

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

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 3,393,385		\$ 1,285,432		\$ (2,107,953)	\$ (2,107,953)
Special Education	787,678		264,833		(522,845)	(522,845)
Other Special Instruction	481,866		162,013		(319,853)	(319,853)
Support Services:						
Tuition	179,243		60,265		(118,978)	(118,978)
Student & Instruction Related Services	1,007,992		407,401		(600,591)	(600,591)
School Administrative Services	384,221		129,183		(255,038)	(255,038)
General and Business Admin. Services	542,569		182,423		(360,146)	(360,146)
Plant Operations and Maintenance	760,316		255,633		(504,683)	(504,683)
Pupil Transportation	344,443		115,809		(228,634)	(228,634)
Total Governmental Activities	7,881,713	-	2,862,992		(5,018,721)	(5,018,721)
Business-Type Activities:						
Food Service	109,890	\$ 72,855	32,416			\$ (4,619)
Total Business-Type Activities	109,890	72,855	32,416	-	-	(4,619)
<b>Total Primary Government</b>	<b>\$ 7,991,603</b>	<b>\$ 72,855</b>	<b>\$ 2,895,408</b>		<b>\$ (5,018,721)</b>	<b>\$ (4,619)</b>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 5,112,125		\$ 5,112,125
Investment Earnings				3,803	142	3,945
Miscellaneous Income				70,926		70,926
State Aid for Capital Asset Projects				(75,606)		(75,606)
Total General Revenues, Special Items, Extraordinary Items and Transfers				5,111,248	142	5,111,390
Change in Net Position				92,527	(4,477)	88,050
Net Position—Beginning (as Restated)				3,422,747	31,624	3,454,371
Net Position—Ending				\$ 3,515,274	\$ 27,147	\$ 3,542,421

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, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,372,346			\$ 1,372,346
Interfund Receivables	136,257	\$ 271		136,528
Other Accounts Receivable	12,566			12,566
Receivables from Other Governments	23,427	150,031	\$ 167,055	340,513
<b>TOTAL ASSETS</b>	<b>\$ 1,544,596</b>	<b>\$ 150,302</b>	<b>\$ 167,055</b>	<b>\$ 1,861,953</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable		\$ 5,631		\$ 5,631
Interfund Payable	\$ 2,418	34,165	\$ 102,092	138,675
Deferred Revenue		110,506		110,506
<b>Total Liabilities</b>	<b>2,418</b>	<b>150,302</b>	<b>102,092</b>	<b>254,812</b>
<b>Fund Balances:</b>				
<u>Restricted for:</u>				
Capital Reserve Account	\$ 822,303			\$ 822,303
Emergency Reserve	21,625			21,625
Excess Surplus	166,152			166,152
Excess Surplus - Designated for Subsequent Year's Expenditures	158,374			158,374
<u>Assigned to:</u>				
General Fund - Designated for Subsequent Year's Expenditures	4,716			4,716
Year-End Encumbrances	228,191			228,191
Capital Projects Fund			\$ 64,963	64,963
Debt Service Fund				
<u>Unassigned:</u>				
General Fund	140,817			140,817
<b>Total Fund Balances</b>	<b>1,542,178</b>	<b>-</b>	<b>64,963</b>	<b>1,607,141</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,544,596</b>	<b>\$ 150,302</b>	<b>\$ 167,055</b>	<b>\$ 1,861,953</b>

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 \$7,175,349 and the accumulated depreciation is \$3,906,124.	\$3,269,225
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date are not current financial resources and therefore are not reported in the fund statements. (See Note 7)	224,668
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns are not reported as liabilities in the fund statements. (See Note 7)	(172,311)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(1,325,106)
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 6)	(88,343)
Net Position of governmental activities	<u>\$ 3,515,274</u>

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, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
<b>Local sources:</b>				
Local Tax Levy	\$ 5,112,125			\$ 5,112,125
Interest on Capital Reserve	886			886
Miscellaneous	73,843			73,843
<b>Total - Local Sources</b>	<b>5,186,854</b>	-	-	<b>5,186,854</b>
<b>State Sources</b>	1,959,096	58,548	\$ (75,606)	1,942,038
<b>Federal Sources</b>		154,456		154,456
<b>Total Revenues</b>	<b>7,145,950</b>	<b>213,004</b>	<b>(75,606)</b>	<b>7,283,348</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Regular Instruction	2,316,193	144,510		2,460,703
Special Education Instruction	610,411			610,411
Other Special Instruction	373,422			373,422
School Sponsored Other Instruction				-
Support services and undistributed costs:				
Tuition	179,243			179,243
Student and Instruction Related Services	704,547	68,494		773,041
School Administrative Services	286,437			286,437
Other Administrative Services	407,824			407,824
Plant Operations and Maintenance	567,847			567,847
Pupil Transportation	344,443			344,443
Unallocated Benefits	855,056			855,056
Transfer to Charter School	103,269			103,269
<b>Debt Service:</b>				
Principal				-
Interest and Other Charges				-
<b>Capital Outlay</b>	147,873		\$ 394,220	542,093
<b>Total Expenditures</b>	<b>6,896,565</b>	<b>213,004</b>	<b>394,220</b>	<b>7,503,789</b>
Excess (Deficiency) of Revenues Over Expenditures	249,385	-	(469,826)	(220,441)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to Capital Fund	(238,463)		238,463	-
<b>Total Other Financing Sources and Uses</b>	<b>(238,463)</b>	<b>-</b>	<b>238,463</b>	<b>-</b>
Net Change in Fund Balances	10,922	-	(231,363)	(220,441)
Fund Balance—July 1	1,531,256	-	296,326	1,827,582
<b>Fund Balance—June 30</b>	<b>\$ 1,542,178</b>	<b>-</b>	<b>64,963</b>	<b>\$ 1,607,141</b>

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, 2016**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ (220,441)

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	\$ (204,477)	
Capital Outlays	<u>513,509</u>	309,032

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (6,708)

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. 10,644

**Change in Net Position of Governmental Activities** \$ 92,527

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, 2016

		<b>Business-Type Activities - Enterprise Funds</b>	
		<b>Food Service</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Cash Equivalents	\$	18,737	\$ 18,737
Accounts Receivable		4,673	4,673
Interfund Receivables		2,147	2,147
Inventories		5,235	5,235
<b>Total Current Assets</b>		<u>30,792</u>	<u>30,792</u>
<b>Noncurrent Assets:</b>			
Furniture, Machinery and Equipment		8,827	8,827
Less Accumulated Depreciation		(8,827)	(8,827)
<b>Total Noncurrent Assets</b>		<u>          </u>	<u>          </u>
		<u>30,792</u>	<u>30,792</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Deferred Revenue		3,645	3,645
<b>Total Current Liabilities</b>		<u>3,645</u>	<u>3,645</u>
		<u>3,645</u>	<u>3,645</u>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt		27,147	27,147
Unrestricted			
<b>Total Net Position</b>	<b>\$</b>	<u>27,147</u>	<u>\$ 27,147</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, 2016

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 69,231	\$ 69,231
Daily Sales - Non-Reimb. Programs	3,624	3,624
Miscellaneous	142	142
<b>Total Operating Revenues</b>	<u>72,997</u>	<u>72,997</u>
<b>Operating Expenses:</b>		
Cost of Sales	44,860	44,860
Salaries	33,852	33,852
Employee Benefits	8,696	8,696
Other Purchased Professional Services	22,038	22,038
Depreciation	444	444
<b>Total Operating Expenses</b>	<u>109,890</u>	<u>109,890</u>
Operating Income (Loss)	<u>(36,893)</u>	<u>(36,893)</u>
<b>Nonoperating Revenues (Expenses):</b>		
State Sources:		
State School Lunch Program	1,059	1,059
Federal Sources:		
National School Lunch Program	24,666	24,666
Food Distribution Program	6,691	6,691
<b>Total Nonoperating Revenues (Expenses)</b>	<u>32,416</u>	<u>32,416</u>
Income (Loss)	(4,477)	(4,477)
Change in Net Position	<u>(4,477)</u>	<u>(4,477)</u>
Total Net Position—Beginning	31,624	31,624
<b>Total Net Position—Ending</b>	<u>\$ 27,147</u>	<u>\$ 27,147</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, 2016

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 76,854	\$ 76,854
Payments to Employees	(33,852)	(33,852)
Payments for Employee Benefits	(8,696)	(8,696)
Payments to Suppliers	(65,152)	(65,152)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(30,846)</b>	<b>(30,846)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating Transfers from Other Funds	-	-
State Sources	960	960
Federal Sources	22,149	22,149
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>23,109</b>	<b>23,109</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,737)	(7,737)
Balances—Beginning of Year	26,474	26,474
<b>Balances—End of Year</b>	<b>\$ 18,737</b>	<b>\$ 18,737</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (36,893)	\$ (36,893)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	444	444
Federal Commodities	6,691	6,691
(Increase) Decrease in Accounts Receivable, Net	(2,147)	(2,147)
(Increase) Decrease in Inventories	(233)	(233)
Increase (Decrease) in Accounts Payable	1,292	1,292
<b>Total Adjustments</b>	<b>6,047</b>	<b>6,047</b>
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>\$ (30,846)</b>	<b>\$ (30,846)</b>

**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, 2016

	<b>Unemployment Compensation Trust</b>	<b>Jane Perlmutter Memorial Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 107,476	\$ 10,508	\$ 26,206
<b>Total Assets</b>	<u>107,476</u>	<u>10,508</u>	<u>26,206</u>
<b>LIABILITIES</b>			
Payable to Student Groups			\$ 21,701
Payroll Deductions and Withholdings			4,505
<b>Total Liabilities</b>			<u>\$ 26,206</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 107,476</u>	<u>\$ 10,508</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, 2016

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Jane Perlmutter Memorial <u>Fund</u></b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 6,447	
Contributions	<u>-</u>	<u>\$ 50</u>
Total Contributions	<u>6,447</u>	<u>50</u>
Investment Earnings:		
Interest	<u>209</u>	<u>47</u>
Net Investment Earnings	<u>209</u>	<u>47</u>
<b>Total Additions</b>	<u>6,656</u>	<u>97</u>
<b>DEDUCTIONS</b>		
Scholarships		100
Quarterly Contribution Reports	<u>155</u>	<u>-</u>
<b>Total Deductions</b>	<u>155</u>	<u>100</u>
Change in Net Position	6,501	(3)
Net Position—Beginning of the Year	<u>100,975</u>	<u>10,511</u>
<b>Net Position—End of the Year</b>	<u>\$ 107,476</u>	<u>\$ 10,508</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, 2016

**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 provided for the most significant change in financial reporting in over twenty years and was phased-in (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, and GAASB No. 68, Accounting for Pensions, and amendment of GASB No. 27. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2015.

**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, 2016, of 292 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, 2016

**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, 2016

**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, 2016

**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, 2016

**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, 2016

**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, 2016

**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, 2016, but which were levied to finance fiscal year 2017 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, 2016

**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, 2016

**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, 2016

**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, 2016, 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, 2016, 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	\$ 822,303		\$ 822,303
Emergency Reserve	21,625		21,625
Checking	<u>547,155</u>	<u>\$ 144,190</u>	<u>691,345</u>
	<u>\$ 1,391,083</u>	<u>\$ 144,190</u>	<u>\$ 1,535,273</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$1,535,273 and the bank balance was \$1,633,653. 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 \$1,383,653 was covered by collateral pool.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2016.**

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, 2016, consisted of intergovernmental accounts. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$190,482	\$190,673
Federal Aid	150,031	154,513
Local	12,566	12,566
Gross Receivable	\$353,079	\$357,752
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	\$353,079	\$357,752

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2016, consisted of the following:

Food	\$4,811
Supplies	<u>424</u>
	<u>\$5,235</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, 2016, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Being Depreciated:</i>				
Land	\$ 1,558,800			\$ 1,558,800
Buildings and Building Improvements	4,207,937	\$ 495,439		4,703,376
Machinery and Equipment	895,103	18,070		913,173
Total at Historical Cost	<u>6,661,840</u>	<u>513,509</u>	-	<u>7,175,349</u>
Less Accumulated Depreciation for:				
Building and Improvements	(2,915,318)	(165,161)		(3,080,479)
Equipment	<u>(786,329)</u>	<u>(39,316)</u>		<u>(825,645)</u>
Total Accumulated Depreciation	<u>(3,701,647)</u>	<u>(204,477)</u>		<u>(3,906,124)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>2,960,193</u>	<u>309,032</u>		<u>3,269,225</u>
<b>Government Activity Capital Assets, Net</b>	<b><u>\$ 2,960,193</u></b>	<b><u>\$ 309,032</u></b>		<b><u>\$ 3,269,225</u></b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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	\$ 151,060
Student Related Services	8,102
School Administration	23,955
Plant and Operations	<u>21,360</u>
Total	<u>\$ 204,477</u>

**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, 2016, are as follows:

	Balance			Balance	Amounts
	<u>7/1/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/16</u>	<u>Due Within</u>
					<u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$98,987		(\$10,644)	\$88,343	
<b>Total Other Liabilities</b>	<u>\$98,987</u>		<u>(\$10,644)</u>	<u>\$88,343</u>	<u>-</u>

Compensated absences have been liquidated in the General Fund.

The district had no bonds outstanding as of June, 30, 2016.

The district had no bonds authorized but not issued as of June, 30, 2016.

The district had no capital lease liabilities as of June, 30, 2016.

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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 Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

*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, 100% of 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.

*Summary of Significant Accounting Policies* - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$18,923,524 as measured on June 30, 2015 and \$16,447,266 as measured on June 30, 2014.

*For the year ended June 30, 2016, the District recognized pension expense of \$1,156,001 and revenue of \$1,156,001 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2016 is based upon changes in the collective net pension liability with a measurement period of June 30, 2014 through June 30, 2015. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2014 and June 30, 2015.*



HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/2014</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$2,306,623,861	\$7,521,378,257
Collective deferred inflows of resources	\$1,763,205,593	\$554,399,005
Collective net pension liability (Nonemployer-State of New Jersey)	\$53,446,745,367	\$63,204,270,305
State's portion of the net pension liability that was associated with the district	\$16,447,266	\$18,932,524
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.030773%	0.029955%

*Actuarial assumptions* - The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary Increases:	Varies based on experience
Investment Rate of Return:	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

*Discount rate.* The discount rate used to measure the State's total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determini

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

**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.

*Summary of Significant Accounting Policies* - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2016, the District reported a liability of \$1,325,106 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. At June 30, 2015, the District's proportion was 0.00590% which was a decrease of 0.00064 from its proportion measured as of June 30, 2014.

*For the year ended June 30, 2016, the District recognized pension expense of \$54,273. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:*

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 31,612	-
Changes of assumptions	142,306	
Net difference between projected and actual earnings on pension plan investments		\$ 21,305
Changes in proportion and differences between District contributions and proportionate share of contributions	-	151,006
District contributions subsequent to the measurement date	50,750	
Total	<u>\$ 224,668</u>	<u>\$ 172,311</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

\$50,750 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability measured as of June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>	
	2016	\$293
	2017	293
	2017	293
	2018	466
	2019	<u>263</u>
	Total	<u>\$1,607</u>
	<u>6/30/2014</u>	<u>6/30/2015</u>
Collective deferred outflows of resources	\$952,194,675	\$3,578,755,666
Collective deferred inflows of resources	1,479,224,662	993,410,455
Collective net pension liability (Non State - Local Group)	\$18,722,735,003	\$22,447,996,119
District's portion of net pension liability	\$1,224,903	\$1,325,106
District's proportion %	0.00654233%	0.00590300%

*Actuarial assumptions.* The collective total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation:	3.04%
Salary Increases:	
2012-2021	2.15%-4.40% based on age
Therafter	3.15%-5.40% based on age
Investment Rate of Return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds I Absolute	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

*Discount rate.* The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90%) or 1-percentage-point higher (5.90%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(3.90%)</u>	<u>(4.90%)</u>	<u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 1,646,945	\$ 1,325,106	\$ 1,055,279

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**Defined Contribution Retirement Plan (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**PERS and TPAF Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation** - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee’s annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78’s effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems’ unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**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 (PERS) and N.J.S.A. 18:66 (TPAF) 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 6.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2016	\$50,750	100 %	-0-
6/30/2015	\$53,934	100	-0-
6/30/2014	\$51,599	100	-0-

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2016	\$212,308	100 %	-0-
6/30/2015	\$161,945	100	-0-
6/30/2014	\$130,184	100	-0-

During the fiscal year ended June 30, 2016, the State of New Jersey did contribute \$465,109 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 \$194,460 during the year ended June 30, 2016, for the employer’s share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

HAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. 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 benefits 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 employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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

**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.



HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 10: COMPENSATED ABSENCES-(Continued)**

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, 2016, 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>
2015-2016	\$209	\$6,447	\$155	\$107,476
2014-2015	\$9,097	\$5,900	\$8,912	\$100,975
2013-2014	\$3,073	\$5,994	\$2,892	\$94,890

**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.

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 13: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$1,542,178 General Fund fund balance at June 30, 2016, \$228,191 is reserved for encumbrances; \$324,526 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7, as amended (\$158,374 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017), \$4,716 has been appropriated and included as anticipated revenue for the year ending June 30, 2017, \$822,303 has been reserved in the Capital Reserve Account; \$21,625 has been reserved in the Emergency Reserve Account; and, \$140,817 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.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 801,099
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/22/2016	360,000
Budgeted Withdrawal	(339,682)
Interest Earnings	886
Ending Balance, June 30, 2016	<u>\$ 822,303</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance July 1, 2015	\$ 21,625
Ending balance June 30, 2016	<u>\$ 21,625</u>

**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, 2016 is \$158,374.

**NOTE 16: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2016:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	
General Fund	\$ 136,257	\$ 2,418	
Special Revenue Fund	271	34,165	
Capital Projects Fund	-	102,092	
Enterprise Fund	2,147		
Total	<u>\$ 138,675</u>	<u>\$ 138,675</u>	

The Capital Projects Fund owes the General Fund for the roof project payment paid from the General Fund. The Special Revenue fund owes the General Fund for cash advances in anticipation of federal grant draw down payments. The General Fund owes the food service fund for State and Federal subsidies received but not yet paid over the the enterprise fund.



**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, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 5,112,125		\$ 5,112,125	\$ 5,112,125	
Interest on Capital Reserve	100		100	886	\$ 786
Miscellaneous	800		800	73,843	73,043
<b>Total - Local Sources</b>	<u>5,113,025</u>		<u>5,113,025</u>	<u>5,186,854</u>	<u>73,829</u>
<b>State Sources:</b>					
Equalization Aid	655,394		655,394	655,394	
Transportation Aid	167,978		167,978	167,978	
Special Education Aid	212,034		212,034	212,034	
Security Aid	32,162		32,162	32,162	
Adjustment Aid	174,490		174,490	174,490	
Add'l Adjustment Aid	27,682		27,682	27,682	
PARCC Readiness Grant	3,180		3,180	3,180	
Per Pupil Growth Aid	3,180		3,180	3,180	
Other State Aid	5,000		5,000	23,427	18,427
TPAF Pension (On-Behalf - Non-Budgeted)				202,234	202,234
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				252,801	252,801
TPAF Pension Non-contributory Insurance (On-Behalf - Non-Budgeted)				10,074	10,074
TPAF Social Security (Reimbursed - Non-Budgeted)				194,460	194,460
<b>Total State Sources</b>	<u>1,281,100</u>		<u>1,281,100</u>	<u>1,959,096</u>	<u>677,996</u>
<b>TOTAL REVENUES</b>	<u><b>6,394,125</b></u>		<u><b>6,394,125</b></u>	<u><b>7,145,950</b></u>	<u><b>751,825</b></u>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	176,531	(38,027)	138,504	137,040	1,464
Grades 1-5 - Salaries of Teachers	1,418,630	(89,611)	1,329,019	1,327,280	1,739
Grades 6-8 - Salaries of Teachers	303,372	27,077	330,449	330,449	
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	2,300		2,300	756	1,544
Purchased Professional-Educational Services	100	500	600	220	380
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	70,633	(70,633)			
Purchased Professional-Educational Services	25,100	(25,100)			
General Supplies	104,737	104,001	208,738	122,664	86,074
Employee Benefits	570,796	(90,599)	480,197	397,784	82,413
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>2,672,199</b>	<b>(182,392)</b>	<b>2,489,807</b>	<b>2,316,193</b>	<b>173,614</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Special Education Instruction - Learning or Language Disabilities:</b>					
Salaries of Teachers	172,436	62,670	235,106	235,106	
Other Salaries for Instruction	42,984	(23,413)	19,571	12,968	6,603
General Supplies	500	77	577	577	
Employee Benefits	97,263	6,300	103,563	90,140	13,423
<b>Total Special Education Instruction - Learning or Language Dis.</b>	<b>313,183</b>	<b>45,634</b>	<b>358,817</b>	<b>338,791</b>	<b>20,026</b>
<b>Special Education Instruction - Autism:</b>					
Salaries of Teachers	167,834	1,926	169,760	169,760	
Other Salaries for Instruction	41,084	(4,980)	36,104	30,823	5,281
General Supplies	500	(77)	423	99	324
Employee Benefits	56,785	3,700	60,485	52,131	8,354
<b>Total Special Education Instruction - Autism</b>	<b>266,203</b>	<b>569</b>	<b>266,772</b>	<b>252,813</b>	<b>13,959</b>



HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Special Education Instruction - Preschool Disab. - Part Time:</b>					
Other Salaries for Instruction	10,000	8,807	18,807	18,807	
<b>Total Special Education Instruction - Presch. Disab. - Part Time</b>	<u>10,000</u>	<u>8,807</u>	<u>18,807</u>	<u>18,807</u>	
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>589,386</b>	<b>55,010</b>	<b>644,396</b>	<b>610,411</b>	<b>33,985</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	288,772	(2,268)	286,504	265,406	21,098
General Supplies	800		800	571	229
Employee Benefits	72,406	3,700	76,106	64,876	11,230
<b>Total Basic Skills/Remedial - Instruction</b>	<u>361,978</u>	<u>1,432</u>	<u>363,410</u>	<u>330,853</u>	<u>32,557</u>
<b>Other Instructional Programs - Instruction:</b>					
Salaries	14,000	184	14,184	12,719	1,465
Purchased Services (Series 300-500)	13,000	(402)	12,598	10,388	2,210
General Supplies	1,000	404	1,404	1,404	
Other Objects	500	(25)	475	440	35
<b>Total Other Instructional Programs - Instruction</b>	<u>28,500</u>	<u>161</u>	<u>28,661</u>	<u>24,951</u>	<u>3,710</u>
<b>Before/After School</b>					
Salaries of Teachers Tutors	9,000		9,000	8,009	991
<b>Total Before/After School</b>	<u>9,000</u>		<u>9,000</u>	<u>8,009</u>	<u>991</u>
<b>Summer School - Instruction:</b>					
Other Salaries for Instruction	1,000		1,000		1,000
Salaries of Teachers Tutors	20,457		20,457	9,609	10,848
General Supplies	600		600		600
<b>Total Summer School - Instruction</b>	<u>22,057</u>		<u>22,057</u>	<u>9,609</u>	<u>12,448</u>
<b>TOTAL INSTRUCTION</b>	<b>3,683,120</b>	<b>(125,789)</b>	<b>3,557,331</b>	<b>3,300,026</b>	<b>257,305</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State-Special	134,000	63,400	197,400	179,243	18,157
Tuition to Private Schools for the Disabled-Within State	50,000	(50,000)			
<b>Total Instruction</b>	<b>184,000</b>	<b>13,400</b>	<b>197,400</b>	<b>179,243</b>	<b>18,157</b>
<b>Attendance and Social Work:</b>					
Salaries	9,105		9,105	9,105	
<b>Total Attendance and Social Work</b>	<b>9,105</b>		<b>9,105</b>	<b>9,105</b>	
<b>Health Services:</b>					
Salaries	68,888	371	69,259	69,155	104
Employee Benefits	20,032	2,000	22,032	18,606	3,426
Purchased Professional and Technical Services	1,500		1,500	470	1,030
Supplies and Materials	2,000	(171)	1,829	565	1,264
<b>Total Health Services</b>	<b>92,420</b>	<b>2,200</b>	<b>94,620</b>	<b>88,796</b>	<b>5,824</b>
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	27,427		27,427	26,927	500
Employee Benefits	13,926		13,926	12,725	1,201
Purchased Professional - Educational Services	45,300	22,511	67,811	67,403	408
Supplies and Materials	1,000	(1,000)			
<b>Total Other Supp. Services Students-Related Services</b>	<b>87,653</b>	<b>21,511</b>	<b>109,164</b>	<b>107,055</b>	<b>2,109</b>
<b>Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>					
Salaries		94,270	94,270	94,270	
<b>Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.</b>		<b>94,270</b>	<b>94,270</b>	<b>94,270</b>	
<b>Guidance:</b>					
Salaries	7,897		7,897	7,897	
Supplies and Materials	100		100		100
<b>Total Guidance</b>	<b>7,997</b>		<b>7,997</b>	<b>7,897</b>	<b>100</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries	1,000		1,000	296	704
Salaries of Other Professional Staff	94,419		94,419	94,419	
Salaries of Secretarial and Clerical Assistants	26,816		26,816	26,816	
Employee Benefits	46,833	4,000	50,833	41,320	9,513
Other Purchased Prof. and Tech Svcs	53,000	500	53,500	49,560	3,940
Misc Purchased Services (400-500 Other than Resid. Costs)	500		500	150	350
Supplies and Materials	1,900		1,900	1,249	651
<b>Total Other Supp. Services Students-Special</b>	<b>224,468</b>	<b>4,500</b>	<b>228,968</b>	<b>213,810</b>	<b>15,158</b>
<b>Improvement of Instruction Services:</b>					
Purchased Professional - Educational Services	6,100		6,100	5,830	270
Supplies and Materials	200		200		200
<b>Total Improvement of Instruction Services</b>	<b>6,300</b>		<b>6,300</b>	<b>5,830</b>	<b>470</b>
<b>Educational Media Services/School Library:</b>					
Salaries	92,618	260	92,878	92,860	18
Salaries of Tech Coordinators	8,000	4,940	12,940	11,085	1,855
Employee Benefits	59,179	(1,449)	57,730	53,161	4,569
Purchased Professional and Technical Services	1,500	308	1,808	1,808	
Supplies and Materials	5,000	5,111	10,111	9,845	266
Other Objects	1,900	1,130	3,030	1,343	1,687
<b>Total Educational Media Services/School Library</b>	<b>168,197</b>	<b>10,300</b>	<b>178,497</b>	<b>170,102</b>	<b>8,395</b>
<b>Instructional Staff Training Services:</b>					
Salaries of Other Professional Staff	2,500		2,500		2,500
Purchased Professional and Technical Services	9,000	(1,277)	7,723	7,318	405
Other Purchased Services (400-500 series)	5,000		5,000	364	4,636
<b>Total Instructional Staff Training Services</b>	<b>16,500</b>	<b>(1,277)</b>	<b>15,223</b>	<b>7,682</b>	<b>7,541</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Supp. Services - General Administration:</b>					
Salaries	70,866	(4,735)	66,131	66,131	
Employee Benefits	26,382	(3,207)	23,175	23,134	41
Legal Services	4,200	9,930	14,130	14,078	52
Audit Fees	14,300	1,058	15,358	15,358	
Other Purchased Professional Services	11,500	4,008	15,508	15,508	
Communications/Telephone	9,000	(386)	8,614	8,614	
Other Purchased Services (400-500)	13,600	(6,103)	7,497	7,497	
General Supplies	1,000	191	1,191	1,124	67
BOE In House Training/Meeting Supplies	250	(250)			
Miscellaneous Expenses	1,500	5,929	7,429	7,385	44
BOE Membership Dues and Fees	5,500	(1,543)	3,957	3,957	
<b>Total Supp. Services - General Administration</b>	<b>158,098</b>	<b>4,892</b>	<b>162,990</b>	<b>162,786</b>	<b>204</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	105,179	13,935	119,114	119,113	1
Salaries of Other Professional Staff	78,797	683	79,480	77,388	2,092
Salaries of Secretarial and Clerical Assistants	31,256	(412)	30,844	30,543	301
Employee Benefits	61,312	2,700	64,012	56,615	7,397
Other Purchased Services (400-500 series)	2,000	(2,000)			
Supplies and Materials	2,400	(354)	2,046	2,015	31
Other Objects	1,000		1,000	763	237
<b>Total Support Services - School Administration</b>	<b>281,944</b>	<b>14,552</b>	<b>296,496</b>	<b>286,437</b>	<b>10,059</b>
<b>Central Services:</b>					
Salaries	143,821	31,391	175,212	175,212	
Employee Benefits	41,606	(14,334)	27,272	25,181	2,091
Misc Purchased Services (400-500 Other than Resid. Costs)	2,300	(1,857)	443	443	
Supplies and Materials	6,800	126	6,926	6,572	354
Other Objects	2,000	9	2,009	2,009	
<b>Total Central Services</b>	<b>196,527</b>	<b>15,335</b>	<b>211,862</b>	<b>209,417</b>	<b>2,445</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Admin Info Tech.:</b>					
Salaries	15,000	(4,735)	10,265	9,150	1,115
Purchased Professional Services	7,500	(2,265)	5,235	4,565	670
Purchased Technical Services	19,500	2,380	21,880	21,859	21
Supplies and Materials	1,000		1,000	47	953
<b>Total Admin. Info. Tech.</b>	<b>43,000</b>	<b>(4,620)</b>	<b>38,380</b>	<b>35,621</b>	<b>2,759</b>
<b>Required Maintenance for School Facilities:</b>					
Cleaning, Repair and Maintenance Services		54,080	54,080	54,080	
Cleaning, Repair and Maintenance Services	87,125	16,905	104,030	78,468	25,562
Cleaning, Repair and Maintenance Services		8,875	8,875	5,756	3,119
<b>Total Required Maintenance for School Facilities</b>	<b>87,125</b>	<b>79,860</b>	<b>166,985</b>	<b>138,304</b>	<b>28,681</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	191,687	(49,168)	142,519	139,335	3,184
Employee Benefits	79,254	5,000	84,254	76,565	7,689
Purchased Professional and Technical Services	32,700	(20,068)	12,632	9,163	3,469
Cleaning, Repair and Maintenance Services	41,700	(1,806)	39,894	39,072	822
Insurance	36,250	6,545	42,795	42,795	
General Supplies	22,000	(601)	21,399	16,123	5,276
Energy (Natural Gas)	39,236	9,571	48,807	15,397	33,410
Energy (Electricity)	119,100	(907)	118,193	76,617	41,576
Energy (Oil)	500	60	560	560	
Other Objects	1,300	700	2,000	1,972	28
<b>Total Other Operations and Maintenance of Plant</b>	<b>563,727</b>	<b>(50,674)</b>	<b>513,053</b>	<b>417,599</b>	<b>95,454</b>
<b>Care and Upkeep of Grounds:</b>					
Supplies and Materials	3,400	3,500	6,900	4,322	2,578
<b>Total Care and Upkeep of Grounds</b>	<b>3,400</b>	<b>3,500</b>	<b>6,900</b>	<b>4,322</b>	<b>2,578</b>
<b>Security:</b>					
Cleaning, Repair and Maintenance Services	9,950	2,629	12,579	7,622	4,957
<b>Total Security</b>	<b>9,950</b>	<b>2,629</b>	<b>12,579</b>	<b>7,622</b>	<b>4,957</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Student Transportation Services</b>					
Sal. For Pupil Transp. (Bet Home & Sch) - Reg.	3,195		3,195	3,195	
Management Fee - ESC & CTSA Trans Program	6,000		6,000	1,599	4,401
Contr Serv. - Aid in Lieu Payments		3,536	3,536	1,444	2,092
Contracted Services (Between Home and School)-Vendors	263,585		263,585	263,583	2
Contracted Services (Other than Bet.Home & School)-Vendors	11,000		11,000	8,735	2,265
Contracted Services (Between Home and School)-Joint Agrmts.	19,500		19,500	14,742	4,758
Contracted Services (Spec. Ed. Students)-ESCs & CTSA's	109,650	16,464	126,114	51,145	74,969
<b>Total Student Transportation Services</b>	<b>412,930</b>	<b>20,000</b>	<b>432,930</b>	<b>344,443</b>	<b>88,487</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	63,000	21,687	84,687	84,687	
Other Retirement Contributions-Regular	65,000	(14,250)	50,750	50,750	
Unemployment Compensation	18,000		18,000	73	17,927
Workmen's Compensation	49,820	(34)	49,786	29,501	20,285
Tuition Reimbursement	18,000		18,000	18,000	
Other Benefits	20,000	(7,403)	12,597	12,476	121
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>233,820</b>		<b>233,820</b>	<b>195,487</b>	<b>38,333</b>
On-behalf TPAF pension Contrib. (non-budgeted)				202,234	(202,234)
On-behalf TPAF PRM Contrib. (non-budgeted)				252,801	(252,801)
On-behalf TPAF pension Non-contributory Ins. (non-budgeted)				10,074	(10,074)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				194,460	(194,460)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>659,569</b>	<b>(659,569)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	<b>233,820</b>		<b>233,820</b>	<b>855,056</b>	<b>(621,236)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>2,787,161</b>	<b>230,378</b>	<b>3,017,539</b>	<b>3,345,397</b>	<b>(327,858)</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>6,470,281</b>	<b>104,589</b>	<b>6,574,870</b>	<b>6,645,423</b>	<b>(70,553)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment:</b>					
Technical Equipment		3,770	3,770	3,770	
Maintenance Equipment		13,120	13,120	9,800	3,320
<b>Total Equipment</b>		<b>16,890</b>	<b>16,890</b>	<b>13,570</b>	<b>3,320</b>
<b>Facilities Acquisition and Construction Services</b>					
Architectural/Engineering Services		25,899	25,899	25,899	
Construction Services		122,175	122,175	101,219	20,956
Facilities Renovations		78,145	78,145	7,185	70,960
<b>Total Facilities Acquisition and Construction Services</b>		<b>226,219</b>	<b>226,219</b>	<b>134,303</b>	<b>91,916</b>
<b>TOTAL CAPITAL OUTLAY</b>		<b>243,109</b>	<b>243,109</b>	<b>147,873</b>	<b>95,236</b>
Transfer to Charter School	<b>84,926</b>	18,343	<b>103,269</b>	<b>103,269</b>	
<b>TOTAL EXPENDITURES</b>	<b>6,555,207</b>	<b>366,041</b>	<b>6,921,248</b>	<b>6,896,565</b>	<b>24,683</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(161,082)</b>	<b>(366,041)</b>	<b>(527,123)</b>	<b>249,385</b>	<b>776,508</b>
<b>Other Financing Sources:</b>					
<b>Operating Transfer In/(Out):</b>					
Capital Reserve - Transfer to Capital Projects	(349,941)	105,808	(244,133)	(238,463)	5,670
<b>Total Other Financing Sources:</b>	<b>(349,941)</b>	<b>105,808</b>	<b>(244,133)</b>	<b>(238,463)</b>	<b>5,670</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(511,023)	(260,233)	(771,256)	10,922	782,178
<b>Fund Balance, July 1</b>	1,658,866		1,658,866	1,658,866	
<b>Fund Balance, June 30</b>	<u>\$ 1,147,843</u>	<u>\$ (260,233)</u>	<u>\$ 887,610</u>	<u>\$ 1,669,788</u>	<u>\$ 782,178</u>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 822,303	
Emergency Reserve				21,625	
Excess Surplus				166,152	
Excess Surplus - Designated for Subsequent Year's Expenditures				158,374	
<b>Assigned to:</b>					
Designated for Subsequent Year's Expenditures				4,716	
Year-End Encumbrances				228,191	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>268,427</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				\$ 1,669,788	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>(127,610)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 1,542,178</u>	



HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2016

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
State Sources	\$ 62,500	\$ (1,429)	\$ 61,071	\$ 61,071	-
Federal Sources	142,400	44,611	187,011	152,557	\$ (34,454)
<b>Total Revenues</b>	<b>204,900</b>	<b>43,182</b>	<b>248,082</b>	<b>213,628</b>	<b>(34,454)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries		10,147	10,147	10,147	
Other Salaries		31,553	31,553	31,553	
Purchased Prof. & Tech Svcs	204,900	(132,064)	72,836	70,142	2,694
Tuition		16,052	16,052	16,052	
General Supplies		9,899	9,899	9,822	77
Textbooks		5,935	5,935	5,139	796
<b>Total Instruction</b>	<b>204,900</b>	<b>(58,478)</b>	<b>146,422</b>	<b>142,855</b>	<b>3,567</b>
<b>Support Services</b>					
Salaries of Supervisors		17,675	17,675	16,614	1,061
Salaries of Prof. Staff		10,267	10,267	10,267	
Personal Services-Employee Bene.		5,753	5,753	4,143	1,610
Purchased Profess. Tech. Svcs		9,332	9,332	8,154	1,178
Purchased Profess. Educ. Svcs		48,043	48,043	26,828	21,215
Other Purchased Svcs		8,330	8,330	2,507	5,823
Supplies and Materials		2,260	2,260	2,260	
<b>Total Support Services</b>		<b>101,660</b>	<b>101,660</b>	<b>70,773</b>	<b>30,887</b>
<b>Total Expenditures</b>	<b>204,900</b>	<b>43,182</b>	<b>248,082</b>	<b>213,628</b>	<b>34,454</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>					None
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Current Year Last State Aid Payment not recognized on GAAP basis until received					<u>None</u>
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>					<u>None</u>

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

For the Fiscal Year Ended June 30, 2016

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 7,145,950	\$ 213,628
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	7,390
Current Year	N/A	(8,014)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	127,610	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(127,610)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 7,145,950</u>	<u>\$ 213,004</u>
 <b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 6,896,565	\$ 213,628
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	7,390
Current Year	N/A	(8,014)
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>\$ 6,896,565</u>	<u>\$ 213,004</u>

**Hampton School District  
Required Supplementary Information - Part III  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years \***

**Teachers' Pension and Annuity Fund (TPAF)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A							
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A							
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 18,932,524</u>	<u>\$ 16,447,266</u>	<u>\$ 16,110,382</u>							
Total	<u>\$ 18,932,524</u>	<u>\$ 16,447,266</u>	<u>\$ 16,110,382</u>							
District's covered employee payroll	\$ 2,519,735	\$ 2,635,075	\$ 3,987,972							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A							
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%							

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

**Public Employees' Retirement System (PERS)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
District's proportion of the net pension liability (asset)	0.005903004%	0.006542327%	0.006917639%							
District's proportionate share of the net pension liability (asset)	<u>\$ 1,325,106</u>	<u>\$ 1,224,903</u>	<u>\$ 1,322,098</u>							
District's covered employee payroll	\$ 395,661	\$ 423,592	\$ 610,941							
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	334.91%	289.17%	216.40%							
Plan fiduciary net position as a percentage of the total pension liability (Local)	47.92%	52.08%	48.72%							

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Hampton School District  
Required Supplementary Information - Part III  
Schedule of District Contributions  
Last Ten Fiscal Years \***

**Teachers' Pension and Annuity Fund (TPAF)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution **	N/A	N/A	N/A							
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A							
Contribution deficiency (excess)	N/A	N/A	N/A							
District's covered employee payroll	\$ 2,519,735	\$ 2,635,075	\$ 3,987,972							
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A							

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

**Public Employees' Retirement System (PERS)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 50,750	\$ 53,934	\$ 51,599							
Contributions in relation to the contractually required contribution	<u>(50,750)</u>	<u>(53,934)</u>	<u>(51,599)</u>							
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>							
District's covered employee payroll	\$ 395,661	\$ 423,592	\$ 610,941							
Contributions as a percentage of covered-employee payroll	12.83%	12.73%	8.45%							

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

HAMPTON SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III**  
**Pension Schedules**

For the Fiscal Year Ended June 30, 2016

**Teachers' Pension and Annuity Fund (TPAF)**

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

*Changes of assumptions.* Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**Public Employees' Retirement System (PERS)**

*Changes of benefit terms.* The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

*Changes of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.



**OTHER SUPPLEMENTARY INFORMATION**

<p style="text-align: center;"><b>SPECIAL REVENUE FUND DETAIL STATEMENTS</b></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, 2016

	<b>Title I</b>	<b>Title I I Part A</b>	<b>IDEA Basic</b>	<b>IDEA Preschool</b>	<b>NP Textbook</b>	<b>NP Security</b>	<b>NP Nursing</b>	<b>NP Technology</b>	<b>Handi- Cap Svcs Exam.</b>	<b>Handi- Cap Svcs Cor. Speech</b>	<b>Handi- Cap Svcs Suppl Inst</b>	<b>Aux. Svcs Comp Ed.</b>	<b>Totals</b>
<b>REVENUES</b>													
State Sources					\$ 5,139	\$ 3,005	\$ 8,904	\$ 2,260	\$ 10,735	\$ 7,710	\$ 6,905	\$ 16,413	\$ 61,071
Federal Sources	\$ 26,162	\$ 8,898	\$ 100,923	\$ 16,574									152,557
<b>TOTAL REVENUES</b>	<b>26,162</b>	<b>8,898</b>	<b>100,923</b>	<b>16,574</b>	-	-	-	-	-	-	-	-	<b>213,628</b>
<b>EXPENDITURES:</b>													
<b>Instruction:</b>													
Salaries			7,756						2,391				10,147
Other Salaries			31,553										31,553
Purchased Prof. & Tech Svcs			21,866				8,904		8,344	7,710	6,905	16,413	70,142
Tuition			4,627	11,425									16,052
General Supplies	4,915	2,477	2,430										9,822
Textbooks					5,139								5,139
<b>Total Instruction</b>	<b>4,915</b>	<b>2,477</b>	<b>68,232</b>	<b>11,425</b>	<b>5,139</b>	<b>-</b>	<b>8,904</b>	<b>-</b>	<b>10,735</b>	<b>7,710</b>	<b>6,905</b>	<b>16,413</b>	<b>142,855</b>
<b>Support Services:</b>													
Salaries of Supervisors of Instruction	16,614												16,614
Salaries of Prof. Staff			10,267										10,267
Personal Services-Employee Bene.	4,143												4,143
Purchased Profess. Tech. Svcs				5,149		3,005							8,154
Purchased Profess. Educ. Svcs	490	5,024	21,314										26,828
Other Purchased Svcs		1,397	1,110										2,507
Supplies and Materials								2,260					2,260
<b>Total Support Services</b>	<b>21,247</b>	<b>6,421</b>	<b>32,691</b>	<b>5,149</b>	<b>-</b>	<b>3,005</b>	<b>-</b>	<b>2,260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,773</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 26,162</b>	<b>\$ 8,898</b>	<b>\$ 100,923</b>	<b>\$ 16,574</b>	<b>\$ 5,139</b>	<b>\$ 3,005</b>	<b>\$ 8,904</b>	<b>\$ 2,260</b>	<b>\$ 10,735</b>	<b>\$ 7,710</b>	<b>\$ 6,905</b>	<b>\$ 16,413</b>	<b>\$ 213,628</b>
<b>Total Outflows</b>	<b>\$ 26,162</b>	<b>\$ 8,898</b>	<b>\$ 100,923</b>	<b>\$ 16,574</b>	<b>\$ 5,139</b>	<b>\$ 3,005</b>	<b>\$ 8,904</b>	<b>\$ 2,260</b>	<b>\$ 10,735</b>	<b>\$ 7,710</b>	<b>\$ 6,905</b>	<b>\$ 16,413</b>	<b>\$ 213,628</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>													

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

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

For the Fiscal Year Ended June 30, 2016

	<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, 2016</u>	
					<u>Prior Years</u>	<u>Current Year</u>		
Roof Project (Phase II)								
State of New Jersey	4/9/14	School Development Authority	\$ 334,904	\$ 308,923	\$ 308,923	-	-	
Capital Outlay Budget-Capital Reserve	4/9/14	Board of Education	<u>503,000</u>	<u>463,384</u>	<u>439,968</u>	<u>-</u>	<u>\$ 23,416</u>	
			837,904	772,307	748,891	-	23,416	
Chiller Replacement Project								
State of New Jersey	6/10/15	School Development Authority	113,294	91,894		\$ 91,894	-	
Capital Outlay Budget-Capital Reserve	6/10/15	Board of Education	<u>169,941</u>	<u>139,773</u>	<u>-</u>	<u>137,842</u>	<u>1,931</u>	
			283,235	231,667	-	229,736	1,931	
Well Tank Replacement								
State of New Jersey	6/10/15	School Development Authority	120,000	65,794		65,794	-	
Capital Outlay Budget-Capital Reserve	6/10/15	Board of Education	<u>180,000</u>	<u>98,690</u>	<u>-</u>	<u>98,690</u>	<u>-</u>	
			300,000	164,484	-	164,484	-	
				<u>\$ 1,168,458</u>	<u>\$ 748,891</u>	<u>\$ 394,220</u>	<u>\$ 25,347</u>	
Local Portion of Roof Phase II - Overfunded Portion of Capital Reserve Transfer (\$503,000 V. \$463,384)							<u>39,616</u>	
Sub-Total							39,616	
Fund Balance - June 30, 2016							<u>\$ 64,963</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, 2016

**Revenues and Other Financing  
Sources**

Transfer from Capital Reserve	\$ 238,463
State Sources - SDA Grant	(75,606)
Total Revenues	<u>162,857</u>

**Expenditures and Other Financing  
Sources**

Purchased Professional Services	-
Construction Services	394,220
Total Expenditures	<u>394,220</u>

Excess(deficiency) of revenues over(under) expenditures	(231,363)
------------------------------------------------------------	-----------

Fund Balance - Beginning	<u>296,326</u>
--------------------------	----------------

Fund Balance - Ending	<u>\$ 64,963</u>
-----------------------	------------------

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,**  
**AND PROJECT STATUS-BUDGETARY BASIS**  
**ROOF REPLACEMENT-MCKEOWN ELEMENTARY**

From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 308,923		\$ 308,923	\$ 308,923
Transfer from Capital Reserve	503,000		503,000	463,384
Total Revenues	<u>811,923</u>	<u>-</u>	<u>811,923</u>	<u>772,307</u>
<b>Expenditures and Other Financing Sources</b>				
Purchase Professional & Technical Services	57,847		57,847	57,847
Construction Services	691,044		691,044	714,460
Total Expenditures	<u>748,891</u>	<u>-</u>	<u>748,891</u>	<u>772,307</u>
Excess(deficiency) of revenues over(under) expenditures	<u>63,032</u>	<u>-</u>	<u>63,032</u>	

Project Fund Balance, 6/30/16 \$ 63,032

**Additional project information:**

SDA Project Number	1980-050-14-G2UK
DOE Project Number	1980-050-14-1001
Grant Date	4/19/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$837,260
Additional Authorized Cost	-\$64,953
Revised Authorized Cost	\$772,307

Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	97.0%
Original Target Completion Date	6/30/2015
Revised Target Completion Date	9/30/2016

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2b

**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,**  
**AND PROJECT STATUS-BUDGETARY BASIS**  
**CHILLER REPLACEMENT-MCKEOWN ELEMENTARY**

From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 113,294	\$ (21,400)	\$ 91,894	\$ 91,894
Transfer from Capital Reserve		139,773	139,773	139,773
Total Revenues	<u>113,294</u>	<u>118,373</u>	<u>231,667</u>	<u>231,667</u>
<b>Expenditures and Other Financing Sources</b>				
Purchase Professional & Technical Services			-	19,120
Construction Services		229,736	229,736	210,616
Total Expenditures		<u>-</u>	<u>229,736</u>	<u>229,736</u>
Excess(deficiency) of revenues over(under) expenditures	<u>113,294</u>	<u>(111,363)</u>	<u>1,931</u>	
			<u>Project Fund Balance, 6/30/16</u>	<u>\$ 1,931</u>

**Additional project information:**

SDA Project Number	1980-050-14-G2UM
DOE Project Number	1980-050-14-1003
Grant Date	6/10/15
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$283,235
Additional Authorized Cost	-\$51,568
Revised Authorized Cost	\$231,667
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	6/30/2016
Revised Target Completion Date	6/30/2016

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2c

**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,**  
**AND PROJECT STATUS-BUDGETARY BASIS**  
**WELL TANK REPLACEMENT-MCKEOWN ELEMENTARY**

From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 120,000	\$ (54,206)	\$ 65,794	\$ 65,794
Transfer from Capital Reserve		98,690	98,690	98,690
Total Revenues	<u>120,000</u>	<u>44,484</u>	<u>164,484</u>	<u>164,484</u>
<b>Expenditures and Other Financing Sources</b>				
Purchase Professional & Technical Services			-	9,952
Construction Services		164,484	164,484	154,532
Total Expenditures	<u>-</u>	<u>164,484</u>	<u>164,484</u>	<u>164,484</u>
Excess(deficiency) of revenues over(under) expenditures	<u>120,000</u>	<u>(120,000)</u>	<u>-</u>	

Project Fund Balance, 6/30/16 -

**Additional project information:**

SDA Project Number	1980-050-14-G2UL
DOE Project Number	1980-050-14-1002
Grant Date	6/10/15
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$300,000
Additional Authorized Cost	-\$135,516
Revised Authorized Cost	\$164,484

Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	6/30/2016
Revised Target Completion Date	6/30/2016





**PROPRIETARY FUND  
DETAIL STATEMENTS**

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

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

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

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

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

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

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

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

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	JANE PERLMUTTER MEMORIAL FUND	<u>AGENCY FUNDS</u>		<u>TOTALS</u>
			<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>	
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 107,476	\$ 10,508	\$ 21,701	\$ 4,505	\$ 144,190
<b>TOTAL ASSETS</b>	<u>107,476</u>	<u>10,508</u>	<u>21,701</u>	<u>4,505</u>	<u>144,190</u>
<b>LIABILITIES:</b>					
Liabilities:					
Payroll Deductions & Withholdings				\$ 4,505	\$ 4,505
Payable to Student Groups			\$ 21,701	-	21,701
<b>Total Liabilities</b>			<u>21,701</u>	<u>4,505</u>	<u>26,206</u>
<b>NET POSITION</b>					
Held in Trust for Unemployment Claims and Other Purposes	\$ 107,476	\$ 10,508			<u>117,984</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 107,476</u>	<u>\$ 10,508</u>	<u>\$ 21,701</u>	<u>\$ 4,505</u>	<u>\$ 144,190</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	<b>UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u></b>	<b>JANE PERLMUTTER MEMORIAL <u>FUND</u></b>	<b><u>TOTALS</u></b>
<b>ADDITIONS</b>			
Contributions:			
Plan Member	\$ 6,447		\$ 6,447
Contributions	-	\$ 50	50
Total Contributions	<u>6,447</u>	<u>50</u>	<u>6,497</u>
Investment Earnings:			
Interest	209	\$ 47	256
Net Investment Earnings	<u>209</u>	<u>47</u>	<u>256</u>
<b>Total Additions</b>	<b><u>6,656</u></b>	<b><u>97</u></b>	<b><u>6,753</u></b>
<b>DEDUCTIONS</b>			
Scholarships		100	100
Claims/Quarterly Contribution Reports	<u>155</u>	<u>-</u>	<u>155</u>
<b>Total Deductions</b>	<b><u>155</u></b>	<b><u>100</u></b>	<b><u>255</u></b>
Change in Net Position	6,501	(3)	6,498
Net Position—Beginning of the Year	<u>100,975</u>	<u>10,511</u>	<u>111,486</u>
<b>Net Position—End of the Year</b>	<b><u>\$ 107,476</u></b>	<b><u>\$ 10,508</u></b>	<b><u>\$ 117,984</u></b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
STUDENT ACTIVITY AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2015</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2016</u>
Hampton Elementary School	\$ 18,642	\$ 27,494	\$ 24,435	\$ 21,701
<b>TOTALS</b>	<b>\$ 18,642</b>	<b>\$ 27,494</b>	<b>\$ 24,435</b>	<b>\$ 21,701</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>BALANCE</u> July 1, 2015	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> June 30, 2016
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 30,159	\$ 4,050,525	\$ 4,076,179	\$ 4,505
<b>Total Assets</b>	<u>\$ 30,159</u>	<u>\$ 4,050,525</u>	<u>\$ 4,076,179</u>	<u>\$ 4,505</u>
<b>LIABILITIES:</b>				
Payroll Deductions & Withholdings	\$ 30,159	\$ 1,743,563	\$ 1,769,217	\$ 4,505
Accrued Salaries & Wages		2,306,962	2,306,962	-
<b>Total Liabilities</b>	<u>\$ 30,159</u>	<u>\$ 4,050,525</u>	<u>\$ 4,076,179</u>	<u>\$ 4,505</u>

## **LONG-TERM DEBT SCHEDULES**

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

N/A

Hampton Township School District  
**Statistical Section**

<u>Contents</u>	<u>Page</u>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	92-97
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	98-101
<b>Debt Capacity (J-10 thru J-13)</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	102-105
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	106-107
<b>Operating Information (J-16 thru J-20)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	108-112

**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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 2,804,572	\$ 2,689,964	\$ 2,591,593	\$ 2,490,573	\$ 2,393,213	\$ 2,408,761	\$ 2,297,481	\$ 2,377,259	\$ 2,960,193	\$ 3,269,225
Restricted	300,406	428,325	827,151	774,097	909,244	885,528	866,025	1,275,018	1,143,916	1,173,170
Unrestricted	68,019	67,634	31,969	152,476	119,549	141,155	250,467	404,864	(681,362)	(927,121)
<b>Total governmental activities net assets</b>	<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>	<u>\$ 4,057,141</u>	<u>\$ 3,422,747</u>	<u>\$ 3,515,274</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 7,454	\$ 6,577	\$ 5,700	\$ 4,824	\$ 3,948	\$ 3,072	\$ 2,196	\$ 1,320	\$ 444	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,091	11,661	31,722	50,573	54,943	58,854	59,745	24,282	31,180	\$ 27,147
<b>Total business-type activities net assets</b>	<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>	<u>\$ 25,602</u>	<u>\$ 31,624</u>	<u>\$ 27,147</u>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 2,812,026	\$ 2,696,541	\$ 2,597,293	\$ 2,495,397	\$ 2,397,161	\$ 2,411,833	\$ 2,299,677	\$ 2,378,579	\$ 2,960,637	\$ 3,269,225
Restricted	300,406	428,325	827,151	774,097	909,244	885,528	866,025	1,275,018	1,143,916	1,173,170
Unrestricted	75,110	79,295	63,691	203,049	174,492	200,009	310,212	429,146	(650,182)	(899,974)
<b>Total district net assets</b>	<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>	<u>\$ 4,082,743</u>	<u>\$ 3,454,371</u>	<u>\$ 3,542,421</u>

Source: CAFR Schedule A-1

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

**Exhibit J-2**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 3,088,122	\$ 3,119,881	\$ 3,072,186	\$ 3,266,322	\$ 3,131,738	\$ 3,395,622	\$ 3,417,088	\$ 3,119,484	\$ 3,553,719	\$ 3,393,385
Special education	822,490	759,928	506,075	623,251	720,639	414,725	353,650	578,897	674,713	787,678
Other special education	158,070	141,542	290,004	229,544	288,181	417,857	438,199	382,650	471,336	481,866
School Sponsored Other Instruction	56,905	68,377	121,883	88,018	76,632	-	-	-	-	-
Support Services:										
Tuition	157,567	273,177	100,568	190,581	208,847	252,179	149,083	112,915	125,405	179,243
Student & instruction related services	655,110	679,146	718,293	728,390	649,583	798,789	876,604	722,836	808,667	1,007,992
General administrative services	301,433	279,916	287,576	297,691	311,534	591,251	612,799	469,626	416,991	439,300
School administrative services	473,273	482,328	433,110	452,673	446,060	186,956	208,493	220,089	336,429	384,221
Plant operations and maintenance	556,881	623,365	602,164	584,964	532,012	627,608	594,938	628,046	687,767	760,316
Pupil transportation	393,510	478,108	377,393	396,564	382,963	410,133	394,017	384,063	348,315	344,443
Other Support Services	36,105	21,625	-	-	-	-	-	-	-	-
Charter Schools	27,549	25,062	65,233	26,460	22,555	46,900	22,808	35,782	84,255	103,269
Interest on long-term debt	4,613	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	201,244	103,733	108,060	107,082	-	-	-	-	-	-
Total governmental activities expenses	<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>	<u>6,654,388</u>	<u>7,507,597</u>	<u>7,881,713</u>
Business-type activities:										
Food service	116,359	124,300	105,786	107,426	116,162	125,447	114,231	152,979	108,536	109,890
Total business-type activities expense	<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>	<u>152,979</u>	<u>108,536</u>	<u>109,890</u>
Total district expenses	<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>	<u>\$ 6,807,367</u>	<u>\$ 7,616,133</u>	<u>\$ 7,991,603</u>
<b>Program Revenues</b>										
Governmental activities:										
Operating grants and contributions	2,136,328	2,148,999	1,094,957	1,224,282	1,153,951	2,134,950	2,168,141	2,019,045	2,854,253	2,862,992
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<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>	<u>2,019,045</u>	<u>2,854,253</u>	<u>2,862,992</u>
Business-type activities:										
Charges for services										
Food service	93,229	99,887	92,990	91,621	84,484	83,347	70,059	77,863	78,081	72,855
Operating grants and contributions	25,051	27,919	31,727	33,548	35,119	45,017	43,892	36,630	34,827	32,416
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<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>	<u>114,493</u>	<u>112,908</u>	<u>105,271</u>
Total district program revenues	<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>	<u>\$ 2,133,538</u>	<u>\$ 2,967,161</u>	<u>\$ 2,968,263</u>

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

**Exhibit J-2**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (4,796,544)	\$ (4,907,189)	\$ (5,587,588)	\$ (5,767,258)	\$ (5,616,793)	\$ (5,007,070)	\$ (4,899,538)	\$ (4,635,343)	\$ (4,653,344)	\$ (5,018,721)
Business-type activities	1,921	3,506	18,931	17,743	3,441	2,917	(280)	(38,486)	4,372	(4,619)
Total district-wide net expense	<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>	<u>\$ (4,673,829)</u>	<u>\$ (4,648,972)</u>	<u>\$ (5,023,340)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 4,391,661	\$ 4,533,374	\$ 4,723,432	\$ 4,723,432	\$ 4,813,907	\$ 4,890,185	\$ 4,867,320	\$ 4,918,611	\$ 5,014,032	\$ 5,112,125
Taxes levied for debt service	125,688	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	295,310	359,060	1,100,296	943,114	804,739	-	-	308,923	233,294	(75,606)
Investment earnings	-	-	-	2,827	711	3,170	3,388	3,382	3,176	3,803
Miscellaneous income	43,874	27,681	28,650	64,318	2,296	11,925	7,359	47,595	36,586	70,926
Total governmental activities	<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>	<u>5,278,511</u>	<u>5,287,088</u>	<u>5,111,248</u>
Business-type activities:										
Investment earnings	248	187	253	232	53	118	295	2,147	1,650	142
Total business-type activities	<u>248</u>	<u>187</u>	<u>253</u>	<u>232</u>	<u>53</u>	<u>118</u>	<u>295</u>	<u>2,147</u>	<u>1,650</u>	<u>142</u>
Total district-wide	<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>	<u>\$ 5,280,658</u>	<u>\$ 5,288,738</u>	<u>\$ 5,111,390</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 59,989	\$ 12,926	\$ 264,790	\$ (33,567)	\$ 4,860	\$ (101,790)	\$ (21,471)	\$ 643,168	\$ 633,744	\$ 92,527
Business-type activities	2,169	3,693	19,184	17,975	3,494	3,035	15	(36,339)	6,022	(4,477)
Total district	<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>	<u>\$ 606,829</u>	<u>\$ 639,766</u>	<u>\$ 88,050</u>

Source: CAFR Schedule A-2

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

**Exhibit J-3**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Reserved	\$ 278,781	\$ 428,325	\$ 827,151	\$ 774,097	\$ 921,449	\$ 914,362	\$ 999,847	\$ 1,415,065	\$ 1,404,149	\$ 1,401,361
Unreserved	22,041	224,911	132,709	246,046	180,031	163,591	126,769	125,638	127,107	140,817
Total general fund	<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>	<u>\$ 1,540,703</u>	<u>\$ 1,531,256</u>	<u>\$ 1,542,178</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Capital projects fund							\$ 155,000	\$ 265,365	\$ 296,326	\$ 64,963
Total all other governmental funds							<u>\$ 155,000</u>	<u>\$ 265,365</u>	<u>\$ 296,326</u>	<u>\$ 64,963</u>

Source: CAFR Schedule B-1

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

**Exhibit J-4**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>										
Tax levy	\$ 4,517,349	\$ 4,533,374	\$ 4,723,432	\$ 4,723,432	\$ 4,813,907	\$ 4,890,185	\$ 4,867,320	\$ 4,918,611	\$ 5,014,032	\$ 5,112,125
Interest on Investments	757	1,083	2,101	2,827	711	-	-	-	-	-
Miscellaneous	44,117	28,157	28,592	65,758	3,651	15,095	10,747	50,977	39,762	74,729
State sources	2,241,004	2,312,419	2,009,901	1,719,343	1,747,466	1,897,510	2,005,264	2,176,505	2,211,249	1,942,038
Federal sources	189,634	194,081	183,309	446,613	209,869	237,440	162,877	151,463	153,226	154,456
<b>Total revenue</b>	<b>6,992,861</b>	<b>7,069,114</b>	<b>6,947,335</b>	<b>6,957,973</b>	<b>6,775,604</b>	<b>7,040,230</b>	<b>7,046,208</b>	<b>7,297,556</b>	<b>7,418,269</b>	<b>7,283,348</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	2,221,307	2,119,281	2,319,336	2,279,011	2,249,386	2,939,879	2,757,085	2,679,066	2,613,757	2,460,703
Special education instruction	541,430	553,843	401,681	510,093	513,459	366,950	306,027	505,900	515,924	610,411
Other special instruction	158,070	141,542	290,004	229,544	288,181	369,721	379,190	334,399	360,410	373,422
Other instruction	30,437	39,475	54,864	35,280	18,558	-	-	-	-	-
Support Services:										
Tuition	157,567	273,177	100,568	190,581	208,847	252,179	149,083	112,915	125,405	179,243
Student & instruction related services	561,406	586,980	562,563	578,284	513,271	698,669	750,457	623,586	610,251	773,041
General administrative services	286,871	262,828	267,253	276,909	270,913	551,998	537,375	429,037	370,641	407,824
School Administrative services	373,466	338,816	352,005	371,513	344,060	162,528	177,526	189,445	245,938	286,437
Plant operations and maintenance	502,576	569,621	549,352	516,623	479,628	553,661	501,042	547,202	524,257	567,847
Pupil transportation	393,510	478,108	377,164	396,395	382,833	410,133	394,017	384,063	348,315	344,443
Unallocated employee benefits	1,480,538	1,506,342	1,294,315	1,484,798	1,395,176	699,539	855,803	740,651	850,146	855,056
Other Support Services		21,625								
Charter Schools	27,549	25,062	65,233	26,460	22,555	46,900	22,808	35,782	84,255	103,269
Capital outlay	-	-	6,373	2,199	7,400	11,600	12,132	191,058	747,456	542,093
Debt service:										
Principal	150,000									
Interest and other charges	9,225									
<b>Total expenditures</b>	<b>6,893,952</b>	<b>6,916,700</b>	<b>6,640,711</b>	<b>6,897,690</b>	<b>6,694,267</b>	<b>7,063,757</b>	<b>6,842,545</b>	<b>6,773,104</b>	<b>7,396,755</b>	<b>7,503,789</b>
Excess (Deficiency) of revenues over (under) expenditures	98,909	152,414	306,624	60,283	81,337	(23,527)	203,663	524,452	21,514	(220,441)
<b>Other Financing Sources (uses)</b>										
Capital Leases										
Proceeds of Refunding Bonds										
Payment to Refunded Bond Escrow										
Transfers in							162,500	(7,500)	503,000	238,463
Transfers out							(162,500)	7,500	(503,000)	(238,463)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 98,909</b>	<b>\$ 152,414</b>	<b>\$ 306,624</b>	<b>\$ 60,283</b>	<b>\$ 81,337</b>	<b>\$ (23,527)</b>	<b>\$ 203,663</b>	<b>\$ 524,452</b>	<b>\$ 21,514</b>	<b>\$ (220,441)</b>
Debt service as a percentage of noncapital expenditures	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

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

Exhibit J-5

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Prior Year Refunds</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2014	3,382	22,354	\$ 25,554	(542)	50,748
2015	3,176	15,830	20,756		39,762
2016	3,803	21,402	12,566	36,958	74,729

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>
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
2013	7,725,600	286,376,000	25,348,100	1,455,300	69,563,900	335,000	442,174,466	50,790,250	580,316	391,384,216	1.250	649,164,659
2014	7,725,600	286,376,000	25,348,100	1,455,300	69,563,900	335,000	442,174,466	50,790,250	580,316	391,384,216	1.250	649,164,659
2015	13,338,500	431,439,000	35,787,600	1,044,400	124,062,900	558,000	683,597,955	76,404,400	963,155	607,193,555	0.818	611,266,258
2016	13,984,000	433,957,400	32,694,700	1,003,300	123,065,400	548,000	684,527,488	78,220,500	1,054,188	606,306,988	0.835	631,368,182

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 <sup>a</sup>	General Obligation Debt		Regional School District	Township	Sussex County	
		Service <sup>b</sup>	Total Direct				
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
2013	\$1.250		\$1.250	\$1.224	\$0.626	\$0.821	\$3.921
2014	\$1.250		\$1.250	\$1.224	\$0.626	\$0.821	\$3.921
2015	\$0.818		\$0.818	\$0.805	\$0.410	\$0.525	\$2.558
2016	\$0.835		\$0.835	\$0.804	\$0.412	\$0.537	\$2.588

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	2015			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	\$ 21,585,100	1	3.55%	\$ 7,748,600	2	2.23%
Kere Associates, LLC	15,962,300	2	2.63%			
Lowe's Home Improvements	15,600,000	3	2.57%			
Wal-Mart Stores	12,990,000	4	2.14%	12,437,700	1	3.58%
Ephemeral Realty	8,832,200	5	1.45%			
Sussex County Realty, LLC	5,280,200	6	0.87%			
Carriage Mobile Homes	3,880,000	7	0.64%	2,037,400	7	0.59%
McGuire Hampton Realty	3,179,000	8	0.52%			
Newton Property Assoc., LLC	2,498,100	9	0.41%			
Individual Taxpayer #2	2,425,000	10	0.40%	3,264,600	5	0.94%
Condit Motors				4,667,700	4	1.34%
Susan Elizabeth Shopping Center				5,157,700	3	1.49%
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%
<b>Total</b>	<b>\$ 92,231,900</b>		<b>15.18%</b>	<b>\$ 35,341,900</b>		<b>10.19%</b>

Source: District CAFR & Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2014	\$ 4,918,611	\$ 4,918,611	100.00%	-
2015	\$ 5,014,032	\$ 5,014,032	100.00%	-
2016	\$ 5,112,125	\$ 5,112,125	100.00%	-

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

**Note:**

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

**Hampton Township School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2007	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2008	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2009	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2010	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2011	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2012	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2013	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2014	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2015	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2016	-0-	-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

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2014	-0-	-0-	-0-	N/A	N/A
2015	-0-	-0-	-0-	N/A	N/A
2016	-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

**Hampton Township School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2016**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Hampton Township	\$ 200,465	100.000%	\$ 200,465
<b>Other debt</b>			
Sussex County	112,567,826	3.692%	<u>4,156,427</u>
Subtotal, overlapping debt			4,356,891
<b>Hampton Township School District Direct Debt</b>			<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 4,356,891</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 2016

	Equalized valuation basis
	2015 \$628,116,231
	2014 \$629,522,741
	2013 \$ 608,160,442
	<b>[A]</b> <u>\$1,865,799,414</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 621,933,138
Debt limit (2.5% of average equalization value)	<b>[B]</b> 15,548,328
Net bonded school debt	<b>[C]</b> -
Legal debt margin	<b>[B-C]</b> <u>\$ 15,548,328</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$15,881,003	\$17,809,144	\$19,029,587	\$19,290,741	\$19,039,633	\$18,230,082	\$17,343,657	\$16,205,529	\$15,702,353	\$15,548,328
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$16,205,529</u>	<u>\$15,702,353</u>	<u>\$15,548,328</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	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**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2007	5,153	\$235,172,614	\$45,638 R	3.4%
2008	5,156	\$244,476,896	\$47,416 R	4.4%
2009	5,134	\$236,271,814	\$46,021 R	7.3%
2010	5,128	\$239,267,352	\$46,659 R	7.8%
2011	5,183	\$251,225,193	\$48,471 R	7.6%
2012	5,149	\$258,320,181	\$50,169 R	7.5%
2013	5,102	\$257,824,468	\$50,534 R	8.3%
2014	5,058	\$267,320,358	\$52,851 R	6.0%
2015	5,021	\$265,364,871	\$52,851 *	5.3%
2016	4,974	\$262,880,874	\$52,851 *	*

**Source:**

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

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

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

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

R =Revised

P =Projected

\* Current figure unavailable

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

Exhibit J-15

Employer	2016			2007		
	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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	37.0	39.0	30.7	31.7	29.7	30.3	30.5	29.0	31.2	29.7
Special education	6.0	6.0	7.0	7.0	7.0	7.5	7.0	7.1	5.7	6.7
Other Special Education	4.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.5	4.7
Other Instruction	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.2	3.2
Support Services:										
Student & instruction related services	6.0	6.0	10.8	9.4	10.5	10.5	9.5	8.0	5.6	5.6
School administrative services	4.3	4.3	4.3	3.3	2.3	3.0	3.0	3.0	3.0	3.0
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.2	1.2
Plant operations and maintenance	4.0	4.0	4.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Business and Other Support Services	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	<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>	<u>60.1</u>	<u>60.4</u>	<u>60.1</u>

**Source:** District Personnel Records

Hampton Township School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
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%
2014	325	6,582,046	20,252	3.48%	40.30	8.1:1		325.1	312.4	-5.80%	96.09%
2015	315	6,649,299	21,109	4.23%	40.30	7.8:1		315.6	303.6	-2.92%	96.20%
2016	292	6,961,696	23,841	12.94%	40.30	7.2:1		293.2	280.8	-7.11%	95.80%

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)

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

**Exhibit J-18**

<b><u>District Building</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
<b><u>Elementary</u></b>										
Marion Emmons McKeown School (1972, 1992)										
Square Feet	60,900	60,900	60,900	60,900	60,900	60,900	60,900	60,900	60,900	60,900
Capacity (students)	474	474	474	474	474	474	474	474	474	474
Enrollment	439	422	413	422	385	392	349	332	316	292

Number of Schools at June 30, 2016  
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, 2016**

**Exhibit J-19**

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

<u>School Facilities</u>	<u>Project #</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
Marion Emmons KcKeown School	N/A	\$ 130,532	\$ 170,329	\$ 140,893	\$ 99,729	\$ 87,466	\$ 89,820	\$ 49,596	\$ 30,909	\$ 26,433	\$ 138,304	\$ 964,011
<b>Grand Total</b>		<b>\$ 130,532</b>	<b>\$ 170,329</b>	<b>\$ 140,893</b>	<b>\$ 99,729</b>	<b>\$ 87,466</b>	<b>\$ 89,820</b>	<b>\$ 49,596</b>	<b>\$ 30,909</b>	<b>\$ 26,433</b>	<b>\$ 138,304</b>	<b>\$ 964,011</b>

HAMPTON TOWNSHIP SCHOOL DISTRICT

**INSURANCE SCHEDULE**  
**June 30, 2016**  
**UNAUDITED**

**Exhibit J-20**

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<b>COMMERCIAL PACKAGE POLICY - NJSIG</b>		
Property-Blanket Building and Contents (fund limit)	\$ 400,000,000	\$ 1,000
<b>LIABILITY - NJSIG</b>		
Comprehensive General Liability	11,000,000	None
Automobile Liability	11,000,000	None
Worker's Compensation	NJ Statutory	
<b>SCHOOL BOARD LEGAL LIABILITY - NJSIG</b>		
Limit of Liability	11,000,000	5,000
Coverage A	11,000,000	5,000
Coverage B	\$100,000/\$300,000	5,000
<b>CRIME - NJSIG</b>		
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	500
<b>PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE</b>		
<b>BLANKET POSITION BOND-Selective Insurance Company</b>		
School Board Administrator	200,000	None
<b>ENVIRONMENTAL SERVICE - NJSIG</b>		
Environmental Impairment	1,000,000	Various

SOURCE: District Records

**Single Audit Section**



## **ARDITO & Co., LLP**

1110 Harrison Street, Suite C  
 Frenchtown, New Jersey 08825-1192  
 908-996-4711 Fax: 908-996-4688  
 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA  
 Douglas R. Williams, CPA, 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, 2016, 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 September 30, 2016.

#### **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, State of New Jersey.

We noted certain matters that we reported to management of the Hampton Township School District, in a separate letter dated September 30, 2016 entitled "Auditor's Management Report on Administrative Findings".

**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  
September 30, 2016

*Carmen Corder*

Licensed Public School Accountant No.2369





## **ARDITO & Co., LLP**

1110 Harrison Street, Suite C  
 Frenchtown, New Jersey 08825-1192  
 908-996-4711 Fax: 908-996-4688  
 e-mail: anthony@arditoandcompany.com

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

### **Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circular 15-08**

#### 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 OMB circular 15-08 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, 2016. 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 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2016.

**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 Circulars 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

*ARDITO & Co., LLP*

ARDITO & CO., LLP  
September 30, 2016

*Carmen Ardit*

Licensed Public School Accountant No.2369

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year Ended June 30, 2016

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2015	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2016			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
<b>STATE DEPARTMENT OF EDUCATION</b>															
<b>General Fund:</b>															
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 655,394			\$ 655,394	\$ (655,394)							\$ 65,540	\$ 655,394
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	167,978			167,978	(167,978)							16,798	167,978
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	212,034			212,034	(212,034)							21,203	212,034
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	32,162			32,162	(32,162)							3,216	32,162
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	174,490			174,490	(174,490)							17,449	174,490
Add'l Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	27,682			27,682	(27,682)							2,768	27,682
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	3,180			3,180	(3,180)							318	3,180
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	3,180			3,180	(3,180)							318	3,180
Extra-ordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	7,697	\$ (7,697)		7,697									7,697
Extra-ordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	23,061				(23,061)			\$ (23,061)					23,061
Non-Public Transportation Aid	15-100-034-5120-068	7/1/14-6/30/15	2,020	(2,020)		2,020									2,020
Non-Public Transportation Aid	16-100-034-5120-068	7/1/15-6/30/16	366				(366)				(366)				366
On Behalf TPAF Pension	16-495-034-5094-002	7/1/15-6/30/16	202,234			202,234	(202,234)								202,234
On Behalf TPAF Pension PRM	16-495-034-5094-001	7/1/15-6/30/16	252,801			252,801	(252,801)								252,801
On Behalf TPAF Pension Non-Contrib Ins	16-495-034-5094-004	7/1/15-6/30/16	10,074			10,074	(10,074)								10,074
Reimbursed TPAF Soc. Secur. Contrib.	16-495-034-5094-003	7/1/15-6/30/16	194,460			194,460	(194,460)								194,460
<b>Total General Fund</b>				<b>(30,691)</b>		<b>1,966,360</b>	<b>(1,959,096)</b>			<b>(23,427)</b>				<b>127,610</b>	<b>1,968,813</b>
<b>Special Revenue Fund</b>															
N.J. Nonpublic Aid:															
Textbooks Aid	16-100-034-5120-064	7/1/15-6/30/16	5,310			5,310	(5,139)					\$ 171			5,139
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	8,910	399		8,910	(8,904)		\$ (399)				6		8,904
Technology Aid	16-100-034-5120-373	7/1/15-6/30/16	2,418	461		2,418	(2,260)		(461)				158		2,260
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	3,225	-		3,225	(3,005)						220		3,005
Auxiliary Services:															
Compensatory Education	16-100-034-512a-067	7/1/15-6/30/16	17,767	3,136		17,767	(16,412)			(3,136)			1,355		16,412
Handicapped Services:															
Examination and Classification	16-100-034-512b-066	7/1/15-6/30/16	10,736	4,679		10,736	(10,736)		(4,679)				-		10,736
Corrective Speech	16-100-034-512a-066	7/1/15-6/30/16	9,197	2,366		9,197	(7,710)		(2,366)				1,487		7,710
Supplementary Instruction	16-100-034-512c-066	7/1/15-6/30/16	8,911	3,521		8,911	(6,905)		(3,521)				2,006		6,905
<b>Total Special Revenue Fund</b>				<b>14,562</b>		<b>66,474</b>	<b>(61,071)</b>		<b>(14,562)</b>				<b>-</b>	<b>5,403</b>	<b>61,071</b>
<b>Capital Projects Fund:</b>															
SDA Grant - Roof Replacement	1980-050-16-G2UK	7/1/13-6/30/14	334,904	(9,367)							(9,367)				-
SDA Grant - Chiller Replacement	1980-050-16-G2UM	7/1/14-6/30/15	113,294	(113,294)			(91,894)	\$ 113,294			(91,894)				91,894
SDA Grant - Well Tank Replacement	1980-050-16-G2UL	7/1/14-6/30/15	120,000	(120,000)			(65,794)	120,000			(65,794)				65,794
<b>Total Special Revenue Fund</b>				<b>(242,661)</b>			<b>(157,688)</b>	<b>233,294</b>			<b>(167,055)</b>				<b>157,688</b>
<b>Enterprise Fund:</b>															
Nat. School Lunch Prog. (State Share)	15-100-010-3350-023	7/1/14-6/30/15		(92)		92									
Nat. School Lunch Prog. (State Share)	16-100-010-3350-023	7/1/15-6/30/16	1,059			868	(1,059)				(191)				1,059
<b>Total Enterprise Fund</b>				<b>(92)</b>		<b>960</b>	<b>(1,059)</b>				<b>(191)</b>				<b>1,059</b>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<b>\$ (258,882)</b>		<b>\$ 2,033,794</b>	<b>\$ (2,178,914)</b>	<b>233,294</b>	<b>\$ (14,562)</b>	<b>\$ (190,673)</b>		<b>-</b>	<b>\$ 5,403</b>	<b>\$ 127,610</b>	<b>\$ 2,188,631</b>
Less: On-behalf TPAF Pension Amounts <u>465,109</u>															
Total State Expenditures Subject to Major Program Determination <u>\$ (1,713,805)</u>															

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, 2016

**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 -\$0- for the general fund and (\$624) 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, 2016

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 1,959,096	\$ 1,959,096
Special Revenue Fund	\$ 154,456	58,548	213,004
Capital Projects Fund		(75,606)	(75,606)
Food Service Fund	<u>31,357</u>	<u>1,059</u>	<u>32,416</u>
Total Financial Assistance	<u>\$ 185,813</u>	<u>\$ 1,943,097</u>	<u>\$ 2,128,910</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, 2016. 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, 2016.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

**Financial Statement Section**

Type of auditor's report issued: Unmodified

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

Noncompliance material to financial statements noted? \_\_\_ Yes \_\_x\_\_ No

**Federal Awards**

N/A

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_ Yes \_\_\_ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_ Yes \_\_\_ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? \_\_\_ Yes \_\_\_ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as low-risk auditee? \_\_\_ yes \_\_\_ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**State Financial Assistance Section**

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? x yes    no

Internal Control over major programs:

1) Material weakness(es) identified?    yes x no

2) Were significant deficiencies identified that were not considered to be material weaknesses?    yes x none

Type of auditor's report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable?    yes x no

Identification of major programs:

**State Grant/Project Number(s)**

**Name of State Program**

16-495-034-5120-078

Equalization Aid

16-495-034-5094-003

TPAF Soc. Sec Reimbursements

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Section II-Financial Statement Findings**

N/A

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**

N/A

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.



SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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