

**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, 2017**

Comprehensive Annual

Financial Report

of the

Hampton Township School District

Board of Education

Hampton, New Jersey

For the Fiscal Year Ending June 30, 2017

Prepared by

Hampton Township School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

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>
2016-2017	290	-1.02%
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 2016-2017 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

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 12th grade education program for the students.

During the 2016-17 school year, the Hampton Township School District personnel and curriculum consultants 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 for grades Pre K-5 and updated the revised New Jersey Student Learning Standards in the areas of language Arts and Science 6-12 grades. We also reviewed and developed a new NJSLs update to our Math curriculum grades Pre-K through 8th. This included a complete review of supplemental materials, possible supporting textbooks and sample materials and supplemental materials for lessons. Under the direction of Mrs. Colaneri, curriculum consultant and Mr. McNicholas (Science) Supervisor at KRHS, teachers representing each sending district met numerous times over the 2016-2017 school year to complete this process. Both curricular areas included a professional development program for all teachers to familiarize them with the new curriculum and materials. Representatives from the four elementary schools and from the seventh and eighth grades at KRHS came together to develop the new curricula. Each new curriculum contains a common lesson plan model and for the second 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 2016-2017 year were Mathematics, NGSS Science grades Pre-K to 5th grade and Technology updates. The new Next Generation Science Standards will now enter a PD phase where we will revisit the NGSS plan quarterly with the teachers and give them additional PD to help them fully incorporate the ideas promulgated by the NGSS. The grade K through 5 revisions will be completed in the 2016-2017 school year.

For the 2017-18 school year, the district is continuing to develop "best strategies" for our institution.

Major initiatives for the 2017-2018 school year will include a further incorporating the STEM curriculum into the everyday aspects of all discipline areas. We will also continue our "pull-out" STEM initiative to allow students to experience 21st Century Technology Skills in a real life setting. We have completed the transition to the new educational support platform in the use of Google Application for Classrooms and Educators. We will continue to offer PD in the areas of Google classroom. We will also increase our use of Realtime as the Student SIS for our school as we transition our conference scheduling to this platform along with sampling it reverse 911 calling system. We have launched a 1 to 1 technology initiative for grade 3 this year now giving us a 1 to 1 device to student initiative of grades 3-6. Each child has been 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 are utilizing the software Renaissance Learning to help us benchmark student progress multiple times throughout the school year and new for this year is the use of this program to track and follow the successes of our after-school tutoring program. 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 21st 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, 2017.

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, 2017, the District has no outstanding debt.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found in J-20.

10. OTHER INFORMATION:

Independent Audit -State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito and Company LLP, CPAs, was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations, and New Jersey's OMB Circular NJOMB 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.


11. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Hampton Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully Submitted,



Craig Hutcheson
Superintendent



Courtney Young
School Business Administrator/
Board Secretary

Financial Section

Independent Auditor's Report



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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, 2017, 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, 2017, 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.

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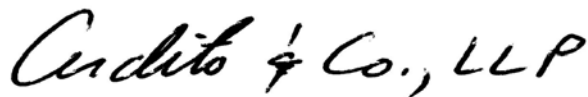
The combining and individual fund financial statement information, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived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

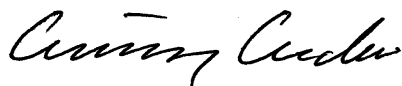
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2017, 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, 2017



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, 2017
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, 2017. 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 2017 are as follows:

- ◆ In total, Net Position increased \$130,250 which represents a 3.7% increase from 2016.
- ◆ General revenues accounted for \$5,295,785 in revenue or 59.1% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,650,015 or 40.9% of total revenues of \$8,945,800.
- ◆ Total assets of governmental activities increased by \$241,784, as cash and cash equivalents increased by \$547,355, receivables decreased by \$182,212, and capital assets decreased by \$127,004.
- ◆ The School District had \$8,815,550 in expenses; only \$3,650,015 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,295,785 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$7,380,694 in revenues and \$7,050,074 in expenditures. The General Fund's surplus balance increased \$330,620 over 2016, which compares favorably to the budgeted decrease of \$421,991.

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, 2017
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 2017?" 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, 2017
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 2017 compared to 2016.

	<u>2017</u>	<u>2016</u>
Table 1 Net Position		
Assets		
Current and Other Assets	\$ 2,125,005	\$ 1,756,217
Capital Assets	<u>3,131,971</u>	<u>3,258,975</u>
Total Assets	<u>5,256,976</u>	<u>5,015,192</u>
Deferred Outflows of Resources	<u>509,566</u>	<u>224,668</u>
Liabilities		
Long-Term Liabilities	1,824,158	1,413,449
Other Liabilities	<u>146,700</u>	<u>119,782</u>
Total Liabilities	<u>1,970,858</u>	<u>1,533,231</u>
Deferred Inflows of Resources	<u>126,229</u>	<u>172,311</u>
Net Position		
Invested in Capital Assets, Net of Debt	3,131,971	3,258,975
Restricted	1,561,605	1,173,170
Unrestricted	<u>(1,031,155)</u>	<u>(899,974)</u>
Total Net Position	<u>\$ 3,662,421</u>	<u>\$ 3,532,171</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Total assets of governmental activities increased by \$241,784, as cash and cash equivalents increased by \$547,355, receivables decreased by \$182,212, and capital assets decreased by \$127,004.

The cash increase was mainly due to operational efficiencies attained towards budget and collections of prior year's SDA grants receivables. The decrease in capital assets was due to depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 69,438	\$ 72,855
Operating Grants and Contributions	3,580,577	2,895,408
General Revenues:		
Property Taxes	5,213,151	5,112,125
Federal & State Aid on Capital Asset Projects	11,629	(75,606)
Investment Earnings	4,171	3945
Other	<u>66,834</u>	<u>70,926</u>
Total Revenues	<u>8,945,800</u>	<u>8,079,653</u>
Program Expenses		
Instruction	5,212,945	4,662,929
Support Services:		
Tuition	305,542	179,243
Pupils and Instructional Staff	1,212,671	1,007,992
General Administration, School Administration, Business	771,616	926,790
Operations and Maintenance of Facilities	809,654	760,316
Pupil Transportation	396,276	344,443
Business-Type Activities	<u>106,846</u>	<u>109,890</u>
Total Expenses	<u>8,815,550</u>	<u>7,991,603</u>
Increase in Net Position	<u>\$ 130,250</u>	<u>\$ 88,050</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
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 58.3% percent of revenues for governmental activities for the HamptonTownship School District for the fiscal year 2017.

Instruction comprises 59.1% of district expenses. Support services expenses make up 39.7% 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 2016. 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 2017</u>	<u>Net Cost of</u> <u>Services 2017</u>	<u>Total Cost of</u> <u>Services 2016</u>	<u>Net Cost of</u> <u>Services 2016</u>
Instruction	\$ 5,212,945	\$ 3,067,961	\$ 4,662,929	\$ 2,950,651
Support Services:				
Tuition	305,542	188,047	179,243	118,978
Pupils and Instructional Staff	1,212,671	687,119	1,007,992	600,591
General Admin., School Admin., Business	771,616	474,893	926,790	615,184
Operation and Maintenance of Facilities	809,654	498,303	760,316	504,683
Pupil Transportation	396,276	243,889	344,443	228,634
Business-Type Activities	<u>106,846</u>	<u>5,323</u>	<u>109,890</u>	<u>4,619</u>
Total Expenses	<u>\$ 8,815,550</u>	<u>\$ 5,165,535</u>	<u>\$ 7,991,603</u>	<u>\$ 5,023,340</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, 2017
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 58.9% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 59.9%. 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 \$7,594,584 and expenditures of \$7,252,335. The General Fund's surplus balance increased \$330,620 over 2016, which compares favorably to the budgeted decrease of \$421,991.

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 2017 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 \$6,586,116, \$88,985 over original budgeted estimates of \$6,497,131. This difference was due primarily to an increases in miscellaneous revenues.

General fund revenues exceeded expenditures by \$330,908. Again this surplus compares to a budgeted deficit of \$421,991, which was due to the budgeted use of surplus and capital reserve needed to balance the 2016-2017 budget. The budgeted deficit was reduced due revenue increases and cost savings in the areas of instruction, transportation, benefits, and maintenance.

Overall general fund balance (budget basis) was \$2,000,696, and amounts ear-marked and reserved for future purposes were \$1,729,180, creating a surplus in unreserved statutory fund balance of \$271,516. 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, 2017
UNAUDITED

Capital Assets

At the end of the fiscal year 2017, the School District had \$3,105,874 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2017 balances compared to 2016.

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

	<u>2017</u>	<u>2016</u>
Land	\$ 1,558,800	\$ 1,558,800
Land Improvements	-	-
Buildings and Improvements	1,480,941	1,622,897
Machinery and Equipment	<u>66,133</u>	<u>50,512</u>
Totals	<u>\$ 3,105,874</u>	<u>\$ 3,232,209</u>

Overall capital assets decreased \$126,335 from fiscal year 2016 to fiscal year 2017. The decrease in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$53,291 were purchased during fiscal year 2017 and are mainly costs associated with the parking lot project, the playground project, and maintenance equipment.

Debt Administration

At June 30, 2017, the School District had \$90,174 as outstanding long term debt. Of this amount, \$90,174 is for compensated absences.

At June 30, 2017, the School District's overall legal debt margin was \$15,775,905 and the unvoted debt margin was the same.

HAMPTON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
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, 2017

	GOVERNMENTAL BUSINESS-TYPE		TOTAL
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	
ASSETS			
Cash and Cash Equivalents	\$ 776,396	\$ 12,117	\$ 788,513
Receivables, Net	174,079	1,461	175,540
Interfund Receivables		7,034	7,034
Inventory		3,993	3,993
Restricted Assets:			
Capital Reserve Account - Cash	1,128,300		1,128,300
Emergency Reserve Account - Cash	21,625		21,625
Capital Assets, Net (Note 5):	3,131,971		3,131,971
Total Assets	<u>5,232,371</u>	<u>24,605</u>	<u>5,256,976</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	<u>509,566</u>		<u>509,566</u>
LIABILITIES			
Accounts Payable	14,513		14,513
Interfund Payables	7,034		
Unearned Revenue	129,463	2,724	132,187
Net Pension Liability (Note 7)	1,733,984		1,733,984
Noncurrent Liabilities (Note 6):			
Due Beyond One Year	90,174		90,174
Total Liabilities	<u>1,975,168</u>	<u>2,724</u>	<u>1,970,858</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	<u>126,229</u>		<u>126,229</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,131,971		3,131,971
Restricted for:			
Capital Reserve Account	1,128,300		1,128,300
Emergency Reserve Account	21,625		21,625
Other Purposes	411,680		411,680
Unrestricted	(1,053,036)	21,881	(1,031,155)
Total Net Position	<u>\$ 3,640,540</u>	<u>\$ 21,881</u>	<u>\$ 3,662,421</u>

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, 2017

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	\$ 3,760,966		\$ 1,586,629		\$ (2,174,337)	\$ (2,174,337)
Special Education	904,390		347,781		(556,609)	(556,609)
Other Special Instruction	547,589		210,574		(337,015)	(337,015)
Support Services:						
Tuition	305,542		117,495		(188,047)	(188,047)
Student & Instruction Related Services	1,212,671		525,552		(687,119)	(687,119)
School Administrative Services	298,051		114,615		(183,436)	(183,436)
General and Business Admin. Services	473,565		182,108		(291,457)	(291,457)
Plant Operations and Maintenance	809,654		311,351		(498,303)	(498,303)
Pupil Transportation	396,276		152,387		(243,889)	(243,889)
Total Governmental Activities	8,708,704	-	3,548,492		(5,160,212)	(5,160,212)
Business-Type Activities:						
Food Service	106,846	\$ 69,438	32,085			\$ (5,323)
Total Business-Type Activities	106,846	69,438	32,085	-	-	(5,323)
Total Primary Government	\$ 8,815,550	\$ 69,438	\$ 3,580,577		\$ (5,160,212)	\$ (5,323)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 5,213,151		\$ 5,213,151
Investment Earnings				4,114	57	4,171
Miscellaneous Income				66,834		66,834
State Aid for Capital Asset Projects				11,629		11,629
Total General Revenues, Special Items, Extraordinary Items and Transfers				5,295,728	57	5,295,785
Change in Net Position				135,516	(5,266)	130,250
Net Position—Beginning (as Restated)				3,505,024	27,147	3,532,171
Net Position—Ending				\$ 3,640,540	\$ 21,881	\$ 3,662,421

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, 2017

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 1,905,728	\$ 20,593		\$ 1,926,321
Interfund Receivables	102,092	619	\$ 169,317	272,028
Other Accounts Receivable	14,456			14,456
Receivables from Other Governments	36,203	114,053	9,367	159,623
TOTAL ASSETS	\$ 2,058,479	\$ 135,265	\$ 178,684	\$ 2,372,428
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 8,713	\$ 5,800		\$ 14,513
Interfund Payable	176,968	2	\$ 102,092	279,062
Deferred Revenue		129,463		129,463
Total Liabilities	185,681	135,265	102,092	423,038
Fund Balances:				
<u>Restricted for:</u>				
Capital Reserve Account	\$ 1,128,300			\$ 1,128,300
Emergency Reserve	21,625			21,625
Excess Surplus	227,102			227,102
Excess Surplus - Designated for Subsequent Year's Expenditures	166,152			166,152
<u>Assigned to:</u>				
General Fund - Designated for Subsequent Year's Expenditures	18,426			18,426
Year-End Encumbrances	167,575			167,575
Capital Projects Fund			\$ 76,592	76,592
Debt Service Fund				
<u>Unassigned:</u>				
General Fund	143,618			143,618
Total Fund Balances	1,872,798	-	76,592	1,949,390
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,058,479	\$ 135,265	\$ 178,684	\$ 2,372,428

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 \$6,442,174 and the accumulated depreciation is \$3,310,203.	\$3,131,971
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)	509,566
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)	(126,229)
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)	(1,733,984)
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)	(90,174)
Net Position of governmental activities	<u>\$ 3,640,540</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, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 5,213,151			\$ 5,213,151
Miscellaneous	68,269	\$ 2,679		70,948
Total - Local Sources	5,281,420	2,679	-	5,284,099
State Sources	2,099,274	49,184	\$ 11,629	2,160,087
Federal Sources		150,398		150,398
Total Revenues	7,380,694	202,261	11,629	7,594,584
EXPENDITURES				
Current:				
Regular Instruction	2,390,308	116,273		2,506,581
Special Education Instruction	633,702			633,702
Other Special Instruction	383,693			383,693
School Sponsored Other Instruction				-
Support services and undistributed costs:				
Tuition	305,542			305,542
Student and Instruction Related Services	782,389	59,222		841,611
School Administrative Services	197,528			197,528
Other Administrative Services	319,185			319,185
Plant Operations and Maintenance	545,961			545,961
Pupil Transportation	396,276			396,276
Unallocated Benefits	978,113			978,113
Transfer to Charter School	90,852			90,852
Debt Service:				
Principal				-
Interest and Other Charges				-
Capital Outlay	26,525	26,766		53,291
Total Expenditures	7,050,074	202,261	-	7,252,335
Excess (Deficiency) of Revenues Over Expenditures	330,620	-	11,629	342,249
OTHER FINANCING SOURCES (USES)				
Transfers - Capital Fund	-			-
Total Other Financing Sources and Uses	-	-	-	-
Net Change in Fund Balances	330,620	-	11,629	342,249
Fund Balance—July 1	1,542,178	-	64,963	1,607,141
Fund Balance—June 30	\$ 1,872,798	-	76,592	\$ 1,949,390

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, 2017**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 342,249

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	\$ (180,295)	
Capital Outlays	<u>53,291</u>	(127,004)

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. (77,898)

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. (1,831)

Change in Net Position of Governmental Activities \$ 135,516

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, 2017

		Business-Type Activities - Enterprise Funds	
		Food Service	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$	12,117	\$ 12,117
Accounts Receivable		1,461	1,461
Interfund Receivables		7,034	7,034
Inventories		3,993	3,993
Total Current Assets		<u>24,605</u>	<u>24,605</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment		8,827	8,827
Less Accumulated Depreciation		(8,827)	(8,827)
Total Noncurrent Assets		<u> </u>	<u> </u>
Total Assets		<u>24,605</u>	<u>24,605</u>
LIABILITIES			
Current liabilities:			
Deferred Revenue		2,724	2,724
Total Current Liabilities		<u>2,724</u>	<u>2,724</u>
Total Liabilities		<u>2,724</u>	<u>2,724</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt		21,881	21,881
Unrestricted		<u> </u>	<u> </u>
Total Net Position	\$	<u>21,881</u>	<u>\$ 21,881</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, 2017

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 64,177	\$ 64,177
Daily Sales - Non-Reimb. Programs	5,261	5,261
Miscellaneous	57	57
Total Operating Revenues	69,495	69,495
Operating Expenses:		
Cost of Sales - Reimbursable Programs	38,439	38,439
Cost of Sales - Non-reimbursable Programs	1,606	1,606
Salaries	36,078	36,078
Employee Benefits	8,685	8,685
Repairs and Supplies	12,080	12,080
Miscellaneous	2,696	2,696
Other Purchased Professional Services	7,262	7,262
Depreciation	-	-
Total Operating Expenses	106,846	106,846
Operating Income (Loss)	(37,351)	(37,351)
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,007	1,007
Federal Sources:		
National School Lunch Program	23,205	23,205
Food Distribution Program	7,873	7,873
Total Nonoperating Revenues (Expenses)	32,085	32,085
Income (Loss)	(5,266)	(5,266)
Change in Net Position	(5,266)	(5,266)
Total Net Position—Beginning	27,147	27,147
Total Net Position—Ending	\$ 21,881	\$ 21,881

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, 2017

	Business-Type Activities - Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 69,439	\$ 69,439
Payments to Employees	(36,078)	(36,078)
Payments for Employee Benefits	(8,685)	(8,685)
Payments to Suppliers	(58,720)	(58,720)
Net Cash Provided by (used for) Operating Activities	(34,044)	(34,044)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Transfers from Other Funds	-	-
State Sources	1,137	1,137
Federal Sources	26,287	26,287
Net Cash Provided by (used for) Non-Capital Financing Activities	27,424	27,424
Net Increase (Decrease) in Cash and Cash Equivalents	(6,620)	(6,620)
Balances—Beginning of Year	18,737	18,737
Balances—End of Year	\$ 12,117	\$ 12,117
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (37,351)	\$ (37,351)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization		
Federal Commodities	7,873	7,873
(Increase) Decrease in Accounts Receivable, Net	(4,887)	(4,887)
(Increase) Decrease in Inventories	1,242	1,242
Increase (Decrease) in Accounts Payable	(921)	(921)
Total Adjustments	3,307	3,307
Net Cash Provided by (used for) Operating Activities	\$ (34,044)	\$ (34,044)

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, 2017

	Unemployment Compensation Trust	Jane Perlmutter Memorial Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 113,984	\$ 10,442	\$ 24,799
Total Assets	<u>113,984</u>	<u>10,442</u>	<u>24,799</u>
LIABILITIES			
Payable to Student Groups			\$ 20,220
Payroll Deductions and Withholdings			4,579
Total Liabilities			<u>\$ 24,799</u>
NET POSITION			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 113,984</u>	<u>\$ 10,442</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, 2017

	Unemployment Compensation <u>Trust</u>	Jane Perlmutter Memorial <u>Fund</u>
ADDITIONS		
Contributions:		
Employer	\$ 6,287	
Contributions	<u>-</u>	\$ <u>30</u>
Total Contributions	<u>6,287</u>	<u>30</u>
Investment Earnings:		
Interest	<u>221</u>	<u>10</u>
Net Investment Earnings	<u>221</u>	<u>10</u>
Total Additions	<u>6,508</u>	<u>40</u>
DEDUCTIONS		
Scholarships		106
Quarterly Contribution Reports	<u>-</u>	<u>-</u>
Total Deductions	<u>-</u>	<u>106</u>
Change in Net Position	6,508	(66)
Net Position—Beginning of the Year	<u>107,476</u>	<u>10,508</u>
Net Position—End of the Year	<u>\$ 113,984</u>	<u>\$ 10,442</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, 2017

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, 2016.

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, 2017, of 290 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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017, but which were levied to finance fiscal year 2018 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, 2017

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, 2017

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, 2017

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, 2017, 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, 2017, 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	\$ 1,128,300		\$ 1,128,300
Emergency Reserve	21,625		21,625
Checking	<u>788,513</u>	<u>\$ 149,225</u>	<u>937,738</u>
	<u>\$ 1,938,438</u>	<u>\$ 149,225</u>	<u>\$ 2,087,663</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$2,087,663 and the bank balance was \$2,448,385. 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 \$2,198,385 was covered by collateral pool.

HAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017.

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, 2017, 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	\$45,570	\$45,631
Federal Aid	114,053	115,453
Local	14,456	14,456
Gross Receivable	\$174,079	\$175,540
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	\$174,079	\$175,540

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2017, consisted of the following:

Food	\$727
Supplies	<u>3,266</u>
	<u>\$3,993</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, 2017, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Being Depreciated:</i>				
Land	\$ 1,558,800			\$ 1,558,800
Land Improvements	26,766			26,766
Buildings and Building Improvements	4,703,376	\$ 23,205		4,726,581
Machinery and Equipment	99,941	30,086		130,027
Total at Historical Cost	<u>6,388,883</u>	<u>53,291</u>	-	<u>6,442,174</u>
Less Accumulated Depreciation for:				
Land Improvements		(669)		(669)
Building and Improvements	(3,080,479)	(165,161)		(3,245,640)
Equipment	(49,429)	(14,465)		(63,894)
Total Accumulated Depreciation	<u>(3,129,908)</u>	<u>(180,295)</u>		<u>(3,310,203)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>3,258,975</u>	<u>(127,004)</u>		<u>3,131,971</u>
Government Activity Capital Assets, Net	<u>\$ 3,258,975</u>	<u>\$ (127,004)</u>		<u>\$ 3,131,971</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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	\$ 126,878
Student Related Services	8,102
School Administration	23,955
Plant and Operations	<u>21,360</u>
Total	<u>\$ 180,295</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, 2017, are as follows:

	Balance <u>7/1/16</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/17</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$88,343	\$1,831		\$90,174	
Total Other Liabilities	<u>\$88,343</u>	<u>\$1,831</u>		<u>\$90,174</u>	<u>-</u>

Compensated absences have been liquidated in the General Fund.

The district had no bonds outstanding as of June, 30, 2017.

The district had no bonds authorized but not issued as of June, 30, 2017.

The district had no capital lease liabilities as of June, 30, 2017.

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 \$20,860,205 as measured on June 30, 2016 and \$18,923,524 measured on June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,567,354 and revenue of \$1,567,354 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, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. 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, 2015 and June 30, 2016.

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$7,521,378,257	\$17,440,003,201
Collective deferred inflows of resources	\$554,399,005	\$195,027,919
Collective net pension liability (Nonemployer-State of New Jersey)	\$63,204,270,305	\$78,666,367,052
State's portion of the net pension liability that was associated with the district	\$18,923,524	\$20,860,205
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.029940%	0.026517%

Actuarial assumptions - The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases:	
Through 2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return:	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 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 - 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, 2017

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, 2017, the District reported a liability of \$1,733,984 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 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, 2016 and 2015. At June 30, 2016, the District's proportion was 0.00585% which was a decrease of 0.00005% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$131,169. At June 30, 2017, 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	\$ 32,247	-
Changes of assumptions	359,189	
Net difference between projected and actual earnings on pension plan investments	66,118	
Changes in proportion and differences between District contributions and proportionate share of contributions	-	\$ 126,229
District contributions subsequent to the measurement date	52,012	
Total	<u>\$ 509,566</u>	<u>\$ 126,229</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

\$55,142 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, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability measured as of June 30, 2017. 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>
2017	\$74,595
2018	74,595
2019	86,421
2020	72,606
2021	<u>23,109</u>
Total	<u>\$331,325</u>

	<u>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$3,578,755,666	\$8,685,338,380
Collective deferred inflows of resources	993,410,455	870,133,595
Collective net pension liability (Non State - Local Group)	\$22,447,996,119	\$29,617,131,759
District's portion of net pension liability	\$1,325,106	\$1,733,984
District's proportion %	0.00590300%	0.00585467%

Actuarial assumptions. The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation:	3.08%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Thereafter	2.65%-5.15% based on age
Investment Rate of Return:	7.65%

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 2013 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

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, 2016 are summarized in the following table:

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds I Absolute	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount rate. The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year.

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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate. The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

HAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

		<u>Current</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1%</u>	<u>Increase</u>
	<u>(2.98%)</u>	<u>(3.98%)</u>		<u>(4.98%)</u>
District's proportionate share of the net pension liability	\$ 2,124,795	\$1,733,984	\$	1,411,336

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.

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

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 PERS 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; PERS 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.

□ 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

Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2017	\$52,012	100 %	-0-
6/30/2016	\$50,750	100	-0-
6/30/2015	\$53,934	100	-0-

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

Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2017	\$317,718	100 %	-0-
6/30/2016	\$212,308	100	-0-
6/30/2015	\$161,945	100	-0-

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

During the fiscal year ended June 30, 2017, the State of New Jersey did contribute \$582,079 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 \$212,787 during the year ended June 30, 2017, 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.

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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

NOTE 9: DEFERRED COMPENSATION

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

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

HAMPTON TOWNSHIP SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10: COMPENSATED ABSENCES

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, 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>
2016-2017	\$221	\$6,287	\$0	\$113,984
2015-2016	\$209	\$6,447	\$155	\$107,476
2014-2015	\$9,097	\$5,900	\$8,912	\$100,975

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The Board is not involved in claims or lawsuits incidental to its operations.

NOTE 13: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$1,872,798 General Fund fund balance at June 30, 2017, \$167,575 is reserved for encumbrances; \$393,254 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7, as amended (\$166,152 of the excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018), \$18,426 has been appropriated and included as anticipated revenue for the year ending June 30, 2018, \$1,128,300 has been reserved in the Capital Reserve Account; \$21,625 has been reserved in the Emergency Reserve Account; and, \$143,618 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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 822,303
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/28/2017	350,000
Budgeted Withdrawal	(44,003)
Ending Balance, June 30, 2017	<u>\$ 1,128,300</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance July 1, 2016	\$ 21,625
Ending balance June 30, 2017	<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, 2017 is \$227,102.

NOTE 16: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	
General Fund	\$ 102,092	\$ 176,968	
Special Revenue Fund	619	2	
Capital Projects Fund	169,317	102,092	
Enterprise Fund	7,034		
Total	<u>\$ 279,062</u>	<u>\$ 279,062</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.

NOTE 17: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

HAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 18: RETROACTIVE RESTATEMENT OF NET POSITION

Restatement of Prior Period:

As an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2017. The appraisal revealed asset activity that that should be recorded as of June 30, 2016. Accordingly, a restatement of Net Position as of June 30, 2016 was necessary.

Governmental Activities Net Position:

Net Position (per A-1), June 30, 2016	\$ 3,515,274
Restatement of Capital Assets	<u>(10,250)</u>
Net Position (per A-1), June 30, 2016, as Restated	<u>\$ 3,505,024</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 5,213,151		\$ 5,213,151	\$ 5,213,151	
Miscellaneous	800		800	68,269	67,469
Total - Local Sources	<u>5,213,951</u>		<u>5,213,951</u>	<u>5,281,420</u>	<u>67,469</u>
State Sources:					
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	
Prof. Learning Comm Aid	2,880		2,880	2,880	
Other State Aid	4,200		4,200	25,716	21,516
TPAF Pension (On-Behalf - Non-Budgeted)				317,274	317,274
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				264,361	264,361
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				444	444
TPAF Social Security (Reimbursed - Non-Budgeted)				212,787	212,787
Total State Sources	<u>1,283,180</u>		<u>1,283,180</u>	<u>2,099,562</u>	<u>816,382</u>
TOTAL REVENUES	<u>6,497,131</u>		<u>6,497,131</u>	<u>7,380,982</u>	<u>883,851</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	141,534		141,534	139,459	2,075
Grades 1-5 - Salaries of Teachers	1,377,375	(100,500)	1,276,875	1,272,021	4,854
Grades 6-8 - Salaries of Teachers	321,589	131,388	452,977	449,777	3,200
Regular Programs - Home Instruction:					
Salaries of Teachers	2,300	(2,300)			
Purchased Professional-Educational Services	600	1,300	1,900	391	1,509
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	16,860	3,288	20,148	18,429	1,719
General Supplies	89,145	86,281	175,426	150,427	24,999
Textbooks	1,320		1,320		1,320
Employee Benefits	527,795	(19,082)	508,713	359,804	148,909
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,478,518	100,375	2,578,893	2,390,308	188,585
SPECIAL EDUCATION - INSTRUCTION					
Special Education Instruction - Learning or Language Disabilities:					
Salaries of Teachers	239,598	1,011	240,609	240,609	
Other Salaries for Instruction	44,059	285	44,344	44,344	
General Supplies	7,670	(4,790)	2,880	124	2,756
Employee Benefits	99,138	7,000	106,138	89,193	16,945
Total Special Education Instruction - Learning or Language Dis.	390,465	3,506	393,971	374,270	19,701
Special Education Instruction - Autism:					
Salaries of Teachers	173,940	2,994	176,934	176,934	
Other Salaries for Instruction	42,097	(20,250)	21,847	19,696	2,151
General Supplies	2,328	(1,896)	432	432	
Employee Benefits	56,306	1,872	58,178	49,873	8,305
Total Special Education Instruction - Autism	274,671	(17,280)	257,391	246,935	10,456

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Special Education Instruction - Preschool Disab. - Part Time:					
Other Salaries for Instruction	10,667	1,830	12,497	12,497	
Total Special Education Instruction - Presch. Disab. - Part Time	<u>10,667</u>	<u>1,830</u>	<u>12,497</u>	<u>12,497</u>	
TOTAL SPECIAL EDUCATION - INSTRUCTION	675,803	(11,944)	663,859	633,702	30,157
Basic Skills/Remedial - Instruction					
Salaries of Teachers	288,443	123	288,566	270,762	17,804
General Supplies	3,563		3,563		3,563
Employee Benefits	61,062	4,500	65,562	53,693	11,869
Total Basic Skills/Remedial - Instruction	<u>353,068</u>	<u>4,623</u>	<u>357,691</u>	<u>324,455</u>	<u>33,236</u>
Other Instructional Programs - Instruction:					
Salaries	14,000	15,050	29,050	29,050	
Purchased Services (Series 300-500)	13,300	(150)	13,150	12,704	446
General Supplies	1,000	150	1,150	911	239
Other Objects	500		500	396	104
Total Other Instructional Programs - Instruction	<u>28,800</u>	<u>15,050</u>	<u>43,850</u>	<u>43,061</u>	<u>789</u>
Before/After School					
Salaries of Teachers Tutors	9,000		9,000	6,910	2,090
Total Before/After School	<u>9,000</u>		<u>9,000</u>	<u>6,910</u>	<u>2,090</u>
Summer School - Instruction:					
Other Salaries for Instruction	1,000		1,000	352	648
Salaries of Teachers Tutors	20,900		20,900	8,915	11,985
General Supplies	600		600		600
Total Summer School - Instruction	<u>22,500</u>		<u>22,500</u>	<u>9,267</u>	<u>13,233</u>
TOTAL INSTRUCTION	3,567,689	108,104	3,675,793	3,407,703	268,090

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State-Special	255,953	51,430	307,383	305,542	1,841
Total Instruction	255,953	51,430	307,383	305,542	1,841
Attendance and Social Work:					
Salaries	14,822		14,822	14,822	
Total Attendance and Social Work	14,822		14,822	14,822	
Health Services:					
Salaries	70,561	1,268	71,829	71,731	98
Employee Benefits	21,105	500	21,605	17,896	3,709
Purchased Professional and Technical Services	1,500	(268)	1,232	208	1,024
Supplies and Materials	1,318		1,318	338	980
Total Health Services	94,484	1,500	95,984	90,173	5,811
Other Supp. Services Students-Related Services:					
Salaries	28,101		28,101	27,521	580
Employee Benefits	12,641	900	13,541	11,296	2,245
Purchased Professional - Educational Services	49,900		49,900	46,806	3,094
Supplies and Materials	451		451		451
Total Other Supp. Services Students-Related Services	91,093	900	91,993	85,623	6,370
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries	84,804	19,650	104,454	103,891	
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	84,804	19,650	104,454	103,891	563
Guidance:					
Salaries	8,095	34	8,129	8,129	
Supplies and Materials	100	(34)	66		66
Total Guidance	8,195		8,195	8,129	66

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Special:					
Salaries	1,100		1,100	311	789
Salaries of Other Professional Staff	125,168	(67)	125,101	124,849	252
Salaries of Secretarial and Clerical Assistants	27,487	67	27,554	27,554	
Employee Benefits	60,580	4,200	64,780	50,693	14,087
Other Purchased Prof. and Tech Svcs	53,500		53,500	51,448	2,052
Misc Purchased Services (400-500 Other than Resid. Costs)	500		500		500
Supplies and Materials	1,550	229	1,779	1,338	441
Total Other Supp. Services Students-Special	269,885	4,429	274,314	256,193	18,121
Improvement of Instruction Services:					
Salaries of Other Professional Staff	36,387		36,387	35,348	1,039
Purchased Professional - Educational Services	6,300		6,300	2,292	4,008
Supplies and Materials	200		200		200
Total Improvement of Instruction Services	42,887		42,887	37,640	5,247
Educational Media Services/School Library:					
Salaries	94,909	645	95,554	95,338	216
Salaries of Tech Coordinators	23,405	1,724	25,129	21,960	3,169
Employee Benefits	52,832	4,251	57,083	47,823	9,260
Purchased Professional and Technical Services	1,500		1,500	1,500	
Supplies and Materials	5,100		5,100	4,738	362
Other Objects	1,900	(645)	1,255	865	390
Total Educational Media Services/School Library	179,646	5,975	185,621	172,224	13,397
Instructional Staff Training Services:					
Salaries of Other Professional Staff	2,500	7,187	9,687	9,687	
Purchased Professional and Technical Services	9,000	(5,313)	3,687	3,537	150
Other Purchased Services (400-500 series)	5,000	(209)	4,791	470	4,321
Total Instructional Staff Training Services	16,500	1,665	18,165	13,694	4,471

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	67,159	(2,498)	64,661	64,651	10
Employee Benefits	23,877		23,877	14,368	9,509
Legal Services	6,000	(1,000)	5,000	176	4,824
Audit Fees	15,000		15,000	14,984	16
Other Purchased Professional Services	12,000	2,700	14,700	14,510	190
Communications/Telephone	7,500	3,499	10,999	10,476	523
BOE Other Purchased Services		600	600	288	312
Other Purchased Services (400-500)	8,850	3,000	11,850	9,759	2,091
General Supplies	1,200	4	1,204	1,202	2
BOE In House Training/Meeting Supplies	250	(4)	246	216	30
Miscellaneous Expenses	3,500		3,500	3,235	265
BOE Membership Dues and Fees	5,500	(600)	4,900	4,232	668
Total Supp. Services - General Administration	150,836	5,701	156,537	138,097	18,440
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	56,375		56,375	56,237	138
Salaries of Other Professional Staff	73,800		73,800	65,067	8,733
Salaries of Secretarial and Clerical Assistants	23,256	798	24,054	23,319	735
Employee Benefits	80,720	3,000	83,720	50,273	33,447
Supplies and Materials	2,400		2,400	2,088	312
Other Objects	1,000		1,000	544	456
Total Support Services - School Administration	237,551	3,798	241,349	197,528	43,821
Central Services:					
Salaries	129,150	533	129,683	129,683	
Employee Benefits	38,694	1,467	40,161	22,773	17,388
Supplies and Materials	6,000		6,000	5,922	78
Other Objects	2,000		2,000	1,886	114
Total Central Services	175,844	2,000	177,844	160,264	17,580

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Admin Info Tech.:					
Purchased Professional Services	5,500		5,500	1,420	4,080
Purchased Technical Services	19,500		19,500	19,357	143
Supplies and Materials	1,000		1,000	47	953
Total Admin. Info. Tech.	26,000		26,000	20,824	5,176
Required Maintenance for School Facilities:					
Salaries	55,293		55,293	55,293	
Cleaning, Repair and Maintenance Services	46,225	4,750	50,975	38,531	12,444
Supplies and Materials	3,000	7,620	10,620	10,431	189
Total Required Maintenance for School Facilities	104,518	12,370	116,888	104,255	12,633
Other Operations and Maintenance of Plant:					
Salaries	144,707	3,911	148,618	148,618	
Employee Benefits	93,882	3,959	97,841	61,693	36,148
Purchased Professional and Technical Services	21,300	(300)	21,000	20,489	511
Cleaning, Repair and Maintenance Services	65,450	8,210	73,660	43,650	30,010
Insurance	42,000		42,000	41,116	884
General Supplies	22,000	4,363	26,363	21,074	5,289
Energy (Natural Gas)	41,000	(300)	40,700	16,283	24,417
Energy (Electricity)	110,500		110,500	78,835	31,665
Energy (Oil)	1,000		1,000	708	292
Other Objects	1,300	1,090	2,390	2,344	46
Total Other Operations and Maintenance of Plant	543,139	20,933	564,072	434,810	129,262
Care and Upkeep of Grounds:					
Supplies and Materials	6,000		6,000	5,833	167
Total Care and Upkeep of Grounds	6,000		6,000	5,833	167
Security:					
Cleaning, Repair and Maintenance Services	9,700	1,530	11,230	1,063	10,167
Total Security	9,700	1,530	11,230	1,063	10,167

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Sal. For Pupil Transp. (Bet Home & Sch) - Reg.	11,275		11,275	11,275	
Management Fee - ESC & CTSA Trans Program	3,500		3,500	361	3,139
Contr Serv. - Aid in Lieu Payments	4,475	(3,894)	581		581
Contr Serv. - Aid in Lieu Payments - Charter School		3,536	3,536	3,536	
Contracted Services (Between Home and School)-Vendors	267,150	(2,805)	264,345	264,345	
Contracted Services (Other than Bet.Home & School)-Vendors	11,500		11,500	5,215	6,285
Contracted Services (Between Home and School)-Joint Agrmts.	18,000	3,163	21,163	18,988	2,175
Contracted Services (Spec. Ed. Students)-ESCs & CTSA's	134,000		134,000	92,556	41,444
Total Student Transportation Services	449,900		449,900	396,276	53,624
UNALLOCATED BENEFITS					
Social Security Contributions	76,000		76,000	73,842	2,158
Other Retirement Contributions-Regular	61,000		61,000	52,012	8,988
Unemployment Compensation	12,000		12,000	52	11,948
Workmen's Compensation	45,800		45,800	31,841	13,959
Health Benefits		5,000	5,000	5,000	
Tuition Reimbursement	18,000		18,000	18,000	
Other Benefits	12,000	(5,000)	7,000	2,500	4,500
TOTAL UNALLOCATED BENEFITS	224,800		224,800	183,247	41,553
On-behalf TPAF pension Contrib. (non-budgeted)				317,274	(317,274)
On-behalf TPAF PRM Contrib. (non-budgeted)				264,361	(264,361)
On-behalf TPAF pension LTD Ins. (non-budgeted)				444	(444)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				212,787	(212,787)
TOTAL ON-BEHALF CONTRIBUTIONS				794,866	(794,866)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	224,800		224,800	978,113	(753,313)
TOTAL UNDISTRIBUTED EXPENDITURES	2,986,557	131,881	3,118,438	3,524,994	(406,556)

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
TOTAL GENERAL CURRENT EXPENSE	6,554,246	239,985	6,794,231	6,932,697	(138,466)
CAPITAL OUTLAY					
Equipment:					
Maintenance Equipment		11,070	11,070	3,320	7,750
Total Equipment		11,070	11,070	3,320	7,750
Facilities Acquisition and Construction Services					
Construction Services	258,900	20,956	279,856	23,205	256,651
Total Facilities Acquisition and Construction Services	258,900	20,956	279,856	23,205	256,651
TOTAL CAPITAL OUTLAY	258,900	32,026	290,926	26,525	264,401
Transfer to Charter School	105,976	(15,124)	90,852	90,852	
TOTAL EXPENDITURES	6,919,122	256,887	7,176,009	7,050,074	125,935
Excess (Deficiency) of Revenues Over (Under) Expenditures	(421,991)	(256,887)	(678,878)	330,908	1,009,786

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(421,991)	(256,887)	(678,878)	330,908	1,009,786
Fund Balance, July 1	1,669,788		1,669,788	1,669,788	
Fund Balance, June 30	\$ 1,247,797	\$ (256,887)	\$ 990,910	\$ 2,000,696	\$ 1,009,786
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 1,128,300	
Emergency Reserve				21,625	
Excess Surplus				227,102	
Excess Surplus - Designated for Subsequent Year's Expenditures				166,152	
Assigned to:					
Designated for Subsequent Year's Expenditures				18,426	
Year-End Encumbrances				167,575	
Unassigned:					
Unrestricted Fund Balance				<u>271,516</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				\$ 2,000,696	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>(127,898)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 1,872,798</u>	

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 2,679	\$ 2,679	\$ 2,679	-
State Sources	\$ 57,623	4,132	61,755	61,755	-
Federal Sources	118,700	125,632	244,332	149,996	\$ (94,336)
Total Revenues	176,323	132,443	308,766	214,430	(94,336)
EXPENDITURES:					
Instruction					
Salaries	19,610	(2,491)	17,119	17,119	
Other Salaries	14,500	(14,500)			
Purchased Prof. & Tech Svcs	47,203	35,976	83,179	63,286	19,893
Tuition	9,500	9,296	18,796	18,796	
General Supplies	7,500	27,036	34,536	20,445	14,091
Textbooks	5,310	(270)	5,040	5,040	
Total Instruction	103,623	55,047	158,670	124,686	33,984
Support Services					
Salaries of Supervisors	11,900	3,450	15,350	15,350	
Salaries of Prof. Staff	11,500	125	11,625	10,180	1,445
Personal Services-Employee Bene.	4,000	1,633	5,633	4,255	1,378
Purchased Profess. Tech. Svcs		6,650	6,650	6,650	
Purchased Profess. Educ. Svcs	42,800	(8,355)	34,445	26,123	8,322
Other Purchased Svcs	2,500	24,411	26,911	420	26,491
Total Support Services	72,700	27,914	100,614	62,978	37,636
Facilities Acq. and Const. Services:					
Non Instructional Equipment		49,482	49,482	26,766	22,716
Total Facilities Acq. and Construction Services	-	49,482	49,482	26,766	22,716
Total Expenditures	176,323	132,443	308,766	214,430	94,336
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)	None				
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Current Year Last State Aid Payment not recognized on GAAP basis until received	None				
Fund Balance per Governmental Funds(GAAP Basis)	None				

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

For the Fiscal Year Ended June 30, 2017

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 7,380,982	\$ 214,430
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	8,014
Current Year	N/A	(20,183)
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	(127,898)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 7,380,694</u>	<u>\$ 202,261</u>
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 7,050,074	\$ 214,430
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	8,014
Current Year	N/A	(20,183)
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>\$ 7,050,074</u>	<u>\$ 202,261</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>2017</u>	<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>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A						
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A						
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 20,860,205</u>	<u>\$ 18,932,524</u>	<u>\$ 16,447,266</u>	<u>\$ 16,110,382</u>						
Total	<u>\$ 20,860,205</u>	<u>\$ 18,932,524</u>	<u>\$ 16,447,266</u>	<u>\$ 16,110,382</u>						
District's covered employee payroll	\$ 2,909,900	\$ 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	N/A						
Plan fiduciary net position as a percentage of the total pension liability	22.33%	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>2017</u>	<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>
District's proportion of the net pension liability (asset)	0.00585466%	0.005903004%	0.006542327%	0.006917639%						
District's proportionate share of the net pension liability (asset)	<u>\$ 1,733,984</u>	<u>\$ 1,325,106</u>	<u>\$ 1,224,903</u>	<u>\$ 1,322,098</u>						
District's covered employee payroll	\$ 410,590	\$ 395,661	\$ 423,592	\$ 610,941						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	422.32%	334.91%	289.17%	216.40%						
Plan fiduciary net position as a percentage of the total pension liability (Local)	40.14%	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>2017</u>	<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>
Contractually required contribution **	N/A	N/A	N/A	N/A						
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A						
Contribution deficiency (excess)	N/A	N/A	N/A	N/A						
District's covered employee payroll	\$ 2,909,900	\$ 2,519,735	\$ 2,635,075	\$ 3,987,972						
Contributions as a percentage of covered-employee payroll	N/A	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>2017</u>	<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>
Contractually required contribution	\$ 52,012	\$ 50,750	\$ 53,934	\$ 51,599						
Contributions in relation to the contractually required contribution	<u>(52,012)</u>	<u>(50,750)</u>	<u>(53,934)</u>	<u>(51,599)</u>						
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>						
District's covered employee payroll	\$ 410,590	\$ 395,661	\$ 423,592	\$ 610,941						
Contributions as a percentage of covered-employee payroll	12.67%	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, 2017

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

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2017

	Title I	Title I I Part A	IDEA Basic	IDEA Preschool	REAP	NP Textbook	NP Security	NP Nursing	Handi- Cap Svcs Exam.	Handi- Cap Svcs Cor. Speech	Handi- Cap Svcs Suppl Inst	Aux. Svcs Comp Ed.	Local Grants	Totals
REVENUES														
Local Sources													\$ 2,679	\$ 2,679
State Sources						\$ 5,040	\$ 6,650	\$ 8,640	\$ 11,339	\$ 7,952	\$ 5,493	\$ 16,641		61,755
Federal Sources	\$ 20,945	\$ 4,134	\$ 82,374	\$ 10,339	\$ 32,204									149,996
TOTAL REVENUES	20,945	4,134	82,374	10,339	32,204	-	-	-	-	-	-	-	2,679	214,430
EXPENDITURES:														
Instruction:														
Salaries			8,300						8,819					17,119
Purchased Prof. & Tech Svcs			22,040					8,640	2,520	7,952	5,493	16,641		63,286
Tuition			8,457	10,339										18,796
General Supplies	1,340		10,988		5,438								2,679	20,445
Textbooks						5,040								5,040
Total Instruction	1,340	-	49,785	10,339	5,438	5,040	-	8,640	11,339	7,952	5,493	16,641	2,679	124,686
Support Services:														
Salaries of Supervisors of Instruction	15,350													15,350
Salaries of Prof. Staff			10,180											10,180
Personal Services-Employee Bene.	4,255													4,255
Purchased Profess. Tech. Svcs							6,650							6,650
Purchased Profess. Educ. Svcs		4,134	21,989											26,123
Other Purchased Svcs			420											420
Total Support Services	19,605	4,134	32,589	-	-	-	6,650	-	-	-	-	-	-	62,978
Facilities Acq. and Const. Services:														
Non Instructional Equipment						26,766								26,766
Total Facilities Acq. and Const. Svcs	-	-	-	-	-	26,766	-	-	-	-	-	-	-	26,766
TOTAL EXPENDITURES	\$ 20,945	\$ 4,134	\$ 82,374	\$ 10,339	\$ 32,204	\$ 5,040	\$ 6,650	\$ 8,640	\$ 11,339	\$ 7,952	\$ 5,493	\$ 16,641	\$ 2,679	\$ 214,430
Total Outflows	\$ 20,945	\$ 4,134	\$ 82,374	\$ 10,339	\$ 32,204	\$ 5,040	\$ 6,650	\$ 8,640	\$ 11,339	\$ 7,952	\$ 5,493	\$ 16,641	\$ 2,679	\$ 214,430
Excess (Deficiency) of Revenues Over (Under) Expenditures														

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

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

For the Fiscal Year Ended June 30, 2017

Revenues and Other Financing

Sources

State Sources - SDA Grant	\$ 11,629
Total Revenues	<u>11,629</u>

Expenditures and Other Financing

Sources

Purchased Professional Services	-
Construction Services	-
Total Expenditures	<u>-</u>

Excess(deficiency) of revenues over(under) expenditures	11,629
---	--------

Fund Balance - Beginning	<u>64,963</u>
--------------------------	---------------

Fund Balance - Ending	<u><u>\$ 76,592</u></u>
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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, 2017

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
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>
Expenditures and Other Financing Sources				
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, 6/30/17 \$ 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	6/30/2016
Revised Target Completion Date	9/30/2017

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, 2017

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 91,894	\$ 7,648	\$ 99,542	\$ 99,542
Transfer from Capital Reserve	139,773		139,773	139,773
Total Revenues	<u>231,667</u>	<u>7,648</u>	<u>239,315</u>	<u>239,315</u>
Expenditures and Other Financing Sources				
Purchase Professional & Technical Services			-	19,120
Construction Services	229,736		229,736	220,195
Total Expenditures	<u>229,736</u>	<u>-</u>	<u>229,736</u>	<u>\$ 239,315</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 1,931</u>	<u>\$ 7,648</u>	<u>9,579</u>	

Project Fund Balance, 6/30/17 \$ 9,579

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	96.0%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2017

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, 2017

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 65,794	\$ 3,981	\$ 69,775	\$ 69,775
Transfer from Capital Reserve	98,690		98,690	98,690
Total Revenues	<u>164,484</u>	<u>3,981</u>	<u>168,465</u>	<u>168,465</u>
Expenditures and Other Financing Sources				
Purchase Professional & Technical Services			-	9,952
Construction Services	164,484		164,484	158,512
Total Expenditures	<u>164,484</u>	<u>-</u>	<u>164,484</u>	<u>\$ 168,464</u>
Excess(deficiency) of revenues over(under) expenditures		<u>- \$ 3,981</u>	<u>3,981</u>	
			<u>Project Fund Balance, 6/30/17</u>	<u>\$ 3,981</u>

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	97.6%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2017

**PROPRIETARY FUND
DETAIL STATEMENTS**

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

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

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

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

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

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

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

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

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	JANE PERLMUTTER MEMORIAL FUND	<u>AGENCY FUNDS</u>		<u>TOTALS</u>
			<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>	
ASSETS:					
Cash and Cash Equivalents	\$ 113,984	\$ 10,442	\$ 20,220	\$ 4,579	\$ 149,225
TOTAL ASSETS	<u>113,984</u>	<u>10,442</u>	<u>20,220</u>	<u>4,579</u>	<u>149,225</u>
LIABILITIES:					
Liabilities:					
Payroll Deductions & Withholdings				\$ 4,579	\$ 4,579
Payable to Student Groups			\$ 20,220	-	20,220
Total Liabilities			<u>20,220</u>	<u>4,579</u>	<u>24,799</u>
NET POSITION					
Held in Trust for Unemployment Claims and Other Purposes	\$ 113,984	\$ 10,442			<u>124,426</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 113,984</u>	<u>\$ 10,442</u>	<u>\$ 20,220</u>	<u>\$ 4,579</u>	<u>\$ 149,225</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	JANE PERLMUTTER MEMORIAL <u>FUND</u>	<u>TOTALS</u>
ADDITIONS			
Contributions:			
Plan Member	\$ 6,287		\$ 6,287
Contributions	-	\$ 30	30
Total Contributions	<u>6,287</u>	<u>30</u>	<u>6,317</u>
Investment Earnings:			
Interest	221	\$ 10	231
Net Investment Earnings	<u>221</u>	<u>10</u>	<u>231</u>
Total Additions	<u>6,508</u>	<u>40</u>	<u>6,548</u>
DEDUCTIONS			
Scholarships		106	106
Claims/Quarterly Contribution Reports	-	-	-
Total Deductions	<u>-</u>	<u>106</u>	<u>106</u>
Change in Net Position	6,508	(66)	6,442
Net Position—Beginning of the Year	<u>107,476</u>	<u>10,508</u>	<u>117,984</u>
Net Position—End of the Year	<u>\$ 113,984</u>	<u>\$ 10,442</u>	<u>\$ 124,426</u>

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>ACTIVITY</u>	<u>BALANCE</u> <u>July 1, 2016</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>June 30, 2017</u>
Hampton Elementary School	\$ 21,701	\$ 19,644	\$ 21,125	\$ 20,220
TOTALS	\$ 21,701	\$ 19,644	\$ 21,125	\$ 20,220

HAMPTON TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE			BALANCE
	<u>July 1, 2016</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>June 30, 2017</u>
ASSETS:				
Cash and Cash Equivalents	\$ 4,505	\$ 4,131,118	\$ 4,131,044	\$ 4,579
Total Assets	<u>\$ 4,505</u>	<u>\$ 4,131,118</u>	<u>\$ 4,131,044</u>	<u>\$ 4,579</u>
LIABILITIES:				
Payroll Deductions & Withholdings	\$ 4,505	\$ 1,763,877	\$ 1,763,803	\$ 4,579
Accrued Salaries & Wages		2,367,241	2,367,241	-
Total Liabilities	<u>\$ 4,505</u>	<u>\$ 4,131,118</u>	<u>\$ 4,131,044</u>	<u>\$ 4,579</u>

LONG-TERM DEBT SCHEDULES

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

N/A

Hampton Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	93-98
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	99-102
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	103-106
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	107-108
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	109-113

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

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

Exhibit J-1

	<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>2017</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 3,131,971
Restricted	428,325	827,151	774,097	909,244	885,528	866,025	1,275,018	1,143,916	1,173,170	1,561,605
Unrestricted	67,634	31,969	152,476	119,549	141,155	250,467	404,864	(681,362)	(927,121)	(1,053,036)
Total governmental activities net assets	<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>	<u>\$ 3,640,540</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 6,577	\$ 5,700	\$ 4,824	\$ 3,948	\$ 3,072	\$ 2,196	\$ 1,320	\$ 444	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	11,661	31,722	50,573	54,943	58,854	59,745	24,282	31,180	27,147	\$ 21,881
Total business-type activities net assets	<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>	<u>\$ 21,881</u>
District-wide										
Invested in capital assets, net of related debt	\$ 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	\$ 3,131,971
Restricted	428,325	827,151	774,097	909,244	885,528	866,025	1,275,018	1,143,916	1,173,170	1,561,605
Unrestricted	79,295	63,691	203,049	174,492	200,009	310,212	429,146	(650,182)	(899,974)	(1,031,155)
Total district net assets	<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>	<u>\$ 3,662,421</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

	<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>2017</u>
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 3,760,966
Special education	759,928	506,075	623,251	720,639	414,725	353,650	578,897	674,713	787,678	904,390
Other special education	141,542	290,004	229,544	288,181	417,857	438,199	382,650	471,336	481,866	547,589
School Sponsored Other Instruction	68,377	121,883	88,018	76,632	-	-	-	-	-	-
Support Services:										
Tuition	273,177	100,568	190,581	208,847	252,179	149,083	112,915	125,405	179,243	305,542
Student & instruction related services	679,146	718,293	728,390	649,583	798,789	876,604	722,836	808,667	1,007,992	1,212,671
General administrative services	279,916	287,576	297,691	311,534	591,251	612,799	469,626	416,991	439,300	382,713
School administrative services	482,328	433,110	452,673	446,060	186,956	208,493	220,089	336,429	384,221	298,051
Plant operations and maintenance	623,365	602,164	584,964	532,012	627,608	594,938	628,046	687,767	760,316	809,654
Pupil transportation	478,108	377,393	396,564	382,963	410,133	394,017	384,063	348,315	344,443	396,276
Other Support Services	21,625	-	-	-	-	-	-	-	-	-
Charter Schools	25,062	65,233	26,460	22,555	46,900	22,808	35,782	84,255	103,269	90,852
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Unallocated Depreciation	103,733	108,060	107,082	-	-	-	-	-	-	-
Total governmental activities expenses	<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>	<u>8,708,704</u>
Business-type activities:										
Food service	124,300	105,786	107,426	116,162	125,447	114,231	152,979	108,536	109,890	106,846
Total business-type activities expense	<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>114,231</u>	<u>108,536</u>	<u>109,890</u>	<u>106,846</u>
Total district expenses	<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>\$ 6,768,619</u>	<u>\$ 7,616,133</u>	<u>\$ 7,991,603</u>	<u>\$ 8,815,550</u>
Program Revenues										
Governmental activities:										
Operating grants and contributions	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	3,548,492
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<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>	<u>3,548,492</u>
Business-type activities:										
Charges for services										
Food service	99,887	92,990	91,621	84,484	83,347	70,059	77,863	78,081	72,855	69,438
Operating grants and contributions	27,919	31,727	33,548	35,119	45,017	43,892	36,630	34,827	32,416	32,085
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<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>	<u>101,523</u>
Total district program revenues	<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>	<u>\$ 3,650,015</u>

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

Exhibit J-2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (5,160,212)
Business-type activities	3,506	18,931	17,743	3,441	2,917	(280)	(38,486)	4,372	(4,619)	(5,323)
Total district-wide net expense	<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>	<u>\$ (5,165,535)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 5,213,151
Taxes levied for debt service	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	359,060	1,100,296	943,114	804,739	-	-	308,923	233,294	(75,606)	11,629
Investment earnings	-	-	2,827	711	3,170	3,388	3,382	3,176	3,803	4,114
Miscellaneous income	27,681	28,650	64,318	2,296	11,925	7,359	47,595	36,586	70,926	66,834
Total governmental activities	<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>	<u>5,295,728</u>
Business-type activities:										
Investment earnings	187	253	232	53	118	295	2,147	1,650	142	57
Total business-type activities	<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>	<u>57</u>
Total district-wide	<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>	<u>\$ 5,295,785</u>
Change in Net Position										
Governmental activities	\$ 12,926	\$ 264,790	\$ (33,567)	\$ 4,860	\$ (101,790)	\$ (21,471)	\$ 643,168	\$ 633,744	\$ 92,527	\$ 135,516
Business-type activities	3,693	19,184	17,975	3,494	3,035	15	(36,339)	6,022	(4,477)	(5,266)
Total district	<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>	<u>\$ 130,250</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>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>2017</u>
General Fund										
Reserved	\$ 428,325	\$ 827,151	\$ 774,097	\$ 921,449	\$ 914,362	\$ 999,847	\$ 1,415,065	\$ 1,404,149	\$ 1,401,361	\$ 1,729,180
Unreserved	224,911	132,709	246,046	180,031	163,591	126,769	125,638	127,107	140,817	143,618
Total general fund	<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>	<u>\$ 1,872,798</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Capital projects fund						155,000	\$ 265,365	\$ 296,326	\$ 64,963	\$ 76,592
Total all other governmental funds						<u>\$ 155,000</u>	<u>\$ 265,365</u>	<u>\$ 296,326</u>	<u>\$ 64,963</u>	<u>\$ 76,592</u>

Source: CAFR Schedule B-1

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

Exhibit J-4

	<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>2017</u>
Revenues										
Tax levy	\$ 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	\$ 5,213,151
Interest on Investments	1,083	2,101	2,827	711	-	-	-	-	-	-
Miscellaneous	28,157	28,592	65,758	3,651	15,095	10,747	50,977	39,762	74,729	70,948
State sources	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	2,160,087
Federal sources	194,081	183,309	446,613	209,869	237,440	162,877	151,463	153,226	154,456	150,398
Total revenue	7,069,114	6,947,335	6,957,973	6,775,604	7,040,230	7,046,208	7,297,556	7,418,269	7,283,348	7,594,584
Expenditures										
Instruction										
Regular Instruction	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	2,506,581
Special education instruction	553,843	401,681	510,093	513,459	366,950	306,027	505,900	515,924	610,411	633,702
Other special instruction	141,542	290,004	229,544	288,181	369,721	379,190	334,399	360,410	373,422	383,693
Other instruction	39,475	54,864	35,280	18,558	-	-	-	-	-	-
Support Services:										
Tuition	273,177	100,568	190,581	208,847	252,179	149,083	112,915	125,405	179,243	305,542
Student & instruction related services	586,980	562,563	578,284	513,271	698,669	750,457	623,586	610,251	773,041	841,611
General administrative services	262,828	267,253	276,909	270,913	551,998	537,375	429,037	370,641	407,824	319,185
School Administrative services	338,816	352,005	371,513	344,060	162,528	177,526	189,445	245,938	286,437	197,528
Plant operations and maintenance	569,621	549,352	516,623	479,628	553,661	501,042	547,202	524,257	567,847	545,961
Pupil transportation	478,108	377,164	396,395	382,833	410,133	394,017	384,063	348,315	344,443	396,276
Unallocated employee benefits	1,506,342	1,294,315	1,484,798	1,395,176	699,539	855,803	740,651	850,146	855,056	978,113
Other Support Services	21,625	-	-	-	-	-	-	-	-	-
Charter Schools	25,062	65,233	26,460	22,555	46,900	22,808	35,782	84,255	103,269	90,852
Capital outlay	-	6,373	2,199	7,400	11,600	12,132	191,058	747,456	542,093	53,291
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-
Total expenditures	6,916,700	6,640,711	6,897,690	6,694,267	7,063,757	6,842,545	6,773,104	7,396,755	7,503,789	7,252,335
Excess (Deficiency) of revenues over (under) expenditures	152,414	306,624	60,283	81,337	(23,527)	203,663	524,452	21,514	(220,441)	342,249
Other Financing Sources (uses)										
Capital Leases										
Proceeds of Refunding Bonds										
Payment to Refunded Bond Escrow										
Transfers in							162,500	(7,500)	503,000	-
Transfers out							(162,500)	7,500	(503,000)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 152,414	\$ 306,624	\$ 60,283	\$ 81,337	\$ (23,527)	\$ 203,663	\$ 524,452	\$ 21,514	\$ (220,441)	\$ 342,249
Debt service as a percentage of noncapital expenditures	0.0%	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</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2017	4,114	6,584	46,145	11,426	68,269

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>
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
2017	13,095,800	433,588,100	33,709,700	1,008,400	122,572,200	548,000	683,548,622	78,022,300	1,004,122	605,526,322	0.853	630,209,749

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Calendar Year Ended Dec 31	Hampton Township School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt		Regional School District	Township	Sussex County	
		Service ^b	Total Direct				
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
2017	\$0.853		\$0.853	\$0.853	\$0.479	\$0.575	\$2.760

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	2016			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%
Total	\$ 92,231,900		15.18%	\$ 35,341,900		10.19%

Source: District CAFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2017	\$ 5,213,151	\$ 5,213,151	100.00%	-

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

Note:

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
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-
2017	-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 ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2017	-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, 2017**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Hampton Township	\$ 156,300	100.000%	\$ 156,300
Other debt			
Sussex County	111,347,324	3.739%	<u>4,163,239</u>
Subtotal, overlapping debt			4,319,539
Hampton Township School District Direct Debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 4,319,539</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 2017

	Equalized valuation basis	
	2016	\$635,469,568
	2015	\$628,116,231
	2014	\$629,522,741
	[A]	\$1,893,108,540
Average equalized valuation of taxable property	[A/3]	\$ 631,036,180
Debt limit (2.5% of average equalization value)	[B]	15,775,905
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	\$ 15,775,905

	<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>2017</u>
Debt limit	\$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	\$15,775,905
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$15,775,905</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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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	\$278,650,437	\$55,497 R	5.3%
2016	4,974	\$276,042,078	\$55,497 *	4.1%
2017	4,927	\$273,433,719	\$55,497 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by NJ Dept of Labor

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

R =Revised

P =Projected

* Current figure unavailable

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

Exhibit J-15

Employer	2017			2008		
	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>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>2017</u>
Instruction										
Regular	39.0	30.7	31.7	29.7	30.3	30.5	29.0	31.2	29.7	29.7
Special education	6.0	7.0	7.0	7.0	7.5	7.0	7.1	5.7	6.7	6.7
Other Special Education	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.5	4.7	4.7
Other Instruction	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.2	3.2	3.2
Support Services:										
Student & instruction related services	6.0	10.8	9.4	10.5	10.5	9.5	8.0	5.6	5.6	5.6
School administrative services	4.3	4.3	3.3	2.3	3.0	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	1.2	1.2	1.2
Plant operations and maintenance	4.0	4.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Business and Other Support Services	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	<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>	<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 ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
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%
2017	290	7,199,044	24,824	4.12%	40.30	7.2:1		288.4	274.1	-1.63%	95.04%

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

<u>District Building</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>2017</u>
<u>Elementary</u>										
Marion Emmons McKeown School (1972, 1992)										
Square Feet	60,900	60,900	60,900	60,900	60,900	60,900	60,900	60,900	60,900	60,900
Capacity (students)	474	474	474	474	474	474	474	474	474	474
Enrollment	422	413	422	385	392	349	332	316	292	290

Number of Schools at June 30, 2017
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, 2017**

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>2017</u>	<u>Total</u>
Marion Emmons KcKeown School	N/A	\$ 170,329	\$ 140,893	\$ 99,729	\$ 87,466	\$ 89,820	\$ 49,596	\$ 30,909	\$ 26,433	\$ 138,304	\$ 104,255	\$ 937,734
Grand Total		\$ 170,329	\$ 140,893	\$ 99,729	\$ 87,466	\$ 89,820	\$ 49,596	\$ 30,909	\$ 26,433	\$ 138,304	\$ 104,255	\$ 937,734

HAMPTON TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE
June 30, 2017
UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
COMMERCIAL PACKAGE POLICY - NJSIG		
Property-Blanket Building and Contents (fund limit)	\$ 450,000,000	\$ 1,000
LIABILITY - NJSIG		
Comprehensive General Liability	31,000,000	None
Automobile Liability	31,000,000	None
Worker's Compensation	NJ Statutory	
SCHOOL BOARD LEGAL LIABILITY - NJSIG		
Limit of Liability	31,000,000	5,000
Coverage A	31,000,000	5,000
Coverage B	1,000,000	5,000
CRIME - NJSIG		
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
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND-Selective Insurance Company		
School Board Administrator	200,000	None
ENVIRONMENTAL SERVICE - NJSIG		
Environmental Impairment	1,000,000	Various

SOURCE: District Records

Single Audit Section



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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, 2017, 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, 2017.

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-

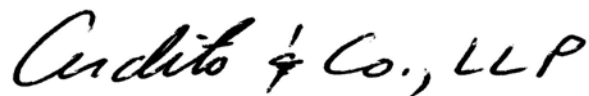
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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
September 30, 2017



Licensed Public School Accountant No.2369



ARDITO & Co., LLP

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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, 2017. 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, 2017.

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, 2017

Carmen Ardit

Licensed Public School Accountant No.2369

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2017

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2016	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2017			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
STATE DEPARTMENT OF EDUCATION															
General Fund:															
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 655,394			\$ 655,394	\$ (655,394)						\$ 65,540	\$ 655,394	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	167,978			167,978	(167,978)						16,798	167,978	
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	212,034			212,034	(212,034)						21,203	212,034	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	32,162			32,162	(32,162)						3,216	32,162	
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	174,490			174,490	(174,490)						17,449	174,490	
Add'l Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	27,682			27,682	(27,682)						2,768	27,682	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	3,180			3,180	(3,180)						318	3,180	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	3,180			3,180	(3,180)						318	3,180	
Prof. Learning Comm Aid	17-495-034-5120-101	7/1/16-6/30/17	2,880			2,880	(2,880)						288	2,880	
Extra-ordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	23,061	\$ (23,061)		23,061								23,061	
Extra-ordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	25,047				(25,047)			\$ (25,047)				25,047	
Non-Public Transportation Aid	16-100-034-5120-068	7/1/15-6/30/16	366	(366)		366								366	
Non-Public Transportation Aid	17-100-034-5120-068	7/1/16-6/30/17	669				(669)			(669)				669	
On Behalf TPAF Pension	17-495-034-5094-002	7/1/16-6/30/17	317,274			317,274	(317,274)							317,274	
On Behalf TPAF Pension PRM	17-495-034-5094-001	7/1/16-6/30/17	264,361			264,361	(264,361)							264,361	
On Behalf TPAF Pension LTD Ins	17-495-034-5094-004	7/1/16-6/30/17	444			444	(444)							444	
Reimbursed TPAF Soc. Secur. Contrib.	17-495-034-5094-003	7/1/16-6/30/17	212,787	-		202,300	(212,787)			(10,487)				212,787	
Total General Fund				(23,427)		2,086,786	(2,099,562)			(36,203)			127,898	2,122,989	
Special Revenue Fund															
N.J. Nonpublic Aid:															
Textbooks Aid	17-100-034-5120-064	7/1/16-6/30/17	5,188	171		5,188	(5,040)		(171)		\$ 148			5,040	
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	8,640	6		8,640	(8,640)		(6)					8,640	
Technology Aid	17-100-034-5120-373	7/1/16-6/30/17	2,340	158		2,340	-		(158)		2,340			-	
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	6,650	220		6,650	(6,650)		(220)					6,650	
Auxiliary Services:															
Compensatory Education	17-100-034-512a-067	7/1/16-6/30/17	18,274	1,355		18,274	(16,641)		(1,355)			1,633		16,641	
Handicapped Services:															
Examination and Classification	17-100-034-512b-066	7/1/16-6/30/17	12,790	-		12,790	(11,339)				1,451			11,339	
Corrective Speech	17-100-034-512a-066	7/1/16-6/30/17	7,952	1,487		7,952	(7,952)		(1,487)					7,952	
Supplementary Instruction	17-100-034-512c-066	7/1/16-6/30/17	5,493	2,006		5,493	(5,493)		(2,006)					5,493	
Total Special Revenue Fund				5,403		67,327	(61,755)		(5,403)		-	5,572		61,755	
Capital Projects Fund:															
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	(91,894)		99,542	\$ (7,648)			-				-	
SDA Grant - Well Tank Replacement	1980-050-16-G2UL	7/1/14-6/30/15	120,000	(65,794)		69,775	(3,981)			-				-	
Total Capital Projects Fund				(167,055)		169,317	-	(11,629)		(9,367)				-	
Enterprise Fund:															
Nat. School Lunch Prog. (State Share)	16-100-010-3350-023	7/1/15-6/30/16		(191)		191									
Nat. School Lunch Prog. (State Share)	17-100-010-3350-023	7/1/16-6/30/17	1,007			946	(1,007)			(61)				1,007	
Total Enterprise Fund				(191)		1,137	(1,007)			(61)				1,007	
TOTAL STATE FINANCIAL ASSISTANCE				\$ (185,270)		\$ 2,324,567	\$ (2,162,324)	(11,629)	\$ (5,403)	\$ (45,631)		-	\$ 5,572	\$ 127,898	\$ 2,185,751

Less: On-behalf TPAF Pension Amounts 582,079

Total State Expenditures Subject to Major Program Determination \$ (1,580,245)

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, 2017

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 (\$288) for the general fund and (\$12,169) 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, 2017

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 2,099,274	\$ 2,099,274
Special Revenue Fund	\$ 150,398	49,184	199,582
Capital Projects Fund		11,629	11,629
Food Service Fund	<u>31,078</u>	<u>1,007</u>	<u>32,085</u>
Total Financial Assistance	<u>\$ 181,476</u>	<u>\$ 2,161,094</u>	<u>\$ 2,342,570</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, 2017. 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, 2017.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017

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.