

**Comprehensive Annual
Financial Report**

of the

HAMBURG BOROUGH SCHOOL DISTRICT

Hamburg, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

**Hamburg Borough Board of Education
Business Office**

HAMBURG BOROUGH SCHOOL DISTRICT

**Hamburg Borough Board of Education
Hamburg, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

HAMBURG BOROUGH SCHOOL DISTRICT
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INTRODUCTORY SECTION

Hamburg School District

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Mr. Roger A. Jinks, Jr.
Chief School Administrator

Mr. William J. Sabo
Business Administrator/Board Secretary

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

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Hamburg Borough School District (the "District") for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statement and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of officials and a list of consultants and advisors. The financial section includes The Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The Hamburg Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Hamburg Borough School District and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool through 8 as well as special education for handicapped students. The District completed the fiscal year with an average daily enrollment of 250 students. Overall, the student enrollment has been declining over the last several years mainly due to the loss of students to the local charter and choice schools.

The Honorable President and Members
of the Board of Education
Hamburg Borough School District
August 29, 2017
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2) ECONOMIC CONDITION AND OUTLOOK:

The Hamburg Public School District, a preschool through grade eight elementary school, is located in the north central portion of scenic Sussex County, in the State of New Jersey. It is bounded on the west, north, and east by Hardyston Township and on the south by Franklin Borough. Hamburg Borough, first settled in the early 18th century, was formed March 19, 1920 from Hardyston Township. Hamburg Borough is a community of single frame homes situated nicely on shady lanes with a downtown main street and two major routes (94 and 23) intersecting at its center. In recent years, very little construction of new homes has occurred and a large number of homes have been foreclosed upon or are currently in foreclosure. Recent enrollment trends continue to show a decline in enrollment to around 250 students over the past five school years which mirrors the decrease of residents in Hamburg Borough from 3,277 residents as of the 2010 Census to 3,193 according to Sussex County population estimates. This is consistent with the trend that the majority of municipalities in Sussex County currently face - a declining population, a decrease in the birth rate and the average age of residents increasing.

With the opening of the school in September 2016, the District had a student population of 244 students in grades preschool through eight. These numbers do not include the population of special needs students that the District must place out-of-district due to the lack of adequate special needs programs. Nor do the numbers include homeless students for which Hamburg School must pay tuition to others districts for the children to attend. These numbers also do not include the population of students who attend charter school or the students who are attending choice districts in Sussex County. In addition to the rising costs for special needs, charter school students (\$498,000 budgeted for the 17-18 school year), students in out-of-district placements and transporting students to choice districts are growing concerns. An additional concern that financially impacts the District is the increase in the number of students receiving services as required by the students' IEPs (individualized education plans). These services include, but are not limited to, occupational therapy, physical therapy, and ABA therapy. Finally, the District continues to expend significant money to ensure students are prepared for the PARCC assessments which will again be implemented in this coming school year. The costs include updating the District's network infrastructure, purchasing computers which will be compatible with the test, providing professional development for staff and updating all curricular materials to comply with the New Jersey Student Learning Standards.

In reference to the District's budget, the community has been consistently supportive of the District's annual budget. In January 2012, a law was passed [P.L. 2011, chapter 202] that gave the Boards of Education the ability to move the date for the school's annual election from April to the General Election in November. If the Board chose to elect board members in November, the Boards of Education would not have to submit their annual budgets for voter approval, so long as it does not exceed the tax levy cap [presently at two percent]. However, once the school election is moved to November, no action can be taken to move it back to April for four years. On January 31, 2012, the Hamburg Borough Board of Education adopted a resolution to move its school elections to the General Election in November. Going forward, we remain optimistic that once the public is properly informed about the time and effort spent on the formulation of a fiscally responsible school budget and our ongoing efforts to lower costs by participating in shared service agreements, purchasing cooperatives and the analysis of District expenditures, that the public shall remain supportive of the school district budget.

An example of this occurred in FY 2009-10 when the Hamburg and the Franklin Borough Boards of Education entered into an inter-local agreement to share Franklin's Business Administrator with Hamburg. This arrangement allowed Hamburg to reduce its business office expenses [from the prior school year] by over \$30,000 and both boards of education renewed the shared services contract for a five (5) year term, starting with the FY 2013-14 school year.

3) MAJOR INITIATIVES:

Hamburg School is a preschool through eighth grade learning community that benefits from having a supportive Board of Education, a concerned parent body, and a hardworking and caring faculty. Historically, we have always done well with our mandated and in-house standardized testing and we are progressively working to increase our students' academic abilities while maintaining a broad variety of co-curricular and extra-curricular activities. This is a direct result of our initiatives that stress time-on task, high expectations for our students' efforts, the orderly teaching of classes and timely feedback for student efforts.

As in the past years, goals and objectives are always set to challenge students to do their best. Goals and objectives have included the areas of Mathematics, Reading, Writing, Science, Social Studies, Physical Education/Health, World Language, Visual and Performing Arts, Computer Science, and 21st Century Skills. Our goals for the 2017-2018 academic year are to remain focused on enhanced Language Arts and Mathematics achievement. This includes developing S.T.E.A.M. activities to prepare students for college and career. In addition, major initiatives in curriculum and technology updates are taking place to ensure that Hamburg School students are being prepared with 21st Century skills to ready them for high school and college.

In support of our academic programs, we constantly review our textbooks and curriculum for possible revisions and improvements. During the 2016-2017 school year, the 21st Century & Careers, Health & Physical Education, and Visual & Performing Arts curricula were reviewed. In addition, revisions to the Gifted & Talented, Guidance, Library/Media, and Science curricula were implemented while updates to the Mathematics and English Language Arts curricula were being written. During the 2017-2018 school year, the Handwriting and Social Studies curricula will be reviewed.

To help support our programs and Professional Development requirements, the faculty and administration participate in local in-service/workshop activities and commercially available in-district and out-of-district professional development workshops. Professional development mandates are in progress for staff to remain in compliance with the 20-hour per year requirement. Additional programs included state-mandated Harassment, Intimidation and Bullying training for all school employees and whole-school pride assemblies. To the credit of the Hamburg students, we continue to support programs for the less fortunate. Our students also participate in the Sussex County Anti-bullying Summit, the Week of Respect, and Kindness Awareness Month.

Aside from academic requirements, our students are also provided with an enriching extra-curricular program that includes a drama society, instrumental and vocal music programs, art club, literary magazine/student newspaper, interscholastic athletic program, academic field trips for all grades and expanded assembly programs.

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.

The Honorable President and Members
of the Board of Education
Hamburg Borough School District
August 29, 2017
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As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

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 a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service 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 canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2016.

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the 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) 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.

8) RISK MANAGEMENT:

The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The New Jersey Schools Insurance Group oversees risk management for the District. A Schedule of Insurance Coverage is found on Exhibit J-20.

The Honorable President and Members
of the Board of Education
Hamburg Borough School District
August 29, 2017
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9) DEBT ADMINISTRATION:

At June 30, 2017, the District had \$1,010,000 in outstanding general obligation bonds in connection with a bond referendum for the construction of an addition containing new classrooms, storage space and renovations to the original school building. The addition was completed and occupied in the fall of 2004.

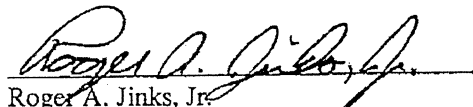
10) OTHER INFORMATION:

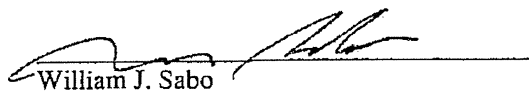
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

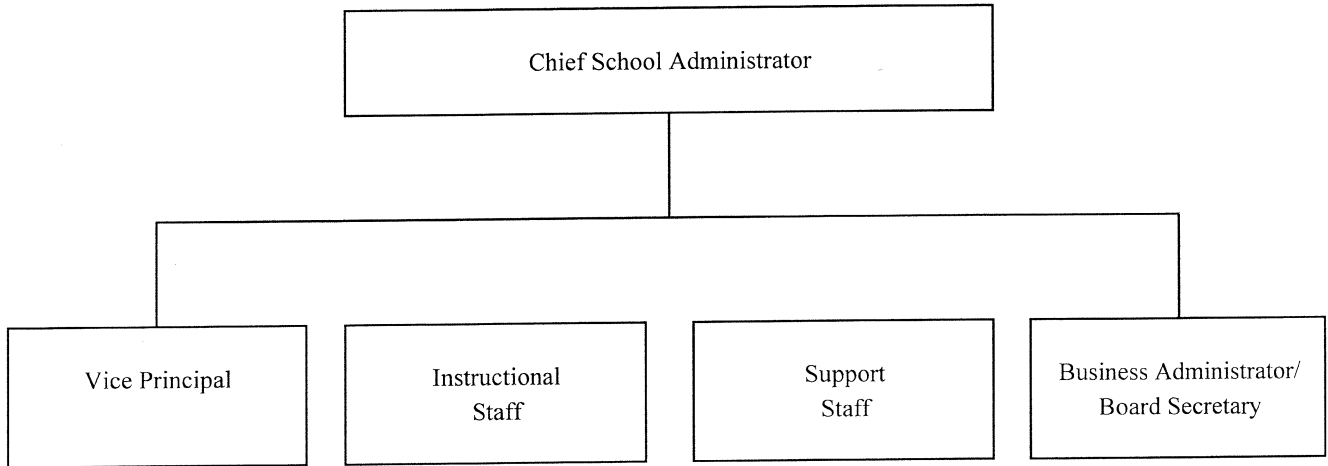
We would like to express our appreciation to the members of the Hamburg Borough Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,


Roger A. Jinks, Jr.
Chief School Administrator


William J. Sabo
Business Administrator/Board Secretary

HAMBURG BOROUGH SCHOOL DISTRICT 2017 ORGANIZATIONAL CHART



**HAMBURG BOROUGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Expiration of Term</u>
Robert Jones, President	2017
Sheila Frayko, Vice President	2019
Charlotte Ambrose	2019
Sandra Cunningham	2018
Timothy Gillen	2019
Martina Cuevas	2018
Mathew Christy	2018
Karen Crosby	2017
Jennifer Davis	2017

<u>Other Officials</u>	<u>Title</u>
Roger A. Jinks, Jr.	Chief School Administrator
William J. Sabo	Business Administrator/Board Secretary
Dawn Babcock	Treasurer

**HAMBURG BOROUGH SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

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Insurance Agent

The Morville Agency
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Newton, New Jersey 07860

Fortitude Insurance Group

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Florham Park, NJ 07932

Official Depository

Lakeland Bank
Administration Center
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Oak Ridge, New Jersey 07438

FINANCIAL SECTION



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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hamburg Borough School District (the "District") in the County of Sussex, as of and for the fiscal 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.

Auditors' 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, 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 from 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. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hamburg Borough School District, in the County of Sussex, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance 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, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Education
Hamburg Borough School District
Page 3

The accompanying other information such as the introductory and statistical sections has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2017 on our consideration of the District'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 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.

August 29, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR FISCAL YEAR ENDED JUNE 30, 2017

**Hamburg Borough School District
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Unaudited)**

This section of Hamburg Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- Overall revenue was \$7,980,361.
- Overall expenses were \$8,065,050.
- The District's financial position decreased \$84,689 over the course of the year on a district-wide basis.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

**Hamburg Borough School District
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Unaudited)**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1
Organization of Hamburg Borough School District's Financial Report**

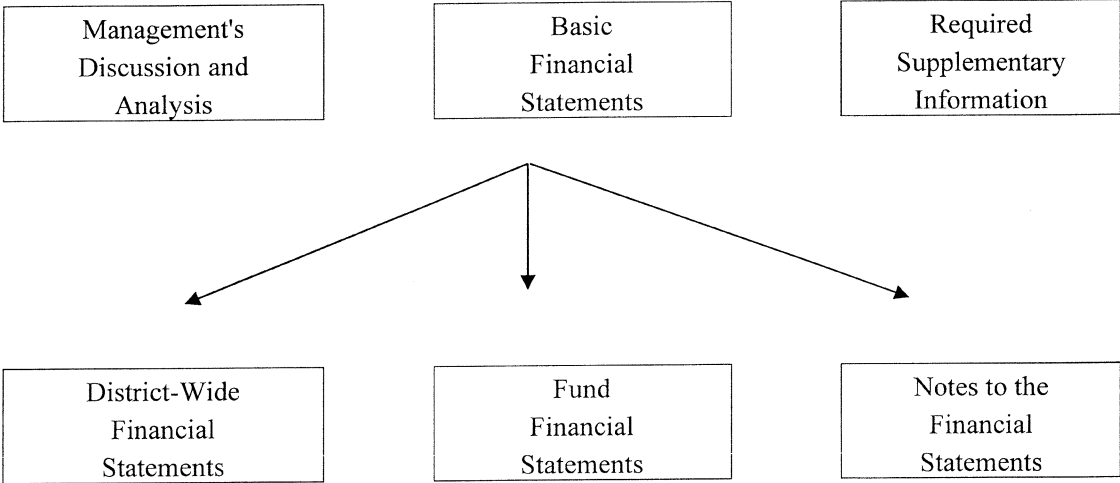


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**Hamburg Borough School District
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Unaudited)**

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Hamburg Borough School District
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Unaudited)**

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

**Hamburg Borough School District
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Unaudited)**

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position decreased \$84,689. Net position from governmental activities decreased \$86,228 and net position from business-type activities increased \$1,539. Net investment in capital assets increased \$210,951, restricted net position decreased \$288,774, and unrestricted net position decreased \$6,866.

Changes in Net Position. The District's combined net position was \$4,836,817 on June 30, 2017, \$4,921,506 or 1.72% lower than the year before. (See Figure A-3).

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change 2016-2017
	2017	2016	2017	2016	2017	2016	
Current/Other Assets	\$ 2,366,356	\$ 2,624,988	\$ 29,834	\$ 30,627	\$ 2,396,190	\$ 2,655,615	-9.77%
Capital Assets, Net	4,923,583	4,855,238	27,627	24,859	4,951,210	4,880,097	1.46%
Total Assets	7,289,939	7,480,226	57,461	55,486	7,347,400	7,535,712	-2.50%
Deferred Outflows of Resources	511,759	184,938			511,759	184,938	176.72%
Other Liabilities	130,997	107,770	1,581	1,145	132,578	108,915	21.73%
Long-term Liabilities Outstanding	2,687,238	2,411,648			2,687,238	2,411,648	11.43%
Total Liabilities	2,818,235	2,519,418	1,581	1,145	2,819,816	2,520,563	11.87%
Deferred Inflows of Resources	202,526	278,581			202,526	278,581	-27.30%
Net Position:							
Net Investment in Capital Assets	3,873,421	3,665,238	27,627	24,859	3,901,048	3,690,097	5.72%
Restricted	2,041,746	2,330,520			2,041,746	2,330,520	-12.39%
Unrestricted/(Deficit)	(1,134,230)	(1,128,593)	28,253	29,482	(1,105,977)	(1,099,111)	-0.62%
Total Net Position	\$ 4,780,937	\$ 4,867,165	\$ 55,880	\$ 54,341	\$ 4,836,817	\$ 4,921,506	-1.72%

**Hamburg Borough School District
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Unaudited)**

Financial Analysis of the District as a Whole

The decrease in net position from District-wide activities is due to several factors. Net investment in capital assets increased \$251,113 due to a \$180,000 reduction in debt, increased by \$298,183 due to building and building improvement additions and \$14,252 due to equipment purchases offset by \$241,322 in current year depreciation (\$238,668 from its Governmental and \$2,654 from its Business-type activities). Restricted net position decreased \$288,774 as a result of a decrease in Capital Reserve of \$333,393 offset by an increase of \$44,619 for Excess Surplus. The decrease in unrestricted net position of \$47,028 was due primarily to the decrease in assigned fund balance and changes in the net pension liability and pension assumptions.

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2016-2017
	2017	2016	2017	2016	2017	2016	
Revenue:							
Program Revenue:							
Fees for Services	\$ 101,590	\$ 67,891	\$ 49,905	\$ 46,624	\$ 151,495	\$ 114,515	32.29%
Operating Grants/ Contributions	2,090,504	1,609,559	38,032	39,923	2,128,536	1,649,482	29.04%
General Revenue:							
Property Taxes Unrestricted	4,237,060	4,120,129			4,237,060	4,120,129	2.84%
Federal/State Aid	1,455,114	1,433,766			1,455,114	1,433,766	1.49%
Other	8,108	107,057	48	32	8,156	107,089	-92.38%
Total Revenue	<u>7,892,376</u>	<u>7,338,402</u>	<u>87,985</u>	<u>86,579</u>	<u>7,980,361</u>	<u>7,424,981</u>	7.48%
Expenses:							
Instruction	4,916,784	4,209,140			4,916,784	4,209,140	16.81%
Pupil/Instruction Services	897,924	769,211			897,924	769,211	16.73%
Administration/ Business	513,859	546,072			513,859	546,072	-5.90%
Maintenance and Operations	811,079	812,391			811,079	812,391	-0.16%
Transportation	130,961	96,964			130,961	96,964	35.06%
Other	699,997	407,831	94,446	94,337	794,443	502,168	58.20%
Total Expenses	<u>7,970,604</u>	<u>6,841,609</u>	<u>94,446</u>	<u>94,337</u>	<u>8,065,050</u>	<u>6,935,946</u>	16.28%
Transfer - General Fund	<u>(8,000)</u>	<u>(29,000)</u>	<u>8,000</u>	<u>29,000</u>			
Increase/(Decrease) in Net Position	<u>\$ (86,228)</u>	<u>\$ 467,793</u>	<u>\$ 1,539</u>	<u>\$ 21,242</u>	<u>\$ (84,689)</u>	<u>\$ 489,035</u>	-117.32%

**Hamburg Borough School District
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Unaudited)**

Financial Analysis of the District as a Whole

Revenue Sources. The District's total revenue for the 2016-2017 school year was \$7,980,361. (See Figure A-5). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$4,237,060 of the total, or 53.11 percent. (See Figure A-5). Another 44.90 percent came from state and federal aid for specific programs and general aid, and the remaining 1.99 percent from miscellaneous sources. The Hamburg Borough School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

**Figure A-5
Sources of Revenue for Fiscal Year 2017 and 2016**

Sources of Income	2017	Percentage	2016	Percentage
State Formula Aid	\$ 2,128,536	26.67%	\$ 1,649,482	22.22%
Property Taxes	4,237,060	53.11%	4,120,129	55.49%
Federal and State Categorical Grants	1,455,114	18.23%	1,433,766	19.31%
Charges for Services	151,495	1.89%	114,515	1.54%
Other	8,156	0.10%	107,089	1.44%
	<u>\$ 7,980,361</u>	<u>100.00%</u>	<u>\$ 7,424,981</u>	<u>100.00%</u>

Expenses. The total cost of all programs and services was \$8,065,050. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (73.72%). (See Figure A-6). The District's administrative and business activities accounted for 6.37% of total costs. The Hamburg Borough School District operates one school building with various offices/out buildings, as well a substantial campus, which results in maintenance costs of 10.06% of total expenses. Other expenses represent 9.85% of total costs and include \$223,465 of unallocated depreciation expense related to its capital assets and \$438,927 of transfers to charter schools for student tuition.

**Figure A-6
Expenses for Fiscal Year 2017 and 2016**

Expense Category	2017	Percentage	2016	Percentage
Instruction	\$ 4,916,784	60.97%	\$ 4,209,140	60.69%
Pupil and Instruction Services	897,924	11.13%	769,211	11.09%
Administration and Business	513,859	6.37%	546,072	7.87%
Maintenance and Operations	811,079	10.06%	812,391	11.71%
Transportation	130,961	1.62%	96,964	1.40%
Other	794,443	9.85%	502,168	7.24%
	<u>\$ 8,065,050</u>	<u>100.00%</u>	<u>\$ 6,935,946</u>	<u>100.00%</u>

**Hamburg Borough School District
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Unaudited)**

Governmental Activities

The financial position of the District has increased significantly over the course of the year. Through careful budgeting, the District has managed to maintain programs including extra-curricular activities, in spite of increased special education, salary and fringe benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. It is crucial that the District constantly monitors all expenses throughout the fiscal year.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instruction services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction	\$ 4,916,784	\$ 4,209,140	\$ 3,001,530	\$ 2,718,658
Pupil and Instruction Services	897,924	769,211	709,920	665,556
Administration and Business	513,859	546,072	471,080	512,168
Maintenance and Operations	811,079	812,391	811,079	812,391
Transportation	130,961	96,964	84,904	47,555
Other	699,997	407,831	699,997	407,831
Total	\$ 7,970,604	\$ 6,841,609	\$ 5,778,510	\$ 5,164,159

- The cost of all governmental activities this year was \$7,970,604.
- The federal and state governments subsidized certain programs with grants and contributions.
- Approximately 53.11% of the District's costs, however, were financed by District taxpayers.
- A portion of the governmental activities was financed with formula-based state aid.
- The remainder of the funding came from miscellaneous revenue and investment earnings.

Business-Type Activities

Net position increased from the District's business-type activity of \$1,539. (Refer to Figure A-4).

Financial Analysis of the District's Funds

Significant changes in the student population and difficult economic times have added pressure to the District's budget. Special education costs continue to escalate with several pupils with disabilities placed in out-of-district programs. These pupils are profoundly disabled and require complex educational and related services our District does not have capacity or personnel to provide.

**Hamburg Borough School District
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Unaudited)**

Financial Analysis of the District's Funds

Faculty/staffing costs have increased slightly each year while the fringe benefit costs for these staff members continue to increase dramatically. The District has been very proactive in trying to minimize the fringe benefit allocation and cost increases.

Difficult economic times have had a direct impact upon the District's revenue sources placing a greater burden on our local taxpayers. The District has historically utilized funds from the unappropriated General Fund balance to fund the subsequent year's budget.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following category:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Assets

The District's capital assets increased \$71,113, or 1.46% – the result of \$298,183 more in current year building and building improvement additions and \$14,252 current year machinery and equipment additions offset by current year depreciation expense of \$241,322 (\$238,668 from its governmental and \$2,654 from its business-type activities).

**Figure A-8
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change 2016-2017
	2017	2016	2017	2016	2017	2016	
Sites (Land)	\$ 409,905	\$ 409,905			\$ 409,905	\$ 409,905	0.00%
Buildings/Bldg. Improvements	4,119,998	3,988,849			4,119,998	3,988,849	3.29%
Furniture, Machinery & Equipment	393,680	456,484	\$ 27,627	\$ 24,859	421,307	481,343	-12.47%
Total	\$ 4,923,583	\$ 4,855,238	\$ 27,627	\$ 24,859	\$ 4,951,210	\$ 4,880,097	1.46%

**Hamburg Borough School District
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2017
(Unaudited)**

Long Term Liabilities

More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.

**Figure A-9
Outstanding Long-Term Liabilities**

	<u>Total School District</u>		Percentage
	<u>2017</u>	<u>2016</u>	<u>Change</u> 2016-2017
General Obligation Bonds (Financed with Property Taxes)	\$ 1,010,000	\$ 1,190,000	-15.13%
Net Pension Liability	1,488,481	1,085,438	37.13%
Unamortized Bond Premium	40,162	50,202	-20.00%
Compensated Absences Payable	<u>148,595</u>	<u>136,210</u>	9.09%
	<u>\$ 2,687,238</u>	<u>\$ 2,461,850</u>	9.16%

- The District continued to pay down its debt, reducing its liability for bonds payable by \$180,000.
- The liability for compensated absences increased by \$12,385 and the net pension liability increased \$403,043.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District's enrollment continues to decline resulting in reduced state and federal aid.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 30 Linwood Avenue, Hamburg, New Jersey 07419.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,437,057	\$ 17,671	\$ 1,454,728
Receivable from State Government	13,207	66	13,273
Receivable from Federal Government	16,993	2,123	19,116
Internal Balances	(8,000)	8,000	
Other Accounts Receivable	22,784		22,784
Inventories		1,974	1,974
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	884,315		884,315
Capital Assets, Net:			
Sites (Land) and Construction In Progress	409,905		409,905
Depreciable Buildings, Building Improvements and Furniture, Machinery & Equipment	4,513,678	27,627	4,541,305
Total Assets	<u>7,289,939</u>	<u>57,461</u>	<u>7,347,400</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amount on Refunding	33,981		33,981
Changes in Assumptions - Pensions	308,334		308,334
Difference in Expected and Actual Experience - Pension	27,681		27,681
Changes in Proportions - Pensions	31,206		31,206
Net Difference between Projected and Actual Investment Earnings - Pension	56,757		56,757
District Contribution Subsequent to Measurement Date	53,800		53,800
Total Deferred Outflows of Resources	<u>511,759</u>		<u>511,759</u>
LIABILITIES			
Accrued Interest Payable	12,850		12,850
Accounts Payable - Vendors	118,147		118,147
Prepaid Expense		432	432
Unearned Revenue		1,149	1,149
Noncurrent Liabilities:			
Due Within One Year	195,040		195,040
Due Beyond One Year	2,492,198		2,492,198
Total Liabilities	<u>2,818,235</u>	<u>1,581</u>	<u>2,819,816</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in Proportion - Pensions	202,526		202,526
Total Deferred Inflows of Resources	<u>202,526</u>		<u>202,526</u>
NET POSITION			
Net Investment in Capital Assets	3,873,421	27,627	3,901,048
Restricted for:			
Capital Projects	884,315		884,315
Debt Service	1,157,431		1,157,431
Excess Surplus Unrestricted/(Deficit)	<u>(1,134,230)</u>	<u>28,253</u>	<u>(1,105,977)</u>
Total Net Position	<u>\$ 4,780,937</u>	<u>\$ 55,880</u>	<u>\$ 4,836,817</u>

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

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 3,627,398		\$ 1,298,859		\$ (2,328,539)		\$ (2,328,539)
Special Education	1,166,401		588,401		(578,000)		(578,000)
Other Instruction	122,985		27,994		(94,991)		(94,991)
Support Services:							
Tuition	116,358	\$ 101,590	56,802		42,034		42,034
Student & Instruction Related Services	781,566		29,612		(751,954)		(751,954)
General Administration Services	306,422				(306,422)		(306,422)
School Administration Services	124,553		42,779		(81,774)		(81,774)
Central Services	82,884				(82,884)		(82,884)
Plant Operations and Maintenance	811,079				(811,079)		(811,079)
Pupil Transportation	130,961		46,057		(84,904)		(84,904)
Interest on Long-Term Debt	37,605				(37,605)		(37,605)
Unallocated Depreciation	223,465				(223,465)		(223,465)
Transfer of Funds to Charter Schools	438,927				(438,927)		(438,927)
Total Governmental Activities	7,970,604	101,590	2,090,504		(5,778,510)		(5,778,510)
Business-Type Activities:							
Food Service	94,446	49,905	38,032			\$ (6,509)	(6,509)
Total Business-Type Activities	94,446	49,905	38,032			(6,509)	(6,509)

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Total Primary Government	\$ 8,065,050	\$ 151,495	\$ 2,128,536	\$ -0-	\$ (5,778,510)	\$ (6,509)	\$ (5,785,019)
General Revenue and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 4,029,360		\$ 4,029,360
Taxes Levied for Debt Service					207,700		207,700
Federal and State Aid not Restricted					1,455,114		1,455,114
Investment Earnings					5,524	\$ 48	5,572
Miscellaneous Income					2,584		2,584
Transfers					(8,000)	8,000	
Total General Revenue and Transfers					5,692,282	8,048	5,700,330
Change in Net Position					(86,228)	1,539	(84,689)
Net Position - Beginning					4,867,165	54,341	4,921,506
Net Position - Ending					\$ 4,780,937	\$ 55,880	\$ 4,836,817

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

FUND FINANCIAL STATEMENTS

HAMBURG BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 1,437,057			\$ 1,437,057
Interfund Receivables	16,993			16,993
Receivables from State	13,207			13,207
Other Accounts Receivable	22,784			22,784
Receivables from Federal Government		\$ 16,993		16,993
Restricted Cash and Cash Equivalents	884,315			884,315
Total Assets	\$ 2,374,356	\$ 16,993	\$ - 0 -	\$ 2,391,349
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 64,347			\$ 64,347
Interfund Payable	8,000	\$ 16,993		24,993
Total Liabilities	72,347	16,993		89,340
Fund Balances:				
Restricted:				
Capital Reserve Account	884,315			884,315
Excess Surplus	551,679			551,679
Excess Surplus - For Subsequent Year's Expenditures	605,752			605,752
Assigned:				
For Subsequent Year's Expenditures	133,847			133,847
Additional Assigned Fund Balance July 1, 2017- August 1, 2017	32,588			32,588
Unassigned	93,828			93,828
Total Fund Balances	2,302,009			2,302,009
Total Liabilities and Fund Balances	\$ 2,374,356	\$ 16,993	\$ -0-	\$ 2,391,349

HAMBURG BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are different because:

Total Fund Balances - Governmental Funds (Above)	\$ 2,302,009
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$8,807,151 and the accumulated depreciation is \$3,883,568.	4,923,583
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(1,158,595)
The Deferred Amount on Refunding costs is not reported as an expenditure in the Governmental Funds in the year of the expenditure	33,981
Interest on long-term debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(12,850)
Bond premiums are reported as revenue in the Governmental Funds in the year the bonds are sold. The premium is \$100,404 and accumulated amortization is \$40,162.	(40,162)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(1,488,481)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows:	
Changes in Assumptions - Pensions	308,334
Difference in Expected and Actual Experience - Pensions	27,681
Changes in Proportions - Pensions	31,206
Net Difference between Projected and Actual Investments Earnings - Pensions	56,757
Deferred Inflows:	
Changes in Proportions - Pensions	<u>(202,526)</u>
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 4,780,937</u>

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

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 4,029,360		\$ 207,700	\$ 4,237,060
Tuition from Other LEA's within State	82,040			82,040
Tuition from Individual	19,550			19,550
Interest Earned on Capital Reserve Funds	1,043			1,043
Miscellaneous	7,065	\$ 2,000		9,065
Total - Local Sources	4,139,058	2,000	207,700	4,348,758
State Sources	2,283,418			2,283,418
Federal Sources	19,607	125,143		144,750
Total Revenue	6,442,083	127,143	207,700	6,776,926
EXPENDITURES:				
Instruction:				
Regular Instruction	1,787,460	37,854		1,825,314
Special Education Instruction	554,985	24,254		579,239
Other Instruction	83,455			83,455
Support Services and Undistributed Costs:				
Tuition	62,845	53,513		116,358
Student & Instruction Related Services	607,309	11,522		618,831
General Administration Services	258,063			258,063
School Administration Services	64,197			64,197
Central Services	72,184			72,184
Plant Operations and Maintenance	663,599			663,599

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:				
Pupil Transportation	\$ 121,405			\$ 121,405
Unallocated Benefits	1,621,097			1,621,097
Capital Outlay	365,368			365,368
Debt Service:				
Principal			\$ 180,000	180,000
Interest and Other Charges			40,350	40,350
Transfer of Funds to Charter Schools	438,927			438,927
Total Expenditures	<u>6,700,894</u>	<u>\$ 127,143</u>	<u>220,350</u>	<u>7,048,387</u>
Excess of Revenue over Expenditures	<u>(258,811)</u>		<u>(12,650)</u>	<u>(271,461)</u>
OTHER FINANCING SOURCES/(USES):				
Transfers In/(Out)	<u>(8,000)</u>			<u>(8,000)</u>
Total Other Financing Sources/(Uses)	<u>(8,000)</u>			<u>(8,000)</u>
Net Change in Fund Balances	(266,811)		(12,650)	(279,461)
Fund Balance—July 1	<u>2,568,820</u>		<u>12,650</u>	<u>2,581,470</u>
Fund Balance—June 30	<u>\$ 2,302,009</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 2,302,009</u>

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

HAMBURG BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (279,461)

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:

Capital Outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation expense and deletions/adjustments differed from capital outlays in the period.

Depreciation Expense	\$ (238,668)
Capital Outlays	<u>307,013</u>

68,345

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+) (12,385)

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities. (+) 180,000

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Fund, interest is reported when due. The accrued interest is an addition in the reconciliation (+) 1,200

The Governmental Funds report the effect of the deferred amount on the refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-) (8,495)

The Governmental Funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (+) 10,040

HAMBURG BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	\$ (403,043)
Deferred Outflows:	
Changes in Assumptions	191,767
Difference in Expected and Actual Experience	1,786
Change in Proportions	31,206
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	56,757
Deferred Inflows:	
Changes in Proportion	58,603
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	17,452
Change in Net Position - Governmental Activities (from Exhibit A-2)	\$ (86,228)

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

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

ASSETS:

Current Assets:		
Cash and Cash Equivalents	\$	17,671
Interfund Receivable		8,000
Intergovernmental Accounts Receivable:		
Federal		2,123
State		66
Inventories		<u>1,974</u>
Total Current Assets		<u>29,834</u>
Non-Current Assets:		
Capital Assets:		
Depreciable Furniture and Equipment, Net		<u>27,627</u>
Total Non-Current Assets		<u>27,627</u>
Total Assets		<u>57,461</u>
LIABILITIES:		
Current Liabilities:		
Unearned Revenue - Prepaid Sales		432
Unearned Revenue - Donated Commodities		<u>1,149</u>
Total Liabilities		<u>1,581</u>
NET POSITION:		
Investment in Capital Assets		27,627
Unrestricted		<u>28,253</u>
Total Net Position	\$	<u><u>55,880</u></u>

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

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 48,408
Daily Sales - Non-Reimbursable Programs	1,497
	<hr/>
Total Operating Revenue	49,905
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	48,357
Cost of Sales - Non-Reimbursable Programs	1,496
Salaries, Benefits & Payroll Taxes	28,716
Supplies, Insurance & Other Costs	5,243
Management Fee	7,980
Depreciation Expense	2,654
	<hr/>
Total Operating Expenses	94,446
	<hr/>
Operating Loss	(44,541)
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Income	48
State Sources:	
State School Lunch Program	932
Federal Sources:	
National School Lunch Program	25,749
School Breakfast Program	1,337
Food Distribution Program	10,014
	<hr/>
Total Non-Operating Revenue	38,080
	<hr/>
Change in Net Position Before Transfer In	(6,461)
	<hr/>
Transfer In - General Fund	8,000
	<hr/>
Change in Net Position	1,539
	<hr/>
Net Position - Beginning of Year	54,341
	<hr/>
Net Position - End of Year	\$ 55,880
	<hr/> <hr/>

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

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 49,905
Payments to Employees	(28,716)
Payments to Food Service Vendor	(47,418)
Payments to Suppliers	(5,243)
	<hr/>
Net Cash Used for Operating Activities	(31,472)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(5,422)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(5,422)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Revenue	48
State Sources:	
State School Lunch Program	917
Federal Sources:	
National School Lunch Program	25,181
School Breakfast Program	1,247
General Fund - Prior Year Interfund Received	9,000
	<hr/>
Net Cash Provided by Noncapital Financing Activities	36,393
	<hr/>
Net Decrease in Cash and Cash Equivalents	(501)
	<hr/>
Cash and Cash Equivalents, July 1	18,172
	<hr/>
Cash and Cash Equivalents, June 30	\$ 17,671
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (44,541)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	2,654
Food Distribution Program	10,014
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(35)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	432
Increase/(Decrease) in Unearned Revenue - Donated Commodities	4
	<hr/>
Net Cash Used for Operating Activities	\$ (31,472)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$10,018 and used \$10,014 of those commodities during the fiscal year.

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

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Agency	Flexible Spending Trust
ASSETS:		
Cash and Cash Equivalents	\$ 5,130	\$ 444
Total Assets	5,130	444
LIABILITIES:		
Due to Student Groups	5,130	
Total Liabilities	5,130	
NET POSITION:		
Held in Trust for Flexible Spending Benefits		444
TOTAL NET POSITION	\$ - 0 -	\$ 444

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

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Flexible Spending Trust</u>
Additions:	
Contributions:	
Plan Contributions	\$ 17,630
Total Contributions	<u>17,630</u>
Investment Earnings:	
Interest	<u>13</u>
Net Investment Earnings	<u>13</u>
Total Additions	<u>17,643</u>
Deductions:	
Flexible Spending Claims	<u>17,352</u>
Total Deductions	<u>17,352</u>
Change in Net Position	291
Net Position - Beginning of the Year	<u>153</u>
Net Position - End of the Year	<u><u>\$ 444</u></u>

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE 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 (the "Board") of the Hamburg Borough School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

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 governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

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

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by school board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 6,442,640	\$ 127,143
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	159,974	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(160,531)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 6,442,083</u>	<u>\$ 127,143</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 6,700,894</u>	<u>\$ 127,143</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 6,700,894</u>	<u>\$ 127,143</u>

E. Cash and Cash Equivalents and Investments:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned 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 unearned revenue at fiscal year end.

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

I. Short-term Interfund Receivables/Payables:

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

K. Capital Assets:

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

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

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

	Estimated Useful Life
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery Furniture, and Equipment	10 to 15 years

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2017.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$2,302,009 General Fund Balance at June 30, 2017, \$884,315 is restricted in the capital reserve account; \$551,679 is restricted for current fiscal year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2019; \$605,752 is restricted for the prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018; \$133,847 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018; \$32,588 is additional assigned fund balance July 1, 2017-August 1, 2017 as a result of the reduction in 2017-2018 state aid which has been offset by an increase in anticipated revenue for the fiscal year ended June 30, 2018; and \$93,828 is unassigned (which is \$160,531 less than the budgetary basis due to the non-recognition of the last two state aid payments).

Debt Service Fund: The Debt Service Fund has \$-0- fund balance at June 30, 2017.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent fiscal year's budget. The District had excess surplus as noted above.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$160,531 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable.

The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Position:

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had a total of \$511,759 in deferred outflows of resources at June 30, 2017 for the deferred amount on refunding of debt of \$33,981, changes in assumptions in pension of \$308,334, difference in expected and actual pension experience of \$27,671, changes in proportion in pensions of \$31,206, net difference between projected and actual investment earnings in pensions of \$56,757 and District contribution subsequent to measurement date of \$53,800. The District had a total of \$202,526 in deferred inflows of resources at June 30, 2017 for the changes in proportion in pension.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

R. Deficit Net Position

The District has a deficit in unrestricted net position of \$1,134,230 in governmental activities, which is primarily due to accrued interest payable of \$12,850, \$148,595 of compensated absences payable, changes in proportion in pension of \$202,526, and net pension liability of \$1,488,481; net of \$166,435 fund balance assigned for subsequent year's expenditures, changes in pension assumptions of \$308,334, difference between expected and actual experience in pension of \$27,681, changes in proportion of \$31,206, net difference between projected and actual pension investment earnings investments and the District's contribution subsequent to measurement date of \$53,800. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus and a capital reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2017.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$166,435 of assigned resources for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2017.

T. Revenue - Exchange and Nonexchange Transactions:

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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

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

U. Operating Revenue 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.

V. Management Estimates:

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

W. Pensions:

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

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

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Credit Risk – The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investments section of this Note.

Custodial Credit Risk – the District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

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

(Continued)

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

Investments: (Cont'd)

- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.; 1977,c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L.1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents Capital Reserve</u>	<u>Total</u>
Checking & Savings Accounts	\$ 1,460,302	\$ 884,315	\$ 2,344,617
	<u>\$ 1,460,302</u>	<u>\$ 884,315</u>	<u>\$ 2,344,617</u>

During the period ended June 30, 2017, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2017, was \$2,344,617 and the bank balance was \$2,433,801.

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

(Continued)

NOTE 4: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2017, the District transferred \$7,000 to capital outlay accounts for the acquisition of equipment. These transfers did not require the approval of the County Superintendent.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	<u>Balance</u> <u>6/30/2016</u>	<u>Increases</u>	<u>Decreases/</u> <u>Adjustments</u>	<u>Balance</u> <u>6/30/2017</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 409,905			\$ 409,905
Total Capital Assets not Being Depreciated	<u>409,905</u>			<u>409,905</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	6,623,485	\$ 298,183		6,921,668
Machinery and Equipment	<u>1,469,150</u>	<u>8,830</u>	<u>\$ 2,402</u>	<u>1,475,578</u>
Total Capital Assets Being Depreciated	<u>8,092,635</u>	<u>307,013</u>	<u>2,402</u>	<u>8,397,246</u>
Governmental Activities Capital Assets	<u>8,502,540</u>	<u>307,013</u>	<u>2,402</u>	<u>8,807,151</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(2,634,636)	(167,034)		(2,801,670)
Machinery and Equipment	<u>(1,012,666)</u>	<u>(71,634)</u>	<u>(2,402)</u>	<u>(1,081,898)</u>
Total Accumulated Depreciation	<u>(3,647,302)</u>	<u>(238,668)</u>	<u>(2,402)</u>	<u>(3,883,568)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,855,238</u>	<u>\$ 68,345</u>	<u>\$ - 0 -</u>	<u>\$ 4,923,583</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 111,624	\$ 5,422		\$ 117,046
Less Accumulated Depreciation	<u>(86,765)</u>	<u>(2,654)</u>		<u>(89,419)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 24,859</u>	<u>\$ 2,768</u>	<u>\$ - 0 -</u>	<u>\$ 27,627</u>
 GRAND TOTAL	 <u>\$ 4,880,097</u>	 <u>\$ 71,113</u>	 <u>\$ - 0 -</u>	 <u>\$ 4,951,210</u>

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$	9,093
Central Services		5,513
Operations and Maintenance of Plant		597
General/Unallocated		<u>223,465</u>
Total Governmental Activities	\$	<u><u>238,668</u></u>

NOTE 6. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Hamburg Board of Education by inclusion of \$200,000 on July 1, 1991 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 appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Balance at June 30, 2016		\$	1,217,708
Increased by:			
Unexpended Balance Returned to Capital Reserve	\$		265,564
Interest			<u>1,043</u>
			<u>266,607</u>
			1,484,315
Decreased by:			
Budgeted Withdrawals			<u>600,000</u>
Balance at June 30, 2017	\$		<u><u>884,315</u></u>

The balance in the capital reserve account at June 30, 2017 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. LONG-TERM LIABILITIES:

During the fiscal year ended June 30, 2017, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance 6/30/2016	Accrued	Retired	Balance 6/30/2017
Serial Bonds Payable	\$ 1,190,000		\$ 180,000	\$ 1,010,000
Compensated Absences Payable	136,210	\$ 13,505	1,120	148,595
Unamortized Bond Issuance Premium	50,202		10,040	40,162
Net Pension Liability	1,085,438	403,043		1,488,481
	<u>\$ 2,461,850</u>	<u>\$ 416,548</u>	<u>\$ 191,160</u>	<u>\$ 2,687,238</u>

A. Bonds Payable:

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

On November 16, 2010, the District issued \$1,885,000 refunding bonds with interest rates ranging from 2.00% to 4.00% to advance refund \$1,849,000 of the 2001 serial bonds with rates ranging from 4.60% to 4.875%. The total cash savings amounted to \$135,481 and the total net present value (NPV) savings was \$117,617, or 6.36% of the refunded debt.

The refunding bonds began to mature on August 29, 2011 and will continue to do so through August 29, 2021. Interest will be payable semi-annually on March 1 and August 29 in each of the years and at the interest rates set forth in the maturity schedule or earlier redemption by the Board. The net proceeds from the issuance of the general obligation refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

The District has bonds outstanding as of June 30, 2017 as follows:

Purpose	Maturity Date	Interest Rate	Amount
Refunding Bonds	9/1/2021	3.00%-4.00%	\$ 1,010,000

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

Principal and interest due on serial bonds outstanding are as follows:

Fiscal Year Ending June 30,	Bonds		Total
	Principal	Interest	
2018	\$ 185,000	\$ 35,775	\$ 220,775
2019	190,000	29,200	219,200
2020	205,000	21,300	226,300
2021	210,000	13,000	223,000
2022	220,000	4,400	224,400
	<u>\$ 1,010,000</u>	<u>\$ 103,675</u>	<u>\$ 1,113,675</u>

B. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$10,040 and is separated from the long-term liability balance of \$30,122

C. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board has no bonds authorized but not issued.

D. Capital Leases Payable:

The District had no capital leases as of June 30, 2017.

E. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. There is no current portion of the compensated absences balance of the governmental funds in the current fiscal year; therefore, the entire \$148,595 represents the long-term liability balance of compensated absences.

There is no liability for compensated absences in the District's Enterprise Funds.

F. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$1,488,481 See Note 8 for further information on the PERS.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Benefits Provided

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.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$47,113 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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 \$1,488,481 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 used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.005%, which was a increase of 0.0001% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized actual pension expense in the amount of \$90,295. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 18,711	
	2015	5.72	76,455	
	2016	5.57	213,168	
			<u>308,334</u>	
Difference in Expected and Actual Experience	2015	5.72	21,212	
	2016	5.57	6,469	
			<u>27,681</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(28,038)	
	2015	5	17,938	
	2016	5	66,857	
			<u>56,757</u>	
Changes in Proportion	2014	6.44		\$ 190,116
	2015	5.72		12,410
	2016	5.57	31,206	
			<u>31,206</u>	<u>202,526</u>
District Contribution Subsequent to the Measurement Date	2016	1	53,800	
			<u>\$ 477,778</u>	<u>\$ 202,526</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District Contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2017	\$ 88,429
2018	88,429
2019	102,448
2020	86,071
2021	27,395
	<u>\$ 392,772</u>

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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:

Inflation Rate	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%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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. 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 PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<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 U.S. 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/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	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, 2014 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 upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their 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 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

	June 30, 2016		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	(2.98%)	(3.98%)	(4.98%)
District's proportionate share of the Net Pension Liability	\$ 1,823,960	\$ 1,488,481	\$ 1,211,515

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Benefits Provided

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.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and to Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are 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 local participating employers do 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 local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$247,054 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,370,438.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$18,239,412. The net pension liability was measured as of June 30, 2016, and the total pension liability used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.0231%, which was an increase of 0.0003% from its proportion measured as of June 30, 2015.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		18,239,412
Total	\$	18,239,412

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$1,370,438 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
				15,702,750,875
Difference Between Expected and Actual Experience	2014	8.5		\$ 16,110,615
	2015	8.3	277,221,464	
	2016	8.3		118,421,979
				277,221,464
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	1,727,420,767	
				1,434,728,663
			\$ 17,414,701,002	\$ 134,532,594

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases:	
2012-2021	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 years 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 pension plan investments (7.65% at June 30, 2016) 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. 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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

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 PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	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 – TPAF

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 upon the contribution rate in the most recent fiscal year. The State contribution 30% of the actuarially determined contributions. Based on those assumptions, the pension 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 pension 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.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 21,781,934	\$ 18,239,412	\$ 15,346,485

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$7,053 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$12,931 for the fiscal year ended June 30, 2017.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. 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 premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$213,310, \$221,038 and \$196,329 for 2017, 2016, and 2015, respectively.

NOTE 10. ECONOMIC DEPENDENCY

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

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. The District obtains its health benefit coverage through New Jersey Employee Health Benefits Program.

Property and Liability

The District maintains 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.

The Hamburg School District is a member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The audit for the Group for the fiscal year ended June 30, 2017 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2016 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 311,014,416
Net Position	\$ 68,222,364
Total Revenue	\$ 124,872,219
Total Expenditures	\$ 113,965,181
Change in Net Position	\$ 10,907,038
Member Dividends	\$ - 0 -

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group
6000 Midlantic Drive
Mount Laurel, NJ 08054
Phone: (609) 386-6060 Fax: (609) 386-8877

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

(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District remits employee withholdings and employer's share of New Jersey Unemployment Compensation Insurance taxes to the State each pay period. The State makes all unemployment payments to former employees, and the District has no further liability.

NOTE 12. DEFERRED COMPENSATION

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

AXA Equitable	Lincoln National Life Insurance
Lincoln Investment Planning	

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 16,993	\$ 8,000
Special Revenue Fund		16,993
Proprietary Fund	8,000	
	\$ 24,993	\$ 24,993

The interfund between the General Fund and Special Revenue Fund represents \$16,993 advanced for grant expenditures while awaiting the receipt of federal grant awards. The Interfund between General Fund and Food Service Fund represents the unremitted portion of the board contribution in the amount of \$8,000.

NOTE 14. CONTINGENT LIABILITIES

Litigation

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

Grant Programs

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 14. CONTINGENT LIABILITIES (Cont'd)

Arbitrage

The District is not subject to a liability for arbitrage payable to the federal government relative to its outstanding bond issues as the District is considered a small issuer with debt under \$15,000,000.

NOTE 15. TAX CALENDAR

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

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

NOTE 16. ACCOUNTS PAYABLE

	General Fund	District Contribution Subsequent to Measurement Date	Total Governmental Activities
Salaries	\$ 10,143		\$ 10,143
Vendors	54,204		54,204
Due to State of New Jersey		\$ 53,800	53,800
	<u>\$ 64,347</u>	<u>\$ 53,800</u>	<u>\$ 118,147</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

HAMBURG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0049344628%	0.0048353451%	0.0050257449%
District's proportionate share of the net pension liability	\$ 923,866	\$ 1,085,438	\$ 1,488,481
District's covered employee payroll	\$ 334,748	\$ 341,334	\$ 355,447
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	275.99%	318.00%	418.76%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAMBURG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 40,679	\$ 41,571	\$ 47,113
Contributions in relation to the contractually required contribution	(40,679)	(41,571)	(47,113)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 355,447	\$ 334,748	\$ 341,334
Contributions as a percentage of covered employee payroll	11.44%	11.00%	13.80%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAMBURG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0229156306%	0.0228752548%	0.0231857811%
State's proportionate share of the net pension liability attributable to the District	\$ 12,247,659	\$ 14,458,138	\$ 18,239,412
District's covered employee payroll	\$ 2,265,965	\$ 2,316,228	\$ 2,372,635
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	5.287760531	609.37%	768.74%
Plan fiduciary net position as a percentage of the total pension liability	0.3364	28.71%	22.33%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAMBURG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 659,039	\$ 882,799	\$ 1,370,438
Contributions in relation to the contractually required contribution	<u>(123,672)</u>	<u>(185,634)</u>	<u>(247,054)</u>
Contribution deficiency/(excess)	<u>\$ 535,367</u>	<u>\$ 697,165</u>	<u>\$ 1,123,384</u>
District's covered employee payroll	\$ 2,316,228	\$ 2,372,635	\$ 2,549,681
Contributions as a percentage of covered employee payroll	5.34%	7.82%	9.69%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

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 years average of Social Security data from 1953 to 2013.

BUDGETARY COMPARISON SCHEDULES

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 4,029,360		\$ 4,029,360	\$ 4,029,360	
Tuition from Other LEA's within the State				82,040	\$ 82,040
Tuition from Individual				19,550	19,550
Interest on Capital Reserve	1,000		1,000	1,043	43
Miscellaneous	1,000		1,000	7,065	6,065
Total - Local Sources	<u>4,031,360</u>		<u>4,031,360</u>	<u>4,139,058</u>	<u>107,698</u>
State Sources:					
Equalization Aid	750,879		750,879	750,879	
Transportation Aid	44,903		44,903	44,903	
Special Education Aid	148,539		148,539	148,539	
Security Aid	30,047		30,047	30,047	
Adjustment Aid	646,919		646,919	646,919	
Extraordinary Aid				3,289	3,289
Non Public Transportation				1,070	1,070
PARCC Readiness Aid	2,820		2,820	2,820	
Per Pupil Growth Aid	2,820		2,820	2,820	
Professional Learning Community Aid	2,450		2,450	2,450	
On-Behalf TPAF Pension Contribution (Non-Budgeted)				247,054	247,054
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				8,951	8,951
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				213,310	213,310
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				677	677
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				180,247	180,247
Total State Sources	<u>1,629,377</u>		<u>1,629,377</u>	<u>2,283,975</u>	<u>654,598</u>
Federal Sources:					
Medicaid Assistance Program	2,561		2,561	18,875	16,314
Medicaid Assistance Program - SEMI/ARRA				732	732
Total Federal Sources	<u>2,561</u>		<u>2,561</u>	<u>19,607</u>	<u>17,046</u>
TOTAL REVENUE	<u>5,663,298</u>		<u>5,663,298</u>	<u>6,442,640</u>	<u>779,342</u>

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 189,430	\$ (27,000)	\$ 162,430	\$ 158,698	\$ 3,732
Grades 1-5 - Salaries of Teachers	959,656	19,500	979,156	968,404	10,752
Grades 6-8 - Salaries of Teachers	511,354	3,000	514,354	507,792	6,562
Regular Programs - Home Instruction:					
Salaries of Teachers	1,500	5,000	6,500	3,020	3,480
Purchased Professional - Educational Services		7,000	7,000	2,536	4,464
Regular Programs - Unidistributed Instruction:					
Other Salaries for Instruction		6,000	6,000	4,352	1,648
Purchased Professional - Educational Services	40,000	(11,000)	29,000	20,495	8,505
Other Purchased Services (400-500 series)	35,000	(9,000)	26,000	11,857	14,143
General Supplies	79,788	6,000	85,788	75,791	9,997
Textbooks	11,600	32,802	44,402	34,515	9,887
Other Objects	1,000		1,000		1,000
Total Regular Programs - Instruction	<u>1,829,328</u>	<u>32,302</u>	<u>1,861,630</u>	<u>1,787,460</u>	<u>74,170</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers		60,000	60,000	59,421	579
General Supplies		12,000	12,000	10,869	1,131
Total Learning and/or Language Disabilities		<u>72,000</u>	<u>72,000</u>	<u>70,290</u>	<u>1,710</u>

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 285,765	\$ 12,000	\$ 297,765	\$ 296,888	\$ 877
Other Salaries for Instruction	101,115	(24,000)	77,115	72,486	4,629
General Supplies	2,100		2,100	1,666	434
Total Resource Room/Resource Center	<u>388,980</u>	<u>(12,000)</u>	<u>376,980</u>	<u>371,040</u>	<u>5,940</u>
Preschool Disabilities - Full-Time:					
Salaries of Teachers	69,865		69,865	67,316	2,549
Other Salaries for Instruction	57,062	(9,000)	48,062	45,433	2,629
General Supplies	1,000		1,000	906	94
Total Preschool Disabilities - Full-Time	<u>127,927</u>	<u>(9,000)</u>	<u>118,927</u>	<u>113,655</u>	<u>5,272</u>
Home Instruction:					
Salaries of Teachers	2,000		2,000		2,000
Purchased Professional - Educational Services	500		500		500
Total Home Instruction	<u>2,500</u>		<u>2,500</u>		<u>2,500</u>
Total Special Education - Instruction	<u>519,407</u>	<u>51,000</u>	<u>570,407</u>	<u>554,985</u>	<u>15,422</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	30,815	8,000	38,815	35,073	3,742
Other Salaries for Instruction	24,069	(16,000)	8,069	1,386	6,683
General Supplies	1,000		1,000	189	811
Total Basic Skills/Remedial - Instruction	<u>55,884</u>	<u>(8,000)</u>	<u>47,884</u>	<u>36,648</u>	<u>11,236</u>

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular/Extracurricular - Instruction:					
Salaries	\$ 25,000		\$ 25,000	\$ 20,588	\$ 4,412
Supplies and Materials	500		500	82	418
Transfer to Cover Deficit (Agency Funds) - Board Subsidy	5,000	\$ 5,000	10,000	7,295	2,705
Total School-Sponsored Cocurricular/Extracurricular - Instruction	<u>30,500</u>	<u>5,000</u>	<u>35,500</u>	<u>27,965</u>	<u>7,535</u>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	20,000	(500)	19,500	18,675	825
Supplies and Materials	500	500	1,000	167	833
Total School-Sponsored Cocurricular Athletics - Instruction	<u>20,500</u>	<u></u>	<u>20,500</u>	<u>18,842</u>	<u>1,658</u>
Total Instruction	<u>2,455,619</u>	<u>80,302</u>	<u>2,535,921</u>	<u>2,425,900</u>	<u>110,021</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	75,447	(10,000)	65,447	62,845	2,602
Tuition to Private Schools for the Handicapped - Within State	79,443	(70,000)	9,443		9,443
Total Undistributed Expenditures - Instruction	<u>154,890</u>	<u>(80,000)</u>	<u>74,890</u>	<u>62,845</u>	<u>12,045</u>
Attendance & Social Work:					
Salaries	24,577	10,000	34,577	33,695	882
Total Attendance & Social Work	<u>24,577</u>	<u>10,000</u>	<u>34,577</u>	<u>33,695</u>	<u>882</u>

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Guidance:					
Salaries of Other Professional Staff	\$ 63,580		\$ 63,580	\$ 63,580	
Salaries of Secretarial and Clerical Assistants	12,500	\$ 1,000	13,500	12,500	\$ 1,000
Supplies and Materials	500	2,000	2,500	1,368	1,132
Total Guidance	<u>76,580</u>	<u>3,000</u>	<u>79,580</u>	<u>77,448</u>	<u>2,132</u>
Health Services:					
Salaries	75,995	4,500	80,495	79,455	1,040
Purchased Professional and Technical Services	4,000	(1,000)	3,000	2,097	903
Other Purchased Services (400-500 series)	4,200		4,200	2,930	1,270
Supplies and Materials	3,000	1,500	4,500	2,511	1,989
Total Health Services	<u>87,195</u>	<u>5,000</u>	<u>92,195</u>	<u>86,993</u>	<u>5,202</u>
Speech, OT, PT and Related Services:					
Salaries	63,755		63,755	62,255	1,500
Purchased Professional - Educational Services	160,000	(20,000)	140,000	67,433	72,567
Supplies and Materials	3,000		3,000	1,050	1,950
Total Speech, OT, PT and Related Services	<u>226,755</u>	<u>(20,000)</u>	<u>206,755</u>	<u>130,738</u>	<u>76,017</u>
Child Study Team:					
Salaries of Other Professional Staff	135,515		135,515	131,786	3,729
Salaries of Secretarial and Clerical Assistants	51,637		51,637	51,637	
Purchased Professional - Educational Services	4,000		4,000	3,160	840
Other Purchased Professional-Technical Services	50,000		50,000	48,510	1,490
Miscellaneous Purchased Services (400-500 series)	100		100		100
Supplies and Materials	4,500		4,500	3,056	1,444
Other Objects	200		200	150	50
Total Child Study Team	<u>245,952</u>		<u>245,952</u>	<u>238,299</u>	<u>7,653</u>

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Educational Media Services/School Library:					
Salaries	\$ 22,193	\$ 2,000	\$ 24,193	\$ 23,559	\$ 634
Purchased Professional and Technical Services	1,500	(500)	1,000		1,000
Supplies and Materials	5,000	500	5,500	5,197	303
Total Educational Media Services/School Library	<u>28,693</u>	<u>2,000</u>	<u>30,693</u>	<u>28,756</u>	<u>1,937</u>
Instructional Staff Training Services:					
Purchased Professional - Educational Services	9,000		9,000	5,155	3,845
Other Purchased Services (400-500 series)	8,000		8,000	6,225	1,775
Total Instructional Staff Training Services	<u>17,000</u>		<u>17,000</u>	<u>11,380</u>	<u>5,620</u>
Support Services - General Administration:					
Salaries	154,425		154,425	153,277	1,148
Legal Services	6,800		6,800	1,696	5,104
Audit Fees	25,000	500	25,500	25,350	150
Architectural/Engineering Services		18,000	18,000	13,965	4,035
Other Purchased Professional Services	9,300	(500)	8,800	8,091	709
Other Purchased Professional Services		11,000	11,000	10,615	385
Communications/Telephone	15,500	(1,000)	14,500	13,028	1,472
BOE Other Purchased Services	3,500		3,500	3,021	479
Other Purchased Services (400-500 series)	22,000	(3,000)	19,000	16,165	2,835
General Supplies - Board	1,900		1,900	1,646	254
BOE In-House Training/ Meeting Supplies	100		100		100
Miscellaneous Expenditures	5,800		5,800	5,291	509
BOE Membership Dues and Fees	6,200		6,200	5,918	282
Total Support Services - General Administration	<u>250,525</u>	<u>25,000</u>	<u>275,525</u>	<u>258,063</u>	<u>17,462</u>

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 57,692	\$ 5,600	\$ 63,292	\$ 55,713	\$ 7,579
Other Purchased Services (400-500 series)	1,000		1,000	479	521
Supplies and Materials	5,200	(300)	4,900	4,530	370
Other Objects	2,200	1,300	3,500	3,475	25
Total Support Services - School Administration	<u>66,092</u>	<u>6,600</u>	<u>72,692</u>	<u>64,197</u>	<u>8,495</u>
Central Services:					
Salaries	16,447		16,447	16,442	5
Purchased Professional Services	33,000	7,000	40,000	40,000	
Purchased Technical Services	12,100	267	12,367	12,367	
Miscellaneous Purchased Services (400-500 series)	900	(667)	233	213	20
Supplies and Materials	3,500		3,500	3,162	338
Miscellaneous Expenditures	500		500		500
Total Central Services	<u>66,447</u>	<u>6,600</u>	<u>73,047</u>	<u>72,184</u>	<u>863</u>
Required Maintenance of School Facilities:					
Cleaning, Repair and Maintenance Services	109,999	5,000	114,999	108,105	6,894
Lead Testing of Drinking Water		5,000	5,000	3,361	1,639
Total Required Maintenance of School Facilities	<u>109,999</u>	<u>10,000</u>	<u>119,999</u>	<u>111,466</u>	<u>8,533</u>
Custodial Services:					
Salaries	260,283	(13,000)	247,283	246,212	1,071
Salaries of Non-Instructional Aides	4,868		4,868	4,868	
Purchased Professional and Technical Services	56,500		56,500	47,327	9,173
Cleaning, Repair and Maintenance Services	38,000	(7,500)	30,500	17,930	12,570
Other Purchased Property Services	12,000	7,500	19,500	17,159	2,341

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services (Cont'd):					
Insurance	\$ 30,000		\$ 30,000	\$ 27,654	\$ 2,346
Miscellaneous Purchased Services	2,000		2,000	1,485	515
General Supplies	45,000		45,000	41,074	3,926
Energy (Gasoline)	1,000		1,000	272	728
Energy (Electricity)	68,500	\$ (6,000)	62,500	52,070	10,430
Energy (Natural Gas)	45,000	(10,000)	35,000	30,103	4,897
Total Custodial Services	<u>563,151</u>	<u>(29,000)</u>	<u>534,151</u>	<u>486,154</u>	<u>47,997</u>
Care & Upkeep of Grounds:					
Salaries	10,727	19,000	29,727	29,517	210
Cleaning, Repair and Maintenance Services	25,000	5,000	30,000	29,300	700
General Supplies	10,500	(3,000)	7,500	7,162	338
Total Care & Upkeep of Grounds	<u>46,227</u>	<u>21,000</u>	<u>67,227</u>	<u>65,979</u>	<u>1,248</u>
Security:					
Cleaning, Repair and Maintenance Services	4,000	(2,000)	2,000		2,000
Total Security	<u>4,000</u>	<u>(2,000)</u>	<u>2,000</u>		<u>2,000</u>
Student Transportation Services:					
Salaries:					
Between Home and School- Special Education	9,248	100	9,348	9,248	100
Between Home and School- Nonpublic Schools	9,248	100	9,348	9,248	100
Other than Between Home and School	11,793		11,793	11,793	
Management Fee - ESC & CTSA Transportation Program	8,000		8,000	2,845	5,155
Contracted Services: Other Between Home and School - Vendors	15,000	1,000	16,000	15,247	753

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services (Cont'd):					
Contracted Services: Aid in Lieu Payments - Choice School		\$ 9,000	\$ 9,000	\$ 8,840	\$ 160
Contracted Services: Regular Students - ESC and CTSA	\$ 40,000		40,000	35,061	4,939.00
Contracted Services: Special Education Students - ESC and CTSA	100,000	(29,000)	71,000	28,431	42,569
Contracted Services: Aid in Lieu Payments - Nonpublic Students	3,000	(200)	2,800	692	2,108
Total Student Transportation Services	<u>196,289</u>	<u>(19,000)</u>	<u>177,289</u>	<u>121,405</u>	<u>55,884</u>
Unallocated Benefits:					
Group Insurance	55,152		55,152	36,616	18,536
Social Security Contributions	70,000		70,000	61,921	8,079
Other Retirement Contributions - PERS	63,800	(7,000)	56,800	47,113	9,687
Other Retirement Contributions - Regular	13,500		13,500	6,021	7,479
Unemployment Compensation	15,500		15,500	13,380	2,120
Workmen's Compensation	43,000		43,000	36,702	6,298
Health Benefits	960,712	(98,200)	862,512	724,254	138,258
Tuition Reimbursement	15,000		15,000	1,986	13,014
Other Employee Benefits	45,000	19,000	64,000	42,865	21,135
Unused Sick Payment to Terminated/Retired Staff	20,000	(20,000)			
Total Unallocated Benefits	<u>1,301,664</u>	<u>(106,200)</u>	<u>1,195,464</u>	<u>970,858</u>	<u>224,606</u>
On-Behalf Payments					
On-Behalf TPAF Pension Contribution (Non-Budgeted)				247,054	(247,054)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				8,951	(8,951)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				213,310	(213,310)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				677	(677)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				180,247	(180,247)
Total On-Behalf Payments				<u>650,239</u>	<u>(650,239)</u>
Total Undistributed Expenditures	<u>3,466,036</u>	<u>(167,000)</u>	<u>3,299,036</u>	<u>3,470,699</u>	<u>(171,663)</u>
TOTAL CURRENT EXPENSE	<u>5,921,655</u>	<u>(86,698)</u>	<u>5,834,957</u>	<u>5,896,599</u>	<u>(61,642)</u>

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY:					
Equipment:					
Central Services		\$ 7,000	\$ 7,000	\$ 6,802	\$ 198
Total Equipment		7,000	7,000	6,802	198
Facilities Acquisition and Construction Services:					
Legal Services					
Architectural Services	\$ 21,750		21,750	7,398	14,352
Other Purchased Professional and Technical Services	10,000		10,000		10,000
Construction Services	568,250		568,250	327,038	241,212
Assessment for Debt Service on SDA Funding	24,130		24,130	24,130	
Total Facilities Acquisition and Construction Services	624,130		624,130	358,566	265,564
Total Capital Outlay	624,130	7,000	631,130	365,368	265,762
Transfer of Funds to Charter Schools	368,000	79,698	447,698	438,927	8,771
TOTAL EXPENDITURES	6,913,785		6,913,785	6,700,894	212,891
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(1,250,487)		(1,250,487)	(258,254)	566,451
Other Financing Sources/(Uses):					
Operating Transfers In/Out:					
Transfer to Food Service Fund				(8,000)	(8,000)
Total Other Financing Sources/(Uses)				(8,000)	(8,000)

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/ (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,250,487)		\$ (1,250,487)	\$ (266,254)	\$ 984,233
Fund Balance, July 1	<u>2,728,794</u>		<u>2,728,794</u>	<u>2,728,794</u>	
Fund Balance, June 30	<u>\$ 1,478,307</u>	<u>\$ -0-</u>	<u>\$ 1,478,307</u>	<u>\$ 2,462,540</u>	<u>\$ 984,233</u>
<u>Recapitulation:</u>					
Restricted Fund Balances:					
Capital Reserve				\$ 884,315	
Excess Surplus Restricted for 2017-2018 School Year				605,752	
Excess Surplus to be Utilized for 2018-2019 School Year				551,679	
Assigned Fund Balance:					
For Subsequent Year's Expenditures				133,847	
For Subsequent Year's Expenditures - Additional Assigned Fund Balance- July 1, 2017-August 1, 2017				32,588	
Unassigned				<u>254,359</u>	
				2,462,540	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				<u>(160,531)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,302,009</u>	

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenue:					
Local Sources		\$ 2,000	\$ 2,000	\$ 2,000	
Federal Sources	\$ 63,763	61,380	125,143	125,143	
Total Revenue	<u>63,763</u>	<u>63,380</u>	<u>127,143</u>	<u>127,143</u>	
Expenditures:					
Instruction:					
Other Salaries for Instruction	58,757	3,351	62,108	62,108	
Tuition		53,513	53,513	53,513	
Total Instruction	<u>58,757</u>	<u>56,864</u>	<u>115,621</u>	<u>115,621</u>	
Support Services:					
Purchased Professional/Educational Services		5,080	5,080	5,080	
Other Purchased Services (400-500 Series)	5,006	(564)	4,442	4,442	
Other Objects		2,000	2,000	2,000	
Total Support Services	<u>5,006</u>	<u>6,516</u>	<u>11,522</u>	<u>11,522</u>	
Total Expenditures	<u>\$ 63,763</u>	<u>\$ 63,380</u>	<u>\$ 127,143</u>	<u>\$ 127,143</u>	<u>\$ -0-</u>

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 6,442,640	\$ 127,143
Differences - Budget to GAAP:		
Prior Year State Aid Payment Recognized for GAAP Statements	159,974	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(160,531)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 6,442,083</u>	<u>\$ 127,143</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 6,700,894</u>	<u>\$ 127,143</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 6,700,894</u>	<u>\$ 127,143</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C.6:20-2A.2(m)l. Transfers of appropriations may be made by school board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HAMBURG BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	No Child Left Behind		IDEA Part B		NJSIG Grant	Totals June 30, 2016
	Title I	Title II A	Basic	Preschool		
REVENUE:						
Local Sources					\$ 2,000	\$ 2,000
Federal Sources	\$ 37,854	\$ 9,522	\$ 73,513	\$ 4,254		125,143
Total Revenue	37,854	9,522	73,513	4,254	2,000	127,143
EXPENDITURES:						
Instruction:						
Other Salaries for Instruction	37,854		20,000	4,254		62,108
Tuition			53,513			53,513
Total Instruction	37,854		73,513	4,254		115,621
Support Services:						
Purchased Professional/Educational Services		4,522				4,522
Other Purchased Services (400-500 Series)		5,000				5,000
Other Objects					2,000	2,000
Total Support Services		9,522			2,000	11,522
Total Expenditures	\$ 37,854	\$ 9,522	\$ 73,513	\$ 4,254	\$ 2,000	\$ 127,143

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

HAMBURG BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS:

Current Assets:		
Cash and Cash Equivalents	\$	17,671
Interfund Receivable		8,000
Intergovernmental Accounts Receivable:		
Federal		2,123
State		66
Inventories		1,974
		<hr/>
Total Current Assets		29,834
Non-Current Assets:		
Capital Assets:		
Depreciable Furniture and Equipment, Net		27,627
		<hr/>
Total Non-Current Assets		27,627
		<hr/>
Total Assets		57,461
		<hr/>
LIABILITIES:		
Current Liabilities:		
Prepaid Sales		432
Unearned Revenue - Donated Commodities		1,149
		<hr/>
Total Liabilities		1,581
		<hr/>
NET POSITION:		
Investment in Capital Assets		27,627
Unrestricted		28,253
		<hr/>
Total Net Position	\$	<u>55,880</u>

HAMBURG BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 48,408
Daily Sales - Non-Reimbursable Programs	1,497
	<hr/>
Total Operating Revenue	49,905
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	48,357
Cost of Sales - Non-Reimbursable Programs	1,496
Salaries, Benefits & Payroll Taxes	28,716
Supplies, Insurance & Other Costs	5,243
Management Fee	7,980
Depreciation Expense	2,654
	<hr/>
Total Operating Expenses	94,446
	<hr/>
Operating Loss	(44,541)
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Income	48
State Sources:	
State School Lunch Program	932
Federal Sources:	
National School Lunch Program	25,749
School Breakfast Program	1,337
Food Distribution Program	10,014
	<hr/>
Total Non-Operating Revenue	38,080
	<hr/>
Change in Net Position Before Transfer In	(6,461)
	<hr/>
Transfers In - General Fund	8,000
	<hr/>
Change in Net Position	1,539
	<hr/>
Net Position - Beginning of Year	54,341
	<hr/>
Net Position - End of Year	\$ 55,880
	<hr/> <hr/>

HAMBURG BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 49,905
Payments to Employees	(28,716)
Payments to Food Service Vendor	(47,418)
Payments to Suppliers	(5,243)
	<hr/>
Net Cash Used for Operating Activities	(31,472)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(5,422)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(5,422)
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Revenue	48
State Sources:	
State School Lunch Program	917
Federal Sources:	
National School Lunch Program	25,181
School Breakfast Program	1,247
General Fund - Prior Year Interfund Received	9,000
	<hr/>
Net Cash Provided by Noncapital Financing Activities	36,393
Net Decrease in Cash and Cash Equivalents	(501)
Cash and Cash Equivalents, July 1	18,172
	<hr/>
Cash and Cash Equivalents, June 30	\$ 17,671
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (44,541)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	2,654
Food Distribution Program	10,014
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	(35)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	432
Increase/(Decrease) in Unearned Revenue - Donated Commodities	4
	<hr/>
Net Cash Used for Operating Activities	\$ (31,472)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$10,018 and used \$10,014 of those commodities during the fiscal year.

FIDUCIARY FUNDS

HAMBURG BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Agency Student Activities</u>	<u>Flexible Spending Trust</u>
ASSETS:		
Cash and Cash Equivalents	\$ 5,130	\$ 444
Total Assets	<u>5,130</u>	<u>444</u>
LIABILITIES:		
Due to Student Groups	<u>5,130</u>	
Total Liabilities	<u>5,130</u>	<u>- 0 -</u>
NET POSITION:		
Held in Trust for Flexible Spending Claims		<u>444</u>
TOTAL NET POSITION	<u>\$ - 0 -</u>	<u>\$ 444</u>

HAMBURG BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Flexible Spending Trust</u>
Additions:	
Contributions:	
Plan Contributions	\$ 17,630
Total Contributions	<u>17,630</u>
Investment Earnings:	
Interest	<u>13</u>
Net Investment Earnings	<u>13</u>
Total Additions	<u>17,643</u>
Deductions:	
Flexible Spending Claims	<u>17,352</u>
Total Deductions	<u>17,352</u>
Change in Net Position	291
Net Position—Beginning of the Year	<u>153</u>
Net Position—End of the Year	<u><u>\$ 444</u></u>

HAMBURG BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 5,281	\$ 48,913	\$ 49,064	\$ 5,130
Total Assets	<u>\$ 5,281</u>	<u>\$ 48,913</u>	<u>\$ 49,064</u>	<u>\$ 5,130</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 5,281	\$ 48,913	\$ 49,064	\$ 5,130
Total Liabilities	<u>\$ 5,281</u>	<u>\$ 48,913</u>	<u>\$ 49,064</u>	<u>\$ 5,130</u>

HAMBURG BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<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>
Elementary Schools:				
Hamburg School	\$ 5,281	\$ 48,913	\$ 49,064	\$ 5,130
Total All Schools	<u>\$ 5,281</u>	<u>\$ 48,913</u>	<u>\$ 49,064</u>	<u>\$ 5,130</u>

HAMBURG BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ - 0 -	\$ 1,613,189	\$ 1,613,189	\$ - 0 -
Total Assets	<u>\$ - 0 -</u>	<u>\$ 1,613,189</u>	<u>\$ 1,613,189</u>	<u>\$ - 0 -</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ - 0 -	\$ 1,613,189	\$ 1,613,189	\$ - 0 -
Total Liabilities	<u>\$ - 0 -</u>	<u>\$ 1,613,189</u>	<u>\$ 1,613,189</u>	<u>\$ - 0 -</u>

LONG-TERM DEBT

HAMBURG BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2017		Interest Rate	Balance July 1, 2016	Retired or Matured	Balance June 30, 2017
			Date	Amount				
School Refunding Bonds	11/16/10	\$ 1,885,000	09/01/17	\$ 185,000	3.00%	<u>\$ 1,190,000</u>	<u>\$ 180,000</u>	<u>\$ 1,010,000</u>
			09/01/18	190,000	4.00%			
			09/01/19	205,000	4.00%			
			09/01/20	210,000	4.00%			
			09/01/21	220,000	4.00%			
					<u>\$ 1,190,000</u>	<u>\$ 180,000</u>	<u>\$ 1,010,000</u>	

HAMBURG BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 207,700		\$ 207,700	\$ 207,700	
Total Revenues	<u>207,700</u>		<u>207,700</u>	<u>207,700</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	40,350		40,350	40,350	
Redemption of Principal	<u>180,000</u>		<u>180,000</u>	<u>180,000</u>	
Total Regular Debt Service	<u>220,350</u>		<u>220,350</u>	<u>220,350</u>	
Total Expenditures	<u>220,350</u>		<u>220,350</u>	<u>220,350</u>	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(12,650)	-0-	(12,650)	(12,650)	-0-
Fund Balance, July 1	<u>12,650</u>	<u>-0-</u>	<u>12,650</u>	<u>12,650</u>	<u>-0-</u>
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the School provides and the activities it performs.	J-16 thru J-20

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

HAMBURG BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net Investment in Capital Assets	\$ 2,871,200	\$ 2,874,230	\$ 2,890,825	\$ 2,856,841	\$ 2,892,415	\$ 3,096,442	\$ 3,397,933	\$ 3,775,139	\$ 3,665,238	\$ 3,873,421
Restricted	90,882	137,712	218,945	436,349	735,719	1,275,459	1,458,718	1,769,289	2,330,520	2,041,746
Unrestricted/(Deficit)	(63,005)	(151,747)	(56,101)	130,389	398,170	(15,128)	(1,233,398)	(1,145,056)	(1,128,593)	(1,134,230)
Total Governmental Activities Net Position	<u>\$ 2,899,077</u>	<u>\$ 2,860,195</u>	<u>\$ 3,053,669</u>	<u>\$ 3,423,579</u>	<u>\$ 4,026,304</u>	<u>\$ 4,356,773</u>	<u>\$ 3,623,253</u>	<u>\$ 4,399,372</u>	<u>\$ 4,867,165</u>	<u>\$ 4,780,937</u>
Business-Type Activities:										
Investment in Capital Assets	\$ 34,765	\$ 32,503	\$ 27,425	\$ 28,239	\$ 23,059	\$ 20,269	\$ 22,771	\$ 21,573	\$ 24,859	\$ 27,627
Unrestricted	15,210	14,789	32,305	22,310	29,668	20,707	22,179	11,526	29,482	28,253
Total Business-Type Activities Net Position	<u>\$ 49,975</u>	<u>\$ 47,292</u>	<u>\$ 59,730</u>	<u>\$ 50,549</u>	<u>\$ 52,727</u>	<u>\$ 40,976</u>	<u>\$ 44,950</u>	<u>\$ 33,099</u>	<u>\$ 54,341</u>	<u>\$ 55,880</u>
District-Wide:										
Net Investment in Capital Assets	\$ 2,905,965	\$ 2,906,733	\$ 2,918,250	\$ 2,885,080	\$ 2,915,474	\$ 3,116,711	\$ 3,420,704	\$ 3,796,712	\$ 3,690,097	\$ 3,901,048
Restricted	90,882	137,712	218,941	436,349	735,719	1,275,459	1,458,718	1,769,289	2,330,520	2,041,746
Unrestricted/(Deficit)	(47,795)	(136,958)	(23,792)	152,699	427,838	5,579	(1,211,219)	(1,133,530)	(1,099,111)	(1,105,977)
Total District-Wide Net Position	<u>\$ 2,949,052</u>	<u>\$ 2,907,487</u>	<u>\$ 3,113,399</u>	<u>\$ 3,474,128</u>	<u>\$ 4,079,031</u>	<u>\$ 4,397,749</u>	<u>\$ 3,668,203</u>	<u>\$ 4,432,471</u>	<u>\$ 4,921,506</u>	<u>\$ 4,836,817</u>

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 2,111,398	\$ 2,093,154	\$ 2,288,982	\$ 2,320,955	\$ 2,553,699	\$ 2,377,951	\$ 2,522,801	\$ 2,724,403	\$ 3,141,955	\$ 3,627,398
Special Education	732,117	810,612	874,456	655,926	618,629	726,331	712,684	907,684	908,010	1,166,401
Other Instruction	122,962	148,741	194,469	50,338	56,946	56,317	55,523	125,655	159,175	122,985
Support Services:										
Tuition	365,992	273,156	245,219	262,343	265,417	198,659	170,750	123,634	60,751	116,358
Student & Instruction Related Services	649,141	668,046	523,922	536,777	634,934	659,176	653,249	637,646	708,460	781,566
General Administration Services	323,320	319,740	310,582	265,826	284,687	297,354	298,296	293,494	292,217	306,422
School Administration Services	105,871	73,757	118,607	141,087	130,216	129,750	118,235	140,201	114,526	124,553
Central Services	166,630	225,187	134,707	140,244	125,859	128,940	137,410	146,292	139,329	82,884
Plant Operations and Maintenance	654,744	635,197	622,059	592,027	677,795	640,188	708,532	653,529	812,391	811,079
Pupil Transportation	227,770	180,382	210,267	154,774	140,986	122,523	122,289	109,551	96,964	130,961
Interest On Long-Term Debt	114,699	108,986	103,046	39,948	65,879	62,072	49,822	46,422	41,480	37,605
Capital Outlay	48,933	14,821		22,496		29,874	27,151			
Unallocated Depreciation	139,457	128,596	118,957	118,854	155,480	165,812	169,730	227,627	214,765	223,465
Charter Schools	100,174	95,108	43,626	32,085	38,292	130,170	40,815	25,071	151,586	438,927
Total Governmental Activities Expenses	<u>5,863,208</u>	<u>5,775,483</u>	<u>5,788,899</u>	<u>5,333,680</u>	<u>5,748,819</u>	<u>5,725,117</u>	<u>5,787,287</u>	<u>6,161,210</u>	<u>6,841,609</u>	<u>7,970,604</u>
Business-Type Activities:										
Food Service	84,363	89,149	92,403	113,263	111,259	102,433	102,648	108,864	94,337	94,446
Total Business-Type Activities Expenses	<u>84,363</u>	<u>89,149</u>	<u>92,403</u>	<u>113,263</u>	<u>111,259</u>	<u>102,433</u>	<u>102,648</u>	<u>108,864</u>	<u>94,337</u>	<u>94,446</u>
Total District-Wide Expenses	<u>\$ 5,947,571</u>	<u>\$ 5,864,632</u>	<u>\$ 5,881,302</u>	<u>\$ 5,446,943</u>	<u>\$ 5,860,078</u>	<u>\$ 5,827,550</u>	<u>\$ 5,889,935</u>	<u>\$ 6,270,074</u>	<u>\$ 6,935,946</u>	<u>\$ 8,065,050</u>

HAMBURG BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition					\$ 59,784	\$ 63,846	\$ 107,106	\$ 78,620	\$ 67,891	\$ 101,590
Operating Grants and Contributions	\$ 2,331,551	\$ 637,789	\$ 716,094	\$ 640,024	834,291	832,426	760,423	1,345,751	1,609,559	2,090,504
Total Governmental Activities Program Revenues	2,331,551	637,789	716,094	640,024	894,075	896,272	867,529	1,424,371	1,677,450	2,192,094
Business-Type Activities:										
Charges for Services:										
Food Service	50,174	55,508	58,756	58,992	57,320	50,225	52,478	49,787	46,624	49,905
Operating Grants and Contributions	31,477	28,252	34,010	38,788	44,305	40,101	44,090	47,176	39,923	38,032
Total Business Type Activities Program Revenues	81,651	83,760	92,766	97,780	101,625	90,326	96,568	96,963	86,547	87,937
Total District-Wide Program Revenues	\$ 2,413,202	\$ 721,549	\$ 808,860	\$ 737,804	\$ 995,700	\$ 986,598	\$ 964,097	\$ 1,521,334	\$ 1,763,997	\$ 2,280,031
Net (Expenses)/Revenue:										
Governmental Activities	\$ 3,531,657	\$ 5,137,694	\$ 5,072,805	\$ 4,693,656	\$ 4,854,744	\$ 4,828,845	\$ 4,919,758	\$ 4,736,839	\$ 5,164,159	\$ 5,778,510
Business-Type Activities	2,712	5,389	(363)	15,483	9,634	12,107	6,080	11,901	7,790	6,509
Total District-Wide Net (Expenses)/Revenue	\$ 3,534,369	\$ 5,143,083	\$ 5,072,442	\$ 4,709,139	\$ 4,864,378	\$ 4,840,952	\$ 4,925,838	\$ 4,748,740	\$ 5,171,949	\$ 5,785,019
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 3,173,552	\$ 3,277,935	\$ 3,396,802	\$ 3,532,674	\$ 3,603,326	\$ 3,675,392	\$ 3,748,900	\$ 3,823,878	\$ 3,900,354	\$ 4,029,360
Taxes Levied for Capital Projects					27,625					
Taxes Levied for Debt Service	225,176	225,041	226,572	230,125	220,497	206,256	222,500	219,100	219,775	207,700
Unrestricted Grants and Contributions	108,093	1,589,593	1,628,963	1,436,603	1,601,678	1,327,142	1,435,187	1,445,473	1,433,766	1,455,114
Investment Earnings	12,107	4,672	5,177	3,956	3,461	4,390	5,217	5,837	5,674	5,524
Miscellaneous Income	5,696	4,277	9,455	35,504	10,905	16,764	83,425	6,020	11,174	2,584

HAMBURG BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position:										
Board Contribution/Transfer			\$ (12,000)						\$ (29,000)	\$ (8,000)
Cancellation of Prior Year Accounts Payable			11,310					\$ 12,650	90,209	
Transfer - Contribution for Bond Refunding				\$ (20,000)						
Total Governmental Activities General Revenues & Other Changes in Net Position	\$ 3,524,624	\$ 5,101,518	5,266,279	5,218,862	\$ 5,467,492	\$ 5,229,944	\$ 5,495,229	\$ 5,512,958	\$ 5,631,952	\$ 5,692,282
Other Financing Sources/(Uses):										
Transfers		(2,706)			(10,023)		(10,000)			
Total Other Financing Sources/(Uses)	- 0 -	(2,706)	- 0 -	- 0 -	(10,023)	- 0 -	(10,000)	- 0 -	- 0 -	- 0 -
Business-Type Activities:										
Board Contribution/Transfer		2,706	12,000		10,000		10,000		29,000	8,000
Miscellaneous & Interest Income	1,406		75	100	1,812	356	54	50	32	48
Total Business-Type Activities General Revenues & Other Changes in Net Position	1,406	2,706	12,075	100	11,812	356	10,054	50	29,032	8,048
Total District-Wide General Revenues & Other Changes in Net Position	\$ 3,526,030	\$ 5,101,518	\$ 5,278,354	\$ 5,218,962	\$ 5,469,281	\$ 5,230,300	\$ 5,495,283	\$ 5,513,008	\$ 5,660,984	\$ 5,700,330
Change in Net Position:										
Governmental Activities	\$ (7,033)	\$ (38,882)	\$ 193,474	\$ 525,206	\$ 602,725	\$ 401,099	\$ 565,471	\$ 776,119	\$ 467,793	\$ (86,228)
Business-Type Activities	(1,306)	(2,683)	12,438	(15,383)	2,178	(11,751)	3,974	(11,851)	21,242	1,539
Total District-Wide Change in Net Position	\$ (8,339)	\$ (41,565)	\$ 205,912	\$ 509,823	\$ 604,903	\$ 389,348	\$ 569,445	\$ 764,268	\$ 489,035	\$ (84,689)

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
UNAUDITED
 (Modified Accrual Basis of Accounting)

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved	\$ 115,249	\$ 167,835	\$ 244,165							
Unreserved	102,943	342	93,078							
Restricted				\$ 426,482	\$ 726,175	\$ 1,275,459	\$ 1,438,605	\$ 1,756,639	\$ 2,317,870	\$ 2,041,746
Committed				60,000						
Assigned					365,330	35,000	125,000	152,672	157,077	166,435
Unassigned				126,880	119,242	125,055	114,638	98,440	93,873	93,828
Total General Fund	\$ 218,192	\$ 168,177	\$ 337,243	\$ 613,362	\$ 1,210,747	\$ 1,435,514	\$ 1,678,243	\$ 2,007,751	\$ 2,568,820	\$ 2,302,009
All Other Governmental Funds:										
Restricted				\$ 9,867	\$ 9,544		\$ 20,113	\$ 12,650	\$ 12,650	
Unreserved (Deficit)	\$ (24,367)	\$ (30,123)	\$ (25,220)							
Committed				58,506						
Unassigned (Deficit)				(27,625)						
Total All Other Governmental Funds	\$ (24,367)	\$ (30,123)	\$ (25,220)	\$ 40,748	\$ 9,544	\$ -0-	\$ 20,113	\$ 12,650	\$ 12,650	\$ -0-
Total Governmental Funds:										
Reserved	\$ 115,249	\$ 167,835	\$ 244,165							
Restricted				\$ 436,349	\$ 735,719	\$ 1,275,459	\$ 1,458,718	\$ 1,769,289	\$ 2,330,520	\$ 2,041,746
Committed				118,506						
Assigned					365,330	35,000	125,000	152,672	157,077	166,435
Unassigned				99,255	119,242	125,055	114,638	98,440	93,873	93,828
Total All Governmental Funds	\$ 193,825	\$ 138,054	\$ 312,023	\$ 654,110	\$ 1,220,291	\$ 1,435,514	\$ 1,698,356	\$ 2,020,401	\$ 2,581,470	\$ 2,302,009

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tax Levy	\$3,398,728	\$3,502,976	\$3,623,374	\$3,762,799	\$3,851,448	\$3,881,648	\$3,971,400	\$4,042,978	\$4,120,129	\$4,237,060
Tuition Charges					27,998	63,846	107,106	78,620	67,891	101,590
Interest on Capital Reserve	5,378	2,592	1,327	869	655	711	814	926	1,058	1,043
Miscellaneous	12,425	6,357	15,307	34,545	13,689	29,443	87,828	27,981	17,290	9,065
State Sources	2,308,877	2,099,670	2,035,713	1,946,858	2,271,809	2,014,068	2,067,300	2,119,882	2,204,757	2,283,418
Federal Sources	130,767	127,712	307,342	133,815	191,845	136,500	128,310	131,576	140,970	144,750
Total Revenue	5,856,175	5,739,307	5,983,063	5,878,886	6,357,444	6,126,216	6,362,758	6,401,963	6,552,095	6,776,926
Expenditures:										
Instruction:										
Regular Instruction	1,513,158	1,540,253	1,668,096	1,676,615	1,684,031	1,597,259	1,772,884	1,637,672	1,768,489	1,825,314
Special Education Instruction	500,100	587,650	661,892	478,515	457,300	494,254	493,681	538,351	525,280	579,239
Other Instruction	125,951	142,717	139,048	35,926	39,184	38,992	39,146	74,883	77,812	83,455
Support Services:										
Tuition	365,992	273,156	245,219	262,343	265,417	198,659	170,750	123,634	60,751	116,358
Student & Instruction Related Services	467,233	477,960	425,604	425,982	520,286	552,242	533,177	544,135	596,512	618,831
General Administrative Services	275,880	284,983	271,301	225,083	232,889	244,457	254,613	250,954	249,640	258,063
School Administrative Services	59,214	61,486	100,956	94,154	85,436	86,395	81,211	81,967	64,571	64,197
Central Services	132,843	151,738	116,920	111,121	106,664	109,571	112,205	124,013	117,028	72,184
Administrative Information Technology		2,893								
Plant Operations And Maintenance	497,917	483,616	547,488	532,969	621,847	582,344	656,191	672,276	600,670	663,599
Pupil Transportation	227,770	180,382	210,267	154,774	138,403	120,034	119,705	106,944	94,290	121,405
Allocated Benefits	831,838	911,211								

HAMBURG BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenditures: (Cont'd)										
Support Services: (Cont'd)										
Unallocated Benefits	\$ 468,222	\$ 338,554	\$1,129,286	\$1,110,243	\$1,322,115	\$1,278,775	\$1,262,722	\$1,311,166	\$1,434,556	\$1,621,097
Capital Outlay	99,990	26,500	15,400	171,755	48,556	262,041	330,316	369,752	91,275	365,368
Debt Service:										
Principal	120,000	125,000	130,000	135,000	160,000	160,000	170,000	170,000	175,000	180,000
Interest and Other Charges	114,801	109,165	103,301	70,234	60,820	55,800	52,500	49,100	44,775	40,350
Charter Schools	100,173	95,108	43,626	32,085	38,292	130,170	40,815	25,071	151,586	438,927
Total Expenditures	<u>5,901,082</u>	<u>5,792,372</u>	<u>5,808,404</u>	<u>5,516,799</u>	<u>5,781,240</u>	<u>5,910,993</u>	<u>6,089,916</u>	<u>6,079,918</u>	<u>6,052,235</u>	<u>7,048,387</u>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	<u>(44,907)</u>	<u>(53,065)</u>	<u>174,659</u>	<u>362,087</u>	<u>576,204</u>	<u>215,223</u>	<u>272,842</u>	<u>322,045</u>	<u>499,860</u>	<u>(271,461)</u>
Other Financing Sources/(Uses):										
Cancellation of Prior Year Accounts Payable									90,209	
Transfers Out					(10,023)		(10,000)		(29,000)	(8,000)
Total Other Financing Sources/(Uses)					<u>(10,023)</u>		<u>(10,000)</u>		<u>61,209</u>	<u>(8,000)</u>
Net Change In Fund Balances	<u>\$ (44,907)</u>	<u>\$ (53,065)</u>	<u>\$ 174,659</u>	<u>\$ 362,087</u>	<u>\$ 566,181</u>	<u>\$ 215,223</u>	<u>\$ 262,842</u>	<u>\$ 322,045</u>	<u>\$ 561,069</u>	<u>\$ (279,461)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.05%	4.06%	4.03%	3.84%	3.85%	3.82%	3.86%	3.84%	3.69%	3.30%

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Prior Year Refunds	Refunds	Other	Total
2008	\$ 6,951		\$ 1,412		\$ 2,711	\$ 11,074
2009	3,578		210		3,081	6,869
2010	3,525		6,141		4,644	14,310
2011	2,956		22,228		7,659	32,843
2012	2,806	\$ 27,998	6,299		1,116	38,219
2013	3,679	63,846	15,848		1,627	85,000
2014	4,403	107,106	82,096		2,143	195,748
2015	4,911	78,620	4,837		2,109	90,477
2016	5,675	67,891	9,904		1,269	84,739
2017	5,524	101,590	2,489		95	109,698

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2007	\$ 5,635,450	\$ 179,462,200	\$ 169,000	\$ 4,500	\$ 19,514,500	\$ 3,375,700	\$ 331,500	\$ 208,492,850	\$ 302,368	\$ 208,795,218	\$ 4,659,200	\$ 1.58	\$ 352,714,111
2008	5,610,450	179,426,800	169,000	4,500	19,514,500	3,375,700	331,500	208,432,450	278,884	208,711,334	4,659,200	1.65	384,783,759
2009	5,708,150	180,852,200	169,000	4,500	19,405,200	2,745,700	331,500	209,216,250	221,848	209,438,098	4,750,400	1.70	356,187,241
2010	5,734,750	180,536,500	169,000	4,500	18,712,800	2,745,700	331,500	208,234,750	307,672	208,542,422	4,750,400	1.77	338,268,324
2011	5,684,750	180,074,500	169,000	4,500	17,088,400	3,921,700	331,500	207,274,350	351,612	207,625,962	4,877,700	1.85	338,177,465
2012	4,698,150	179,344,400			17,815,200	3,921,700	747,800	206,527,250	402,529	206,929,779	4,906,300	1.86	309,323,203
2013	4,628,150	177,780,200			18,256,200	3,921,700	747,800	205,334,050	406,308	205,740,358	4,838,600	1.91	289,385,794
2014 *	6,038,600	204,017,600			27,961,200	4,988,600	690,600	243,696,600	550,675	244,247,275	19,855,400	1.64	260,636,321
2015	6,019,200	204,491,400			28,067,500	4,988,600	690,600	244,257,300	555,492	244,812,792	19,807,800	1.67	270,300,879
2016	6,032,600	203,919,500			28,121,000	4,988,600	690,600	243,752,300	481,142	244,233,442	20,342,000	1.71	270,607,041

* - Revaluation

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 of assessed value.

Source: Hamburg Borough Tax Assessor.

HAMBURG BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Hamburg Borough School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Borough			
	Basic Rate ^a	Obligation Debt ^b	Total Direct	Regional School	of Hamburg	Sussex County	
2007	\$ 1.48	\$ 0.10	\$ 1.58	\$ 0.66	\$ 0.71	\$ 0.69	\$ 3.64
2008	1.55	0.11	1.65	0.68	0.77	0.71	3.82
2009	1.59	0.11	1.70	0.70	0.81	0.70	3.91
2010	1.66	0.11	1.77	0.70	0.89	0.69	4.05
2011	1.73	0.11	1.85	0.69	0.93	0.70	4.17
2012	1.76	0.10	1.86	0.72	0.95	0.69	4.22
2013	1.81	0.11	1.91	0.75	0.97	0.69	4.32
2014*	1.55	0.09	1.64	0.61	0.84	0.56	3.64
2015	1.58	0.09	1.67	0.62	0.85	0.57	3.70
2016	1.63	0.08	1.71	0.66	0.88	0.61	3.86

* - Revaluation

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

^b Rates for debt service are based on each year's requirements.

Source: Hamburg Borough Tax Collector and School Business Administrator.

HAMBURG BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2016			2007		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Ames Rubber Corp	\$ 3,054,600	1.25%	The Bluffs at Ballyowen	\$ 5,163,600	2.49%
Governor Haines Realty, LLC	2,019,600	0.83%	Ames Rubber Corporation	3,130,000	1.51%
Envision New Jersey, LLC	1,934,000	0.79%	Shan Industries-Accurate Forming	2,230,600	1.08%
Springdale Village, LLC	1,881,700	0.77%	Kaytes Realty, LLC	1,840,000	0.89%
Plaza 23, LLC	1,317,900	0.54%	Governor Haines Square Corporation	1,488,700	0.72%
TRB Investments, LLC	1,174,000	0.48%	Grey Elephant, LLC	1,032,800	0.50%
Individual Taxpayer #1	1,100,000	0.45%	Silver Fox LLC - Falcon Ridge	601,400	0.29%
TCAT Properties Hamburg, LLC	1,000,200	0.41%	Versaille Holdings, LLC	578,500	0.28%
Wachovia Bank	978,400	0.40%	Individual Taxpayer #1	552,500	0.27%
KP Kit & Jay ,LLC	913,800	0.37%	Martin Lee, LLC	548,500	0.26%
Total	\$ 15,374,200	6.29%	Total	\$ 17,166,600	8.29%

* - Revaluation of property was conducted in 2014

Source: Hamburg Borough Tax Assessor

HAMBURG BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 3,398,728	\$ 3,398,728	100.00%	- 0 -
2009	3,502,976	3,502,976	100.00%	- 0 -
2010	3,623,374	3,623,374	100.00%	- 0 -
2011	3,762,799	3,762,799	100.00%	- 0 -
2012	3,851,448	3,851,448	100.00%	- 0 -
2013	3,881,648	3,881,648	100.00%	- 0 -
2014	3,971,400	3,971,400	100.00%	- 0 -
2015	4,042,978	4,042,978	100.00%	- 0 -
2016	4,120,129	4,120,129	100.00%	- 0 -
2017	4,237,060	4,237,060	100.00%	- 0 -

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

Source: Hamburg Borough School District's records including the Certificate and Report of School Taxes (Form A4F).

HAMBURG BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Loans Payable	Capital Leases			
2008	\$ 2,379,000	\$ - 0 -	\$ - 0 -	\$ 2,379,000	1.45%	\$ 685.59
2009	2,254,000	- 0 -	- 0 -	2,254,000	1.42%	651.63
2010	2,124,000	- 0 -	- 0 -	2,124,000	1.39%	648.15
2011	2,025,000	- 0 -	- 0 -	2,025,000	1.28%	621.36
2012	1,865,000	- 0 -	- 0 -	1,865,000	1.15%	577.58
2013	1,705,000	- 0 -	- 0 -	1,705,000	1.05%	531.15
2014	1,535,000	- 0 -	- 0 -	1,535,000	0.91%	482.70
2015	1,365,000	- 0 -	- 0 -	1,365,000	0.78%	432.65
2016	1,190,000	- 0 -	- 0 -	1,190,000	0.68%	377.90
2017	1,010,000	- 0 -	- 0 -	1,010,000	0.58%	320.74

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

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

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

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	\$ 2,379,000	\$ - 0 -	\$ 2,379,000	1.14%	\$ 685.59
2009	2,254,000	- 0 -	2,254,000	1.08%	651.63
2010	2,124,000	- 0 -	2,124,000	1.01%	648.15
2011	2,025,000	- 0 -	2,025,000	0.97%	621.36
2012	1,865,000	- 0 -	1,865,000	0.90%	577.58
2013	1,705,000	- 0 -	1,705,000	0.82%	531.15
2014	1,535,000	- 0 -	1,535,000	0.75%	482.70
2015	1,365,000	- 0 -	1,365,000	0.56%	432.65
2016	1,190,000	- 0 -	1,190,000	0.49%	377.90
2017	1,010,000	- 0 -	1,010,000	0.47%	320.74

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

^a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

^b Population data can be found on Exhibit J-14. This ratio is calculated using valuation data for the prior calendar year

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
UNAUDITED

<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:			
Borough of Hamburg	\$ 177,100	100.00%	\$ 177,100
Wallkill Valley Regional High School	3,135,000	13.42%	420,823
Sussex County General Obligation Debt	111,347,324	1.65%	<u>1,834,808</u>
Subtotal, Overlapping Debt			2,432,731
Hamburg Borough School District Direct Debt			<u>1,010,000</u>
Total Direct And Overlapping Debt			<u>\$ 3,442,731</u>

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

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

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

HAMBURG BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 9,507,191	\$10,133,965	\$11,213,021	\$10,762,347	\$10,021,150	\$ 9,355,994	\$ 8,703,010	\$ 8,297,699	\$ 8,100,157	\$ 8,079,002
Total Net Debt Applicable to Limit	2,379,000	2,254,000	2,124,000	2,025,000	1,865,000	1,705,000	1,535,000	1,365,000	1,190,000	1,010,000
Legal Debt Margin	<u>\$ 1,189,195</u>	<u>\$ 7,879,965</u>	<u>\$ 9,089,021</u>	<u>\$ 8,737,347</u>	<u>\$ 8,156,150</u>	<u>\$ 7,650,994</u>	<u>\$ 7,168,010</u>	<u>\$ 6,932,699</u>	<u>\$ 6,932,699</u>	<u>\$ 7,069,002</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	29.18%	25.02%	22.24%	18.94%	18.82%	18.61%	18.22%	16.45%	14.69%	12.50%

Legal Debt Margin Calculation for Fiscal Year 2017	
Equalized Valuation Basis	Hamburg Borough
2016	\$ 270,355,368
2015	269,540,168
2014	268,004,619
	<u>\$ 807,900,155</u>
Average Equalized Valuation of Taxable Property	<u>\$ 269,300,052</u>
Debt Limit (3% of Average Equalization Value) ^a	\$ 8,079,002
Net Bonded School Debt as of June 30, 2017	<u>1,010,000</u>
Legal Debt Margin	<u>\$ 7,069,002</u>

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

HAMBURG BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Borough Population ^a	Sussex County Per Capita Personal Income ^b	Borough Personal Income ^c	Borough Unemployment Rate ^d
2008	3,470	\$ 47,416	\$ 164,533,520	5.60%
2009	3,459	46,021	159,186,639	9.30%
2010	3,277	46,659	152,901,543	9.90%
2011	3,259	48,471	157,966,989	9.60%
2012	3,229	50,169	161,995,701	9.60%
2013	3,210	50,534	162,214,140	5.60%
2014	3,180	52,851	168,066,180	6.70%
2015	3,155	55,497	175,093,035	5.60%
2016	3,149	55,497 *	174,760,053	5.30%
2017	3,149 **	55,497 *	174,760,053 **	N/A

* - Latest Sussex County per capita personal income available (2015) was used for calculation purposes.

** - Latest population data available (2016) was used for calculation purposes.

N/A - Information is not available.

Sources:

^a Population information provided by the NJ Department of Labor and Workforce Development.

^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^c Personal income has been estimated based upon the municipal population and per capita personal income presented.

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

HAMBURG BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - SUSSEX COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2016			2007		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Newton Medical Center	1,000-4,999	1.38%-6.91%	Newton Memorial Hospital	1,109	1.37%
County of Sussex	500-999	0.69%-1.38%	County of Sussex	770	0.95%
Thorlabs	500-999	0.69%-1.38%	Ronetco Supermarkets, Inc. (Shop Rite)	672	0.83%
Sussex County Community College	250-499	0.35%-0.69%	Sussex County Community College	516	0.64%
Newton 213 LLC, C/O Ronetco	100-249	0.14%-0.34%	Wal-Mart	426	0.53%
Bristol Glen	100-249	0.14%-0.34%	Newton Board of Education	266	0.33%
Barn Hill Care Center	100-249	0.14%-0.34%	Lakeland Bank	226	0.28%
Home Depot	100-249	0.14%-0.34%	Kittatinny Regional High School	169	0.21%
Kohls	100-249	0.14%-0.34%	Thorlabs	150	0.19%
Superior Court of Newton	100-249	0.14%-0.34%	All Quality Care, Inc.	150	0.19%
	<u>2,850-8,990</u>	<u>3.94%-12.42%</u>		<u>4,454</u>	<u>5.50%</u>
Total Employment - Sussex County	<u>72,391</u>		Total Employment - Sussex County	<u>81,045</u>	

Source: County of Sussex, Department of Administration and Finance.

HAMBURG BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<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	25.4	26.0	25.0	26.3	26.3	25.8	26.8	28.2	29.8	29.8
Special Education	16.6	16.9	16.4	8.2	8.2	11.4	9.1	8.8	10.86	12.00
Support Services:										
Student & Instruction Related Services	7.5	5.2	5.2	5.2	5.2	4.8	5.6	5.6	5.4	5.4
School Administration Services	2.4	2.5	2.5	2.5	2.5	1.5	1.5	1.5	1.5	1.5
General & Business Administration Services	2.0	3.6	3.4	3.4	3.4	3.2	3.2	3.2	3.2	3.4
Plant Operations and Maintenance	4.8	4.5	3.5	3.5	3.5	4.3	4.3	4.3	4.5	4.4
Total	<u>58.7</u>	<u>58.7</u>	<u>56.0</u>	<u>49.1</u>	<u>49.1</u>	<u>51.0</u>	<u>50.5</u>	<u>51.6</u>	<u>55.30</u>	<u>56.50</u>

Source: Hamburg Borough District Personnel Records.

HAMBURG BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change In Average Daily Enrollment	Student Attendance Percentage
2008	291	\$ 5,566,291	\$ 19,128	13.03%	42	7:1	291	273	-6.13%	93.81%
2009	276	5,531,707	20,042	4.78%	42	7:1	276	263	-5.15%	95.29%
2010	291	5,559,703	19,106	-4.67%	41	7.1:1	282	269	2.17%	95.39%
2011	286	5,139,810	17,971	-5.94%	34	8.1:1	282	266	0.00%	94.33%
2012	280	5,511,864	19,685	9.54%	34	8.1:1	276	263	-2.13%	95.29%
2013	284	5,433,152	19,131	-2.82%	34	8.3:1	278	263	0.72%	94.60%
2014	285	5,537,100	19,428	1.56%	34	8.3:1	274	255	-1.44%	93.07%
2015	272	5,491,066	20,188	3.91%	34	8:1	272	258	-0.73%	94.85%
2016	249	5,741,185	23,057	14.21%	35.2	7.1:1	249	238	-8.46%	95.58%
2017	250	6,462,669	25,851	12.12%	35.2	7.1:1	250	235	0.40%	94.00%

Note: Enrollment based on annual October District count.

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

^b Costs per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other cost per pupil calculations.

^c Teaching staff includes only full-time equivalents of certificated staff.

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

Source: Hamburg Borough School District records.

HAMBURG BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	<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>District Buildings</u>										
Hamburg Elementary School (1904, 2003)										
Square Feet	61,503	61,503	61,503	61,503	61,503	61,503	61,503	61,503	61,503	61,503
Capacity (Students)	546	546	546	546	546	546	546	546	546	546
Enrollment	291	276	291	286	280	284	285	272	249	250

Number of Schools at June 30, 2017:

Elementary = 1

Note: Year of original construction is shown first in the parentheses. Enrollment is based on the annual October District count.

Source: Hamburg Borough School District Facilities Office.

HAMBURG BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

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

School Facilities	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Hamburg Elementary	\$ 57,524	\$ 46,882	\$ 105,336	\$ 94,278	\$ 127,888	\$ 64,684	\$ 114,099	\$ 187,997	\$ 108,393	\$ 111,466

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

Source: Hamburg Borough School District Reports.

HAMBURG BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
NJSIG:		
Commercial Package Policy:		
Blanket Building & Contents	\$ 15,413,400	\$ 1,000
Blanket Hardware/Software	160,000	1,000
Boiler & Machinery	100,000,000	1,000
Crime/Faithful Performance	100,000	500
Comprehensive General Liability	11,000,000	N/A
Automobile Coverage	11,000,000	N/A
Employee Benefits Program Liability	Included	N/A
Auto Physical Damage	ACV	1,000
School Board Legal Liability:		
Coverage A	6,000,000	5,000
Coverage B	100,000 / 300,000	5,000
Workers Compensation	Statutory	
Environmental Impairment Liability	1,000,000	25,000
Student Accident	1,000,000	
Surety Bonds:		
Treasurer	185,000	
Board Secretary	185,000	

Source: Hamburg Borough School District Records.

SINGLE AUDIT SECTION

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 Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the Board of Education of the Hamburg Borough School District, in the County of Sussex (the "District") as of, and for the fiscal year ended, June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 29, 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 purpose of expressing our opinion 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

Our consideration of the 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.

The Honorable President and Members
of the Board of Education
Hamburg Borough School District
Page 2

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*.

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 not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 29, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Hamburg Borough School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on the District's major state programs for the fiscal year ended June 30, 2017. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and 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 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's 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.

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.

The Honorable President and Members
of the Board of Education
Hamburg Borough School District
Page 2

Opinion on Each Major State Program

In our opinion, the District 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 fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the District 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 the Uniform Guidance and NJOMB 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 District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *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 federal or 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 the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

August 29, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

HAMBURG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Balance at June 30, 2017			Amount Provided to Subrecipients	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable	Budgetary Unearned Revenue		Due to Grantor
U.S. Department of Education Passed-through State Department of Education:												
Special Revenue Fund:												
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA193016	7/1/16-6/30/17	\$ 73,513			\$ 60,805	\$ (73,513)	\$ 12,708			
I.D.E.A. Part B, Basic	84.027	IDEA193016	7/1/15-6/30/16	89,347	\$ 8,108		8,108					
I.D.E.A. Part B, Preschool	84.173	IDEA193016	7/1/16-6/30/17	4,254			3,832	(4,254)	422			
I.D.E.A. Part B, Preschool	84.173	IDEA193016	7/1/15-6/30/16	4,263	427		427					
Total Special Education Cluster					8,535		73,172	(77,767)	13,130			
No Child Left Behind Consolidated Grant:												
Title I	84.010A	NCLB193016	7/1/16-6/30/17	37,854			34,072	(37,854)	3,782			
Title I	84.010A	NCLB193016	7/1/15-6/30/16	34,648	3,471		3,471					
Title II, Part A	84.367A	NCLB193016	7/1/16-6/30/17	9,522			9,441	(9,522)	81			
Title II, Part A	84.367A	NCLB193016	7/1/15-6/30/16	10,694	987		987					
Total Special Revenue Fund					12,993		121,143	(125,143)	16,993			
Total U.S. Department of Education					12,993		121,143	(125,143)	16,993			
U.S. Department of Agriculture:												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/15-6/30/16	9,592		\$ 1,145		(1,145)				
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	810	45		45					
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	29,197	1,420		1,420					
Food Distribution Program	10.555	N/A	7/1/16-6/30/17	10,018			10,018	(8,869)	\$ 1,149			
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	1,337			1,202	(1,337)	135			
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	25,749			23,761	(25,749)	1,988			
Total Child Nutrition Cluster - Total U.S. Department of Agriculture					1,465	1,145	36,446	(37,100)	2,123	1,149		

HAMBURG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016				Balance at June 30, 2017			Amount Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	
U.S. Department of Health and Human Services:												
Medicaid Assistance Program-SEMI/ARRA	93.778	N/A	4/1/09-12/31/19	\$ 732			\$ 732	\$ (732)				
Medicaid Assistance Program	93.778	N/A	7/1/16-6/30/17	18,875			18,875	(18,875)				
Total U.S. Department of Health and Human Services							19,607	(19,607)				
Total Federal Awards					\$ 14,458	\$ 1,145	\$ 177,196	\$ (181,850)	\$ 19,116	\$ 1,149	\$ -0-	\$ -0-

N/A - Information is not available/applicable.

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

HAMBURG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2016		Cash Received	Budgetary Expenditures	Balance June 30, 2017		MEMO	
				Budgetary Accounts Receivable				GAAP Accounts Receivable	Budgetary Accounts Receivable	Cumulative Total Expenditures	
New Jersey Department of Education											
General Fund:											
Equalization Aid	16-495-034-5120-078	7/1/15 - 6/30/16	\$ 749,282	\$ 73,813		\$ 73,813					\$ 749,282
Special Education Aid	16-495-034-5120-089	7/1/15 - 6/30/16	146,403	14,422		14,422					146,403
Security Aid	16-495-034-5120-084	7/1/15 - 6/30/16	29,907	2,946		2,946					29,907
Adjustment Aid	16-495-034-5120-085	7/1/15 - 6/30/16	646,919	63,729		63,729					646,919
Extraordinary Aid	16-495-034-5120-044	7/1/15 - 6/30/16	193	193		193					193
Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	45,755	4,508		4,508					45,755
Non Public Transportation	16-495-034-5120-014	7/1/15 - 6/30/16	3,654	3,654		3,654					3,654
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15 - 6/30/16	2,820	278		278					2,820
PARCC Readiness Aid	16-495-034-5120-098	7/1/15 - 6/30/16	2,820	278		278					2,820
Equalization Aid	17-495-034-5120-078	7/1/16 - 6/30/17	750,879		676,900		\$ (750,879)		\$ 73,979		750,879
Special Education Aid	17-495-034-5120-089	7/1/16 - 6/30/17	148,539		133,904		(148,539)		14,635		148,539
Security Aid	17-495-034-5120-084	7/1/16 - 6/30/17	30,047		27,087		(30,047)		2,960		30,047
Adjustment Aid	17-495-034-5120-085	7/1/16 - 6/30/17	646,919		583,183		(646,919)		63,736		646,919
Extraordinary Aid	17-495-034-5120-044	7/1/16 - 6/30/17	3,289				(3,289)	\$ 3,289	3,289		3,289
Transportation Aid	17-495-034-5120-014	7/1/16 - 6/30/17	44,903		40,479		(44,903)		4,424		44,903
Non Public Transportation	17-495-034-5120-014	7/1/16 - 6/30/17	1,070				(1,070)	1,070	1,070		1,070
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16 - 6/30/17	2,820		2,542		(2,820)		278		2,820
PARCC Readiness Aid	17-495-034-5120-098	7/1/16 - 6/30/17	2,820		2,542		(2,820)		278		2,820
Professional Learning Community Aid	17-495-034-5120-101	7/1/16 - 6/30/17	2,450		2,209		(2,450)		241		2,450
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16 - 6/30/17	180,247		171,399		(180,247)	8,848	8,848		180,247
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16 - 6/30/17	213,310		213,310		(213,310)				213,310
On-Behalf TPAF Long Term Disability Insurance Contributions	17-495-034-5094-004	7/1/16 - 6/30/17	677		677		(677)				677
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16 - 6/30/17	247,054		247,054		(247,054)				247,054
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-003	7/1/16 - 6/30/17	8,951		8,951		(8,951)				8,951
Total General Fund State Aid					163,821	2,274,058	(2,283,975)	13,207	176,188		3,911,728
Enterprise Fund:											
State School Lunch Program	16-100-010-3350-023	9/1/15 - 6/30/16	1,035	51	51						1,035
State School Lunch Program	17-100-010-3350-023	9/1/16 - 6/30/17	932		866		(932)	66	66		932
Total Enterprise Fund					51	917	(932)	66	66		1,967
Total State Awards					\$ 163,872	\$ 2,274,975	\$ (2,284,907)	\$ 13,273	\$ 176,254		\$ 3,913,695

HAMBURG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance	Cash Received	Budgetary Expenditures	Balance	MEMO	
				June 30, 2016			June 30, 2017	GAAP Accounts Receivable	Budgetary Accounts Receivable
Less: On-Behalf TPAF Pension System Contributions:									
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16 - 6/30/17	\$ (213,310)			\$ 213,310			
On-Behalf Long Term Disability Insurance Contributions	17-495-034-5094-001	7/1/16 - 6/30/17	(677)			677			
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16 - 6/30/17	(247,054)			247,054			
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-003	7/1/16 - 6/30/17	(8,951)			8,951			
Subtotal - On-Behalf TPAF Pension System Contributions						<u>469,992</u>			
Total State Awards (Net of On-Behalf TPAF Pension System Contributions)						<u>\$ (1,814,915)</u>			

N/A - Information is not available/applicable.

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Hamburg Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$557) for the General 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.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 19,607	\$ 2,283,418	\$ 2,303,025
Special Revenue Fund	125,143		125,143
Food Service Fund	<u>37,100</u>	<u>932</u>	<u>38,032</u>
	<u>\$ 181,850</u>	<u>\$ 2,284,350</u>	<u>\$ 2,466,200</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. Revenue and expenditures reported under the Federal Food Distribution Program represent current fiscal year value received and current fiscal year distributions, respectively.

HAMBURG BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>State Aid - Public</u>				
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 750,879	\$ 750,879
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	148,539	148,539
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	30,047	30,047
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	646,919	646,919
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	2,820	2,820
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	2,820	2,820
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	2,450	2,450

- The threshold for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

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

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

HAMBURG BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

HAMBURG BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior year audit findings.