

**HAMPTON BOROUGH SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**JUNE 30, 2018**

**Responsibility of the Management of  
Hampton Borough School District  
Hunterdon County, New Jersey**



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2018**

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# *Hampton Public School*

*"Inspiring our community to thrive and engage in a dynamic learning experience."*

**Dr. Timothy Frederiks**  
*Interim Chief School Administrator*

**Ms. Ruth Ann Dalrymple**  
*Administrator*

**Teresa Barna**  
*Business Administrator*

**Mrs. Kelly Morris**  
*Assistant Business Administrator/Board Secretary*

February 11, 2019

Honorable President and  
Members of the Board of Education  
Hampton Borough School District  
32-41 South Street  
Hampton, New Jersey 08827

Dear Board Members:

The comprehensive annual financial report of the Hampton Borough School District for the fiscal year ended June 30, 2018 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 District. 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 financial position and results of operations of the various funds and account groups 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: introduction, financial, statistical and single audit. The introduction section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions 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 the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report of the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

## **1. REPORTING ENTITY AND ITS SERVICES:**

Hampton Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Hampton Borough Board of Education constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 as well as special education. The district completed the 2017-2018 fiscal year with an average daily enrollment of 137.9 students, which is a 6.83% increase over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

### **Average Daily Enrollment**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2008-2009	161.2	(5.01%)
2009-2010	148.7	(7.82%)
2010-2011	130.5	(12.18%)
2011-2012	112.3	(13.95%)
2012-2013	107.2	(4.54%)
2013-2014	110.1	2.71%
2014-2015	119.5	8.54%
2015-2016	121.1	1.26%
2016-2017	129.1	6.69%
2017-2018	137.9	6.83%

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

Hampton Borough is a small stable community in rural Hunterdon County. The State of New Jersey recently passed legislation that will change the way the school funding formula will be applied to local school districts. The impact to Hampton appears to be minimal. The funding formula is enrollment based. Therefore, changes in enrollment will have an impact on state funding. The community is supportive of the school district. The Board of Education has been very conservative in recent years with setting the tax rate. Because of this, there is \$591,089 available in banked cap with in an ability to tax within the statutory limits. Should state aid e a factor in future years, the tax levy could absorb any loss in state aid.

## **3. MAJOR INITIATIVES:**

During the 2017/2018 school year, the Hampton Board of Education embarked on an initiative to enter into a send/receive tuition arrangement with Lebanon Township School District for students in grades 6-8. The send/receive arrangement would provide more opportunities for the students both academically and socially. After much consideration and approvals from the New Jersey Department of Education, it was decided to implement a send/receive arrangement with Lebanon Township Board of Education whereby, Hampton would send students in grades 6-8 to Woodglen School beginning September 2018.

#### **4. INTERNAL ACCOUNT CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure 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 structure is designed to provide reasonable, but not absolute, assurance these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations to those programs. This internal control structure is also subject to periodic evaluation by the District Management.

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

#### **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. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the total budget amount. The final budgeted amounts, as amended, for the fiscal year are 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 reservations of fund balance at June 30, 2018.

#### **6. ACCOUNTING SYSTEM AND REPORTS:**

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



## **7. FINANCIAL INFORMATION AT FISCAL YEAR-END:**

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues meeting its responsibilities for sound financial management.

## **8. DEBT ADMINISTRATION:**

At June 30, 2018, the District's outstanding debt issue was \$1,990,000 issued in August 2017 for the refunding of the 2008 bond issue.

## **9. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in the Notes to the Financial Statement, Note 3. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under 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.

## **10. 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.

## **11. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPAs, PC, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet 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 the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." The auditor's report on the general-purpose financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## **12. ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the Hampton Borough School District Board of Education for their dedication in providing fiscal accountability to the citizens and taxpayers of the school district and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been

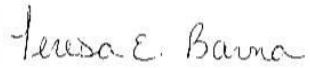
accomplished without the efficient and dedicated services of our Business Office staff.

Respectfully submitted,



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Dr. Timothy Frederiks  
Interim Chief School Administrator

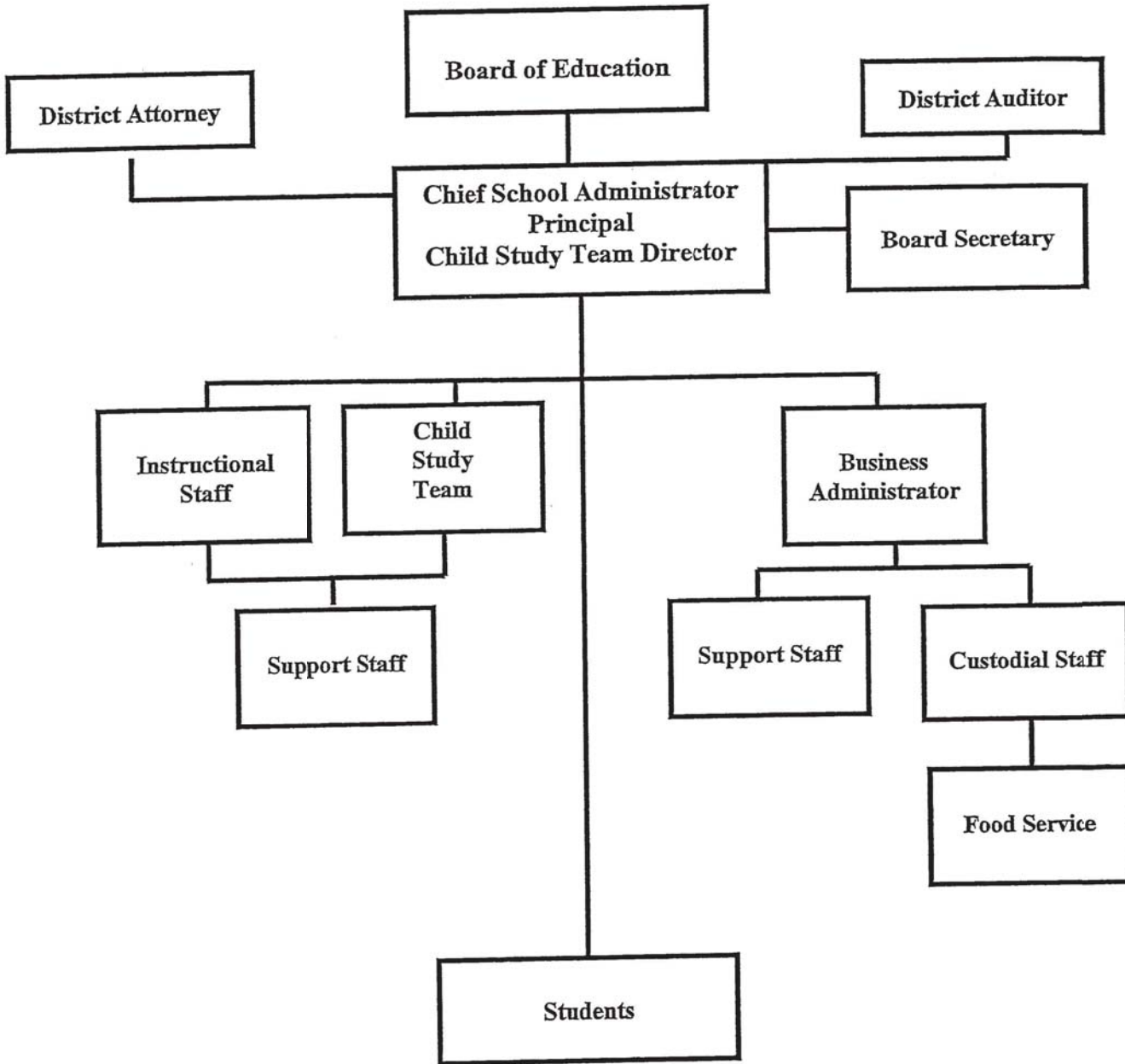


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Teresa Barna  
School Business Administrator/Board Secretary

# HAMPTON BOARD OF EDUCATION ORGANIZATIONAL CHART

(UNIT CONTROL)



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**32-41 South Street**  
**Hampton, NJ 08827**  
**June 30, 2018**

**Roster of Officials**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Darek Merkel	President	2020
Megan Bruton	Vice President	2019
Andrew Abrahamson		2019
Elizabeth Dilts		2018
Robert Sherlock		2020

**Other Officials**

Dr. Timothy Fredericks	Interim Chief School Administrator
Patricia Martucci	Board Secretary/Business Administrator
Kathy Olsen	Treasurer

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**32-41 South Street**  
**Hampton, NJ 08827**  
**June 30, 2018**

**Consultants & Advisors**

**AUDIT FIRM**

BKC, CPAs, PC  
114 Broad Street  
Flemington, NJ 08822

**ATTORNEY**

Nathanya G. Simon, Partner  
Schwartz, Simon, Edelstein, and Celso, LLC  
100 South Jefferson Rd. STE 200  
Whippany, NJ 07981

**OFFICIAL DEPOSITORY**

Investors Savings Bank



Certified Public Accountants, PC

[www.bkc-cpa.com](http://www.bkc-cpa.com)

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## Independent Auditors' Report

Honorable President and  
Members of the Board of Education  
Hampton Borough School District  
County of Hunterdon, 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 Hampton Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2018, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

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 Hampton Borough School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Change in Accounting Principle

As discussed in Note 7 to the financial statements, in 2018 the District adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The

Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements.


The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introduction and statistical sections have not been subject 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 February 11, 2018 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.



**BKC, CPAs, PC**



**Michael Holk, CPA, PSA**

February 11, 2019  
Flemington, New Jersey



**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

The discussion and analysis of Hampton Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

**Key financial highlights for 2018 are as follows:**

- In total, net position decreased \$47,235 which represents a 11.98% decrease from 2017.
- General revenues accounted for \$4,367,831 in revenue or 94.89% of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$235,375 or 5.11% of total revenues of \$4,603,206.
- Total assets of governmental activities decreased by \$3,172. As cash and cash equivalents decreased by \$17,482, receivables and other assets increased by \$83,927 and capital assets decreased by \$69,617.
- The School District had \$4,650,441 in expenses; only \$235,375 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of \$4,367,831 were adequate to provide for these expenses.
- Among major funds, the general fund had \$3,363,951 in revenues and \$3,382,710 in expenditures. After factoring in transfers from other funds of \$17,406, the General Fund's balance decreased \$1,353 from 2017.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Hampton Borough School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For Governmental Funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Hampton Borough School District, the general fund is by far the most significant fund.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District, the financial position of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental and business activities. Governmental activities are the activities where most of the school district's programs and services are reported, including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Business activities are the services provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The food service enterprise fund is reported as a business activity.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

**Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the "operating results" by measuring cash on hand and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net position for June 30, 2018 compared to fiscal year ended June 30, 2017.

**Table 1**  
**Net Position**

	06/30/2018	06/30/2017	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 784,809	\$ 706,154	\$ 78,655	11.14%
Capital assets	2,487,833	2,561,577	(73,744)	-2.88%
Total assets	<u>3,272,642</u>	<u>3,267,731</u>	<u>4,911</u>	<u>-0.15%</u>
<b>Deferred outflows of resources</b>				
Deferred amount of pension activity	371,336	332,655	38,681	11.63%
Deferred amount of bond refunding	<u>46,093</u>	<u>-</u>	<u>46,093</u>	<u>100%</u>
Total deferred outflows of resources	<u>417,429</u>	<u>332,655</u>	<u>84,774</u>	<u>25.48%</u>
<b>Liabilities</b>				
Long-term liabilities	2,980,203	3,019,935	(39,732)	-1.32%
Other liabilities	<u>134,492</u>	<u>81,380</u>	<u>53,112</u>	<u>65.26%</u>
Total liabilities	<u>3,114,695</u>	<u>3,101,315</u>	<u>13,380</u>	<u>0.43%</u>
Deferred inflows of resources	<u>228,439</u>	<u>104,899</u>	<u>123,540</u>	<u>117.77%</u>
<b>Net position</b>				
Net investment in capital assets	497,833	318,577	179,256	56.27%
Restricted	327,861	334,605	(6,744)	-2.02%
Unrestricted	<u>(478,757)</u>	<u>(259,010)</u>	<u>(219,747)</u>	<u>84.84%</u>
Total net position	<u>\$ 346,937</u>	<u>\$ 394,172</u>	<u>\$ (47,235)</u>	<u>-11.98%</u>

Total assets increased \$4,911. Cash and cash equivalents decreased by \$19,999, receivables and other assets increased by \$98,654, and capital assets decreased by \$73,744. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the District decreased by \$219,747.

The negative balance in unrestricted net position is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68 Accounting and Financial

**HAMPTON BOROUGH SCHOOL DISTRICT**  
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Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows changes in net position for the fiscal year ended June 30, 2018 compared to fiscal year ended June 30, 2017.

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

	06/30/2018	06/30/2017	Variance	
			Dollars	Percent
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 127,411	\$ 64,250	\$ 63,161	98.31%
Operating grants and contributions	107,964	1,435,678	(1,327,714)	-92.48%
General revenues				
Property taxes	1,811,817	1,779,613	32,204	1.81%
Grants and entitlements	2,477,264	812,464	1,664,800	204.91%
Other	78,750	173,376	(94,626)	-54.58%
Total revenues	<u>4,603,206</u>	<u>4,265,381</u>	<u>337,825</u>	7.92%
<b>Expenses</b>				
Instruction				
Regular	1,683,204	1,507,416	175,788	11.66%
Special	961,621	828,404	133,217	16.08%
Other	61,099	112,990	(51,891)	-45.93%
Support services				
Tuition	46,162	-	46,162	100%
Student & instructional related services	1,054,075	801,439	252,636	31.52%
General & business administration	260,068	173,783	86,285	49.65%
School administration	108,760	69,024	39,736	57.57%
Maintenance	310,779	341,797	(31,018)	-9.07%
Transportation	68,572	32,751	35,821	109.37%
Food service	4,017	60,638	(10,532)	-72.39%
After care program	65,159	14,549	4,521	7.46%
Interest on long-term debt	26,925	92,969	(66,044)	-71.04%
Total expenses	<u>4,650,441</u>	<u>4,035,760</u>	<u>614,681</u>	15.23%
Increase (decrease) before special items	(47,235)	229,621	(276,856)	-120.89%
<b>Special item</b>				
Gain on disposal of assets	-	81,531	(81,531)	-100.00%
Adjustment to prior period	-	(382,080)	382,080	-100.00%
Increase (decrease) in net position	<u>\$ (47,235)</u>	<u>\$ (70,928)</u>	<u>\$ 23,693</u>	-33.40%

**HAMPTON BOROUGH SCHOOL DISTRICT**  
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**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Local property taxes made up 39.36% of revenues for governmental activities for the Hampton Borough School District for fiscal year 2018.

Instruction comprises 58.19% of district expenses. Support service expenses make up 41.81% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year ended June 30, 2018 compared to fiscal year ended June 30, 2017 by identifying the cost of services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Instruction	\$ 2,705,924	\$ 2,448,810	\$ 2,584,128	\$ 1,525,943
Support services				
Tuition	46,162	-	46,162	-
Student & instructional staff	1,054,075	801,439	995,173	548,300
General & business administration	260,068	173,783	260,068	146,583
School administration	108,760	69,024	108,760	43,949
Plant operations & maintenance	310,779	341,797	309,649	283,144
Pupil transportation	68,572	32,751	68,572	30,170
After care program	4,017	14,549	4,017	(26,363)
Food services	65,159	60,638	11,612	1,379
Interest on long-term debt	26,925	92,969	26,925	(17,273)
	<u>\$ 4,650,441</u>	<u>\$ 4,035,760</u>	<u>\$ 4,415,066</u>	<u>\$ 2,535,832</u>

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

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

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
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Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school activities, as provided by State law.

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for purposes of motivation, enjoyment and skill improvement.

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

The dependence upon tax revenues is apparent. For all activities, general revenue support is 94.89%. The community, as a whole, is the primary support for the Hampton Borough School District.

**The Schools District's Funds**

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$3,699,025, expenditures of \$3,777,616, and other financing sources of \$95,039. The general fund had a decrease fund balance of \$1,353.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2018, the School District amended its general fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general fund, budget basis revenue and other financing sources were \$2,951,851, \$202,242 above original budgeted estimates of \$2,749,609. This difference was due primarily from non-public transportation, extraordinary aid and miscellaneous revenues.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
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**Capital Assets**

At the end of the fiscal year 2018, the School District had \$2,487,833 invested in land, building, furniture and equipment and vehicles. Table 4 shows June 30, 2018 compared to June 30, 2017.

**Table 4**  
**Capital Assets (Net of Depreciation)**

	06/30/2018	06/30/2017	Variance	
			Dollars	Percent
Land	\$ 3,977	\$ 3,977	\$ -	
Construction in progress	12,201	-	12,201	100%
Buildings & improvements	2,375,978	2,456,256	(80,278)	-3.27%
Furniture & equipment	95,677	101,344	(5,667)	-2.13%
	<u>\$ 2,487,833</u>	<u>\$ 2,561,577</u>	<u>\$ (73,744)</u>	<u>-2.75%</u>

Overall capital assets decreased \$73,744 from fiscal year 2017 to fiscal year 2018. Increases in capital assets (primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year.

**Long-term liabilities**

At June 30, 2018, the School District had \$2,980,203 of long-term liabilities. This amount is detailed in Table 5 below for June 30, 2018 compared to June 30, 2017 .

At June 30, 2018, the legal debt limit is \$3,609,940. General obligation debt at June 30, 2018 is \$1,990,000 resulting in a legal debt margin of \$1,619,940.

**Table 5**  
**Long-Term Liabilities at Year End**

	06/30/2018	06/30/2017	Variance	
			Dollars	Percent
General obligation bonds	\$ 1,990,000	\$ 2,243,000	\$ (253,000)	-11.28%
Bond premium	196,993	-	196,993	100.00%
PERS net pension liability	729,817	762,743	(32,926)	-4.32%
Compensated absences	63,393	14,192	49,201	346.68%
	<u>\$ 2,980,203</u>	<u>\$ 3,019,935</u>	<u>\$ (39,732)</u>	<u>-1.32%</u>



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**  
**Unaudited**

**For the Future**

In preparing the budget, the primary goal of the Board is to develop a budget that meets the District's educational priorities, provides accountability to the taxpayers of the community, and complies with the 2% stringent tax levy cap imposed on school districts. The district continues to seek out cost saving measures and to pursue shared service opportunities and continues to explore innovative measures to increase student enrollment.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact: Teresa E. Barna, School Business Administrator, Hampton Borough School District, 32-41 South Street, Hampton, New Jersey, 08827.

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2018**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 216,322	\$ 38,586	\$ 254,908
Receivables, net	177,230	1,979	179,209
Due from other funds	38,105	-	38,105
Inventory	-	2,568	2,568
<b>Restricted assets</b>			
Capital reserve - cash	220,550	-	220,550
Emergency reserve - cash	24,505	-	24,505
Maintenance reserve - cash	64,964	-	64,964
<b>Capital assets, net</b>			
Land	3,977	-	3,977
Capital assets not being depreciated	12,201	-	12,201
Other capital assets, net of depreciation	2,446,721	24,934	2,471,655
Total assets	<u>3,204,575</u>	<u>68,067</u>	<u>3,272,642</u>
<b>Deferred outflows of resources</b>			
Deferred amount on bond refunding	46,093	-	46,093
Deferred amount on pension activity	371,336	-	371,336
Total deferred outflows of resources	<u>417,429</u>	<u>-</u>	<u>417,429</u>
<b>Liabilities</b>			
Due from other funds	-	38,105	38,105
Accounts payable	69,358	1,961	71,319
Accrued interest	24,200	-	24,200
Unearned revenue	-	868	868
<b>Long-term liabilities</b>			
Due within one year	190,736	-	190,736
Due beyond one year	2,789,467	-	2,789,467
Total liabilities	<u>3,073,761</u>	<u>40,934</u>	<u>3,114,695</u>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	228,439	-	228,439
<b>Net position</b>			
Net investment in capital assets	472,899	24,934	497,833
<b>Restricted for</b>			
Capital reserve	220,550	-	220,550
Emergency reserve	24,505	-	24,505
Maintenance reserve	64,964	-	64,964
Debt Service	17,842	-	17,842
Unrestricted	(480,956)	2,199	(478,757)
<b>Total net position</b>	<u>\$ 319,804</u>	<u>\$ 27,133</u>	<u>\$ 346,937</u>

See accompanying notes to financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities</b>								
Instruction								
Regular	\$ 1,068,431	\$ 614,773	\$ 106,218	\$ 2,765	\$ -	\$ (1,574,221)	\$ -	\$ (1,574,221)
Special education	578,527	383,094	-	-	-	(961,621)	-	(961,621)
Other special education	31,813	1,091	-	12,813	-	(20,091)	-	(20,091)
Other instruction	27,260	935	-	-	-	(28,195)	-	(28,195)
Support services								
Tuition	46,162	-	-	-	-	(46,162)	-	(46,162)
Students and instruction related services	731,071	323,004	-	58,902	-	(995,173)	-	(995,173)
General and business administration services	227,880	32,188	-	-	-	(260,068)	-	(260,068)
School administration services	39,697	69,063	-	-	-	(108,760)	-	(108,760)
Plant operations and maintenance	276,868	33,911	1,130	-	-	(309,649)	-	(309,649)
Pupil transportation	68,572	-	-	-	-	(68,572)	-	(68,572)
Interest on long-term debt	26,925	-	-	-	-	(26,925)	-	(26,925)
<b>Total governmental activities</b>	<b>3,123,206</b>	<b>1,458,059</b>	<b>107,348</b>	<b>74,480</b>	<b>-</b>	<b>(4,399,437)</b>	<b>-</b>	<b>(4,399,437)</b>
<b>Business-type activities</b>								
Food service	65,159	-	20,063	33,484	-	-	(11,612)	(11,612)
After care program	4,017	-	-	-	-	-	(4,017)	(4,017)
<b>Total business-type activities</b>	<b>69,176</b>	<b>-</b>	<b>20,063</b>	<b>33,484</b>	<b>-</b>	<b>-</b>	<b>(15,629)</b>	<b>(15,629)</b>
<b>Total primary government</b>	<b>\$ 3,192,382</b>	<b>\$ 1,458,059</b>	<b>\$ 127,411</b>	<b>\$ 107,964</b>	<b>\$ -</b>	<b>(4,399,437)</b>	<b>(15,629)</b>	<b>(4,415,066)</b>
General revenues, special items & transfers								
Property taxes levied for general purposes						1,667,653	-	1,667,653
Property taxes levied for debt service						144,164	-	144,164
Federal & state aid not restricted						2,477,264	-	2,477,264
Investment earnings						491	-	491
Miscellaneous income						76,391	1,868	78,259
Transfers from other funds						17,406	(17,406)	-
<b>Total general revenues, special items &amp; transfers</b>						<b>4,383,369</b>	<b>(15,538)</b>	<b>4,367,831</b>
Change in net position						(16,068)	(31,167)	(47,235)
Net position - beginning						335,872	58,300	394,172
<b>Net position - ending</b>						<b>\$ 319,804</b>	<b>\$ 27,133</b>	<b>\$ 346,937</b>

See accompanying notes to financial statements.

## **FUND FINANCIAL STATEMENTS**

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2018**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 200,921	\$ 15,401	\$ -	\$ -	\$ 216,322
Due from other funds	73,130	-	-	17,842	90,972
Receivables from other governments					
Local	970	-	-	-	970
State	147,751	-	-	-	147,751
Federal	-	14,388	-	-	14,388
Other accounts receivable	8,885	5,236	-	-	14,121
Restricted cash and cash equivalents	310,019	-	-	-	310,019
<b>Total assets</b>	<b>\$ 741,676</b>	<b>\$ 35,025</b>	<b>\$ -</b>	<b>\$ 17,842</b>	<b>\$ 794,543</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ 17,842	\$ 35,025	\$ -	\$ -	\$ 52,867
Accounts payable	69,358	-	-	-	69,358
<b>Total liabilities</b>	<b>87,200</b>	<b>35,025</b>	<b>-</b>	<b>-</b>	<b>122,225</b>

See accompanying notes to financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2018**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 73,604	\$ -	\$ -	\$ -	\$ 73,604
Capital reserve	220,550	-	-	-	220,550
Emergency reserve	24,505	-	-	-	24,505
Maintenance reserve	64,964	-	-	-	64,964
Committed fund balance					
Year-end encumbrances	23,334	-	-	-	23,334
Assigned fund balance					
Designated for subsequent year's expenditures	43,930	-	-	-	43,930
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures					
July 1, 2018-August 1, 2018	40,977	-	-	-	40,977
Debt service fund balance	-	-	-	17,842	17,842
Unassigned fund balance	162,612	-	-	-	162,612
Total fund balances	<u>654,476</u>	<u>-</u>	<u>-</u>	<u>17,842</u>	<u>672,318</u>
Total liabilities and fund balances	<u>\$ 741,676</u>	<u>\$ 35,025</u>	<u>\$ -</u>	<u>\$ 17,842</u>	

Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,555,274 and the accumulated depreciation is \$4,092,375.	2,462,899
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	188,990
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,980,203)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(24,200)</u>
Total net position of governmental activities	<u>\$ 319,804</u>

See accompanying notes to financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 1,667,653	\$ -	\$ -	\$ 144,164	\$ 1,811,817
<b>Tuition</b>					
Individuals	34,370	-	-	-	34,370
Other LEAs	71,848	-	-	-	71,848
Interest on investments	491	-	-	-	491
Rents and royalties	1,130	-	-	-	1,130
Miscellaneous	69,858	2,000	-	6,533	78,391
<b>Total local sources</b>	<b>1,845,350</b>	<b>2,000</b>	<b>-</b>	<b>150,697</b>	<b>1,998,047</b>
State sources	1,518,601	-	-	109,897	1,628,498
Federal sources	-	72,480	-	-	72,480
<b>Total revenues</b>	<b>3,363,951</b>	<b>74,480</b>	<b>-</b>	<b>260,594</b>	<b>3,699,025</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instructional</b>					
Regular instruction	1,065,666	2,765	-	-	1,068,431
Special education instruction	578,527	-	-	-	578,527
Other special instruction	19,000	12,813	-	-	31,813
Other instruction	27,260	-	-	-	27,260
<b>Support service and undistributed costs</b>					
Tuition	46,162	-	-	-	46,162
Student and instruction related services	680,564	50,507	-	-	731,071
General and business administrative services	150,247	-	77,633	-	227,880
School administrative services	39,697	-	-	-	39,697
Plant operations and maintenance	276,868	-	-	-	276,868
Pupil transportation	68,572	-	-	-	68,572
Unallocated benefits	417,946	-	-	-	417,946

See accompanying notes to financial statements.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 12,201	\$ 8,395	\$ -	\$ -	\$ 20,596
Debt service					
Principal	-	-	-	200,000	200,000
Interest and other charges	-	-	-	42,793	42,793
Total expenditures	<u>3,382,710</u>	<u>74,480</u>	<u>77,633</u>	<u>242,793</u>	<u>3,777,616</u>
Excess (deficit) of revenues over (under) expenditures	<u>(18,759)</u>	<u>-</u>	<u>(77,633)</u>	<u>17,801</u>	<u>(78,591)</u>
Other financing sources (uses)					
Operating transfers in	17,406	-	-	-	17,406
Proceeds from bond issues	-	-	2,190,000	-	2,190,000
Premium on refunding of bond issue	-	-	207,361	-	207,361
Payment to refunding bond agent	-	-	(2,319,728)	-	(2,319,728)
Total other financing sources (uses)	<u>17,406</u>	<u>-</u>	<u>77,633</u>	<u>-</u>	<u>95,039</u>
Net change in fund balance	(1,353)	-	-	17,801	16,448
Fund balances, July 1	<u>655,829</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>655,870</u>
Fund balances, June 30	<u>\$ 654,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,842</u>	<u>\$ 672,318</u>

See accompanying notes to financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

Total net changes in fund balances - governmental fund (from B-2)	\$	16,448
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Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 20,596		
Depreciation expense	<u>(90,213)</u>		(69,617)

Governmental funds report bond proceeds as financing sources whereas issuing debt increases long-term liabilities in the government-wide statements:

Proceeds from refunding bond issue		(2,190,000)
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Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Payment to refunding bond agent	2,319,728		
Debt principal payments	<u>200,000</u>		2,519,728

Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium	10,368		
Proceeds from bond premium	<u>(207,361)</u>		(196,993)

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.

5,500

See accompanying notes to financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities (continued)**  
**For the Fiscal Year Ended June 30, 2018**

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. \$ (51,933)

In the Statement of Activities, compensated absences and early retirement benefits 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. (49,201)

Change in net position of governmental activities \$ (16,068)

See accompanying notes to financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Net Position**  
**June 30, 2018**

	Food Service Fund	After Care Program	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 7,446	\$ 31,140	\$ 38,586
Receivables from other governments			
State	38	-	38
Federal	1,941	-	1,941
Inventory	2,568	-	2,568
Total current assets	11,993	31,140	43,133
Noncurrent assets			
Capital assets	53,455	-	53,455
Less: accumulated depreciation	28,521	-	28,521
Total noncurrent assets	24,934	-	24,934
<b>Total assets</b>	36,927	31,140	68,067
<b>Liabilities</b>			
Current liabilities			
Accounts payable	1,961	-	1,961
Interfund payable	6,965	31,140	38,105
Unearned revenues - commodities	676	-	676
Unearned revenues - prepaid sales	192	-	192
Total liabilities	9,794	31,140	40,934
<b>Net position</b>			
Invested in capital assets, net of related debt	24,934	-	24,934
Unrestricted	2,199	-	2,199
<b>Total net position</b>	\$ 27,133	\$ -	\$ 27,133

See accompanying notes to financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2018**

	Food Service Fund	After Care Program	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 18,519	\$ -	\$ 18,519
Daily sales - non-reimbursable programs	1,544	-	1,544
Total operating revenues	20,063	-	20,063
Operating expenses			
Cost of sales - reimbursable programs	19,970	-	19,970
Cost of sales - non-reimbursable programs	(1,188)	-	(1,188)
Commodity food costs	5,859	-	5,859
Salaries	15,285	-	15,285
Supports services - employee benefits	2,155	-	2,155
Purchased professional/technical services	1,812	-	1,812
Purchased property services	5,511	-	5,511
Other purchased services			
Insurance	1,764	-	1,764
Management fee	5,120	-	5,120
Supplies and materials	2,241	-	2,241
Depreciation	4,127	-	4,127
Bad debt expense	-	4,017	4,017
Miscellaneous expenditures	2,503	-	2,503
Total operating expenses	65,159	4,017	69,176
Operating income (loss)	(45,096)	(4,017)	(49,113)
Non-operating revenues (expenses)			
State sources			
State school lunch program	515	-	515
Federal sources			
National school breakfast program			
Cash assistance	8,017	-	8,017
National school lunch program			
Cash assistance	19,093	-	19,093
Non-cash assistance (commodities)	5,859	-	5,859
Other sources			
Miscellaneous	1,868	-	1,868
Total non-operating revenues (expenses)	35,352	-	35,352

See accompanying notes to financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Food Service Fund	After Care Program	Total
Other financing sources (uses)			
Transfer to general fund	\$ -	\$ (17,406)	\$ (17,406)
Total other financing sources (uses)	-	(17,406)	(17,406)
 Change in net position	 (9,744)	 (21,423)	 (31,167)
 Net position, beginning	 36,877	 21,423	 58,300
 Net position, ending	 \$ 27,133	 \$ -	 \$ 27,133

See accompanying notes to financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2018**

	Food Service Fund	After Care Program	Total
Cash flows from operating activities			
Receipts from customers (net)	\$ 20,255	\$ 3,521	\$ 23,776
Payments to Food Service Management Company	(48,619)	-	(48,619)
Payments to vendors (net)	(7,498)	-	(7,498)
Net cash provided by (used for) operating activities	(35,862)	3,521	(32,341)
Cash flows from non-capital financing activities			
State sources	504	-	504
Federal sources	26,624	-	26,624
Miscellaneous	1,868	-	1,868
Net cash provided by (used for) non-capital financing activities	28,996	-	28,996
Net increase (decrease) in cash and cash equivalents	(6,866)	3,521	(3,345)
Cash and cash equivalents, beginning	14,312	27,619	41,931
Cash and cash equivalents, ending	\$ 7,446	\$ 31,140	\$ 38,586
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating activities			
Operating income (loss)	\$ (45,096)	\$ (4,017)	\$ (49,113)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	4,127	-	4,127
Federal food donation program	5,859	-	5,859
(Increase) decrease in accounts receivable	-	7,538	7,538
Increase (decrease) in accounts payable	276	-	276
(Increase) decrease in inventory	(1,069)	-	(1,069)
Increase (decrease) in deferred revenue	41	-	41
Net cash provided by (used for) operating activities	\$ (35,862)	\$ 3,521	\$ (32,341)

See accompanying notes to financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Net Position**  
**June 30, 2018**

	<u>Student Activity Agency Fund</u>	<u>Payroll Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 929	\$ 61,486
Total assets	<u>\$ 929</u>	<u>\$ 61,486</u>
<b>Liabilities</b>		
Payroll deductions and withholdings	\$ -	\$ 61,486
Due to student groups	929	-
Total liabilities	<u>\$ 929</u>	<u>\$ 61,486</u>

See accompanying notes to financial statements.



## **NOTES TO THE FINANCIAL STATEMENTS**

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts over-all financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2018 of 138 students.

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

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted State Aids.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

*General Fund* - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

*Special Revenue Fund* - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund.

*Capital Projects Fund* - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (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.

*Debt Service Fund* - The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Additionally, the District reports the following fund types:

Proprietary fund types

*Proprietary Fund* - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

*Enterprise Fund* - The enterprise 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; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise fund is comprised of the food service fund and after care program.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5 - 15 Years
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Fiduciary fund types

*Trust and Agency Funds* - This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the trust and agency funds of the District.

*Unemployment Compensation Trust Fund* - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

*Student Activities Agency Fund* - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

*Payroll Agency Fund* - This fund accounts for the withholding and remittance of employee salary deductions.

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 budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. 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 must be approved by School Board Resolution. Budget amendments during the year ended June 30, 2018 were insignificant.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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 legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. 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 reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

Tuition charges for the fiscal years 2017-2018 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

Short-term interfund receivables and 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.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services or payments from students that will benefit periods beyond June 30, 2018.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	50
Building improvements & portable classroom	50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement Number 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.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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 issuance are reported as other financing uses.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension Contributions, reimbursed TPAF Social Security Contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amount on pension activity. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the School District in accordance with the Schedule of Tax Installments as certified by the School District's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, cash in banks. As of June 30, 2018, the District had no investments.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governmental units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 3 - Deposits, cash equivalents, and investments (continued)

New Jersey School Districts are limited as to the types 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.

N.J.S.A. 17:9-41 e.t. 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 public 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 saving banks the deposits of which are federally insured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2018, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	393,367
Total bank balances	\$ 643,367

Deposits at June 30, 2018 appear in the financial statements as summarized below:

Cash		\$ 627,342
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 216,322
Enterprise funds, Statement of Net Position	B-4	38,586
Fiduciary funds, Statement of Net Position	B-7	62,415
Restricted cash		
Governmental funds, Balance Sheet	B-1	310,019
Total cash		\$ 627,342

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 3,977	\$ -	\$ -	\$ 3,977
Construction in progress	-	12,201	-	12,201
Total	<u>3,977</u>	<u>12,201</u>	<u>-</u>	<u>16,178</u>
Capital assets, being depreciated				
Building & improvements	6,248,704	-	-	6,248,704
Furniture & equipment	281,997	8,395	-	290,392
Total	<u>6,530,701</u>	<u>8,395</u>	<u>-</u>	<u>6,539,096</u>
Accumulated depreciation				
Building & improvements	3,792,448	80,278	-	3,872,726
Furniture & equipment	209,714	9,935	-	219,649
Total	<u>4,002,162</u>	<u>90,213</u>	<u>-</u>	<u>4,092,375</u>
Total capital assets, being depreciated, net	<u>2,528,539</u>	<u>(81,818)</u>	<u>-</u>	<u>2,446,721</u>
Governmental activities capital assets, net	<u>\$ 2,532,516</u>	<u>\$ (69,617)</u>	<u>\$ -</u>	<u>\$ 2,462,899</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 53,455	\$ -	\$ -	\$ 53,455
Less: accumulated depreciation	24,394	4,127	-	28,521
Business type activities capital assets, net	<u>\$ 29,061</u>	<u>\$ (4,127)</u>	<u>\$ -</u>	<u>\$ 24,934</u>

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 4 - Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction	
Regular	\$ 36,639
Special education	19,839
Other special instruction	1,091
Other instruction	935
Support services	
Student & instruction	24,408
General & business administration	5,152
School administration	1,361
Plant maintenance	788
Total depreciation expense, governmental activities	\$ 90,213

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 2,243,000	\$ -	\$ 253,000	\$ 1,990,000	\$ 170,000
Compensated absences payable	14,192	49,201	-	63,393	-
PERS net pension liability	762,743	-	32,926	729,817	-
Bond premium	-	207,361	10,368	196,993	20,736
Total governmental activities long-term liabilities	\$ 3,019,935	\$ 256,562	\$ 296,294	\$ 2,980,203	\$ 190,736

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments are listed as follows:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 170,000	\$ 36,300	\$ 206,300
2020	175,000	67,500	242,500
2021	180,000	64,000	244,000
2022	185,000	58,600	243,600
2023	195,000	51,200	246,200
2024-2028	1,085,000	132,400	1,217,400
Total	\$ 1,990,000	\$ 410,000	\$ 2,400,000

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 5 - Long-term debt (continued)

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2018, with their outstanding balances are comprised of the following individual issues:

\$2,190,000 - 2017 refunding school bonds, interest at 2.00% to 4.00%, due in annual installments beginning March 1, 2018 to March 1, 2028.	\$ <u>1,990,000</u>
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The general obligation bonded debt of the District is limited by State Law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2018 is \$3,609,940. General obligation debt at June 30, 2018 is \$1,990,000, resulting in a legal debt margin of \$1,619,940.

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

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 PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of PERS.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
A. Public employees' retirement systems (PERS) (continued)  
Plan description (continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members enrolled prior to July 1, 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members 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 Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit 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.

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2017.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the State fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. 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 includes 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 years 2017, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 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 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.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1<sup>st</sup> until eventually reaching 7.50% of base salary effective July 1, 2018.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2017:

	2017
Total pension liability	\$ 1,406,198
Plan fiduciary net position	676,381
Net pension liability	\$ 729,817

Plan fiduciary net position as a percentage of the total pension liability 48.10%

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.00%

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 1 year for females).

The actuarial assumptions, used in the July 1, 2016 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.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocati ons	Long-Term Expected Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent State fiscal year.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate (continued)

The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's Proportionate Share of the Net Pension Liability</u>	2017
At current discount rate (5.00%)	\$ 729,817
At a 1% lower rate (4.00%)	905,388
At a 1% higher rate (6.00%)	583,545

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,185	\$ -
Changes of assumptions	147,033	146,494
Net difference between projected and actual earnings on pension plan investments	4,970	-
Changes in proportion and differences between District contributions and proportionate share of contributions	173,104	81,945
District contributions subsequent to the measurement date	29,044	-
Total	\$ 371,336	\$ 228,439

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2018, the plan measurement date is June 30, 2017) of \$29,044 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources				
Differences between expected and actual experience	\$ 17,268	\$ 5,329	\$ 5,412	\$ 17,185
Changes of Assumptions	192,345	-	45,312	147,033
Difference between projected and actual earnings on pension plan investments	35,406	(31,282)	(846)	4,970
Deferred inflows of resources				
Changes of Assumptions	-	(179,194)	(32,700)	(146,494)
Net of deferred outflows	<u>\$ 245,019</u>	<u>\$ (205,147)</u>	<u>\$ 17,178</u>	<u>\$ 22,694</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Year Ended June 30,

2018	\$ 17,181
2019	25,926
2020	15,710
2021	(20,894)
2022	(15,229)
Total	<u>\$ 22,694</u>

Pension expense

For the year ended June 30, 2018, the District recognized net pension expense of \$73,221 which represents the District's proportionate share of allocable plan pension expense of \$52,640, plus the net amortization of deferred amounts from changes in proportion of \$26,746, and less other adjustments to the net pension liability of \$6,165. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2017 are as follows:

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 -

Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Pension expense (continued)

Service cost	\$	34,043
Interest on total pension liability		61,771
Member contributions		(16,193)
Administrative expense		424
Expected investment return net of investment expense		(44,104)
Pension expense related to specific liabilities of individual employers		(479)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		12,613
Amortization of expected versus actual experience		5,412
Amortization of projected versus actual investment earnings on pension plan investments		(847)
Pension expense	\$	52,640

B. Teacher's 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. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 -

Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Plan description (continued)

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 Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. 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 includes 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 the State fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

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 non-employer 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. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. During the State fiscal year ended June 30, 2017, the State of New Jersey contributed \$105,596 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1<sup>st</sup> until eventually reaching 7.50% of base salary effective July 1, 2018.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Collective net pension liability and actuarial information

Components of net pension liability

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal year ended June 30, 2017 is as follows:

	2017
State's proportionate share of net pension liability	\$ 6,340,364
District's proportionate share of net pension liability	-
Employer pension expense and related revenue	439,228
Non-employer contribution	105,596
 Allocable proportionate percentage	 .0094037743%

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ended June 30, 2017 are as follows:

Service cost	\$ 283,774
Interest on total pension liability	309,661
Member contributions	(74,093)
Administrative expense	1,117
Expected investment return net of investment expense	(150,563)
Pension expense related to specific liabilities of individual employers	(34)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	67,819
Amortization of expected versus actual experience	4,997
Amortization of projected versus actual investment earnings on pension plan investments	(3,450)
Pension expense	\$ 439,228

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Collective net pension liability and actuarial information (continued)

Components of net pension liability (continued)

As detailed earlier, the District was not required to report a liability for its proportionate share of net pension expense for TPAF due to a special funding situation. The State's proportionate share of the net pension liability for TPAF as of June 30, 2017 is as follows:

	2017
Total pension liability	\$ 8,500,612
Plan fiduciary net position	2,160,248
Net pension liability	\$ 6,340,364

Plan fiduciary net position as a percentage of the total pension liability

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases (based on age)	
2012 - 2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

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

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

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
B. Teacher's pension and annuity fund (TPAF) (continued)  
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

Discount rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent State fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher’s pension and annuity fund (TPAF) (continued)

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District’s Proportionate Share of the Net Pension Liability</u>	<u>2017</u>
At current discount rate (4.25%)	\$ 6,340,364
At a 1% lower rate (3.25%)	7,532,551
At a 1% higher rate (5.25%)	5,358,235

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2018) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District’s contribution to the DCRP for fiscal year ended 2018 was \$3,530.

D. Other pension plan information

During the year ended June 30, 2018, the State of New Jersey contributed \$121,473 to the TPAF for post-retirement medical benefits, \$4,456 for non-contributory insurance premiums, \$481 for long-term disability insurance, and \$183,618 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$99,137 during the year ended June 30, 2018 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Post-retirement benefits

Chapter 384 of PL 1987 and Chapter 6 of PL 1990 required 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. Chapter 103 of PL 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside 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, 2017, there were 112,966 statewide retirees eligible for post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62 of PL 1994. Funding of post-retirement medical premiums are on a pay-as-you-go basis.

The State is also responsible for the cost attributable to Chapter 126 of PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a School District or County College with 25-years of service. In fiscal year 2017, the State paid \$238.9 million toward Chapter 126 of PL 1992 benefits for 20,913 eligible retired members.

GASB Statement No. 75 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

*Plan Description* - The School District participates in the State Health Benefits Program (SHBP), a multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to state employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to employees, retirees, and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The School District adopted a Resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at ([www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions)).

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Post-retirement benefits (continued)

*Funding Policy* - Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

*Total OPEB liability* - Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

Total OPEB liability

For purposes of reporting required GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2017 is as follows:

	2017
State's proportionate share of the OPEB liability	\$ 53,639,841,858
District's proportionate share of the State's OPEB liability	7,142,150
Employer pension expense and related revenue	409,538
Allocable proportionate percentage	.013315009%

Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2016	\$ 7,737,307
Service cost	285,588
Interest cost	226,398
Change of benefit terms	-
Differences between expected and actual experiences	-
Changes of assumptions	(947,807)
Member contributions	6,091
Gross benefit payments	(165,427)
Total OPEB liability at June 30, 2017	\$ 7,142,150

There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Post-retirement benefits (continued)

Total OPEB liability (continued)

The total non-employer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total non-employer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate		2.50%
	TPAF	PERS
	(based on years	(based on age)
Salary increases	of service)	
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Health care trend assumptions

For pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is 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.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 7 - Post-retirement benefits (continued)

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2017, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Total OPEB Liability (school retirees)</u>	2017
At current discount rate (3.58%)	\$ 7,142,150
At a 1% lower rate (2.58%)	8,478,247
At a 1% higher rate (4.58%)	6,082,345

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<u>Total OPEB Liability (school retirees)</u>	2017
Healthcare cost trend rate	\$ 7,142,150
At a 1% lower rate (1% decrease)	5,873,728
At a 1% higher rate (1% increase)	8,826,600

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$409,538 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

Note 8 - 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 Administrator is as follows:

Equitable



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2018 is as follows:

	Receivable	Payable
General fund	\$ 73,130	\$ 17,842
Special revenue fund	-	35,025
Debt service fund	17,842	-
After care program	-	31,140
Food service fund	-	6,965
	\$ 90,972	\$ 90,972

The special revenue fund had an interfund payable for \$35,025 due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues. The balance due from the aftercare program to the general fund represents the remaining balance due to the program being offered by an outside provider. The food service fund had an interfund payable of \$6,965 due to the general fund for a prior year interfund payable.

The debt service fund had an interfund receivable of \$17,841 due from the general fund for a posting error of a tax levy receipt.

Inventory in the food service fund as of June 30, 2018 consisted of the following:

Food	\$ 2,218
Supplies	350
Total	\$ 2,568

Note 10 - Contingent liabilities

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

Amounts received or are receivables from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 11 - Risk management

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

*Property and Liability Insurance* - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

*New Jersey Unemployment Compensation Insurance* - The District has elected to fund its NJ Unemployment Compensation Insurance under the Contributory Method. Under this plan, the District is required to remit the entire employee deduction of unemployment compensation to the State. Any claims for unemployment are paid for by the State from those funds.

Note 12 - Legal reserve accounts

A capital reserve account was established by the District 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 Districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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 NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$0 to their capital reserve account and \$0 to their maintenance reserve account by Board Resolution in June 2018 as summarized in the following schedule. The following schedule is a summarization of the legal reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 235,100	\$ -	\$ -	\$ -	\$ 14,550	\$ 220,550
Emergency	24,505	-	-	-	-	24,505
Maintenance	75,000	-	-	-	10,036	64,964
Total	<u>\$ 334,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,586</u>	<u>\$ 310,019</u>

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 13 - Fund balance

As described in Note 1 (N), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2018 is as follows:

	2018
Restricted	
Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 73,604
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	220,550
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	64,964
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	24,505
Committed	
Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	23,334
Assigned	
Designated surplus - Designated for Subsequent Year's Expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	43,930
Additional assigned fund balance - unreserved - Designated for subsequent year's expenditures July 1, 2018 - August 1, 2018.	40,977
Unassigned	
Undesignated - Represents fun balance which has not been restricted or designated.	254,200
Total fund balance - Budgetary basis (Exhibit C-1)	764,064
Last state aid payments not recognized on GAAP basis	(91,588)
Total fund balance GAAP basis (Exhibit B-1)	\$ 654,476

Note 14 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved 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 reserve 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 years' budget. The excess fund balance at June 30, 2018 is \$0.

Note 15 - Operating lease

At June 30, 2018, the District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

2019	\$	4,165
2020		4,165
2021		4,165
2022		4,165
Total	\$	16,660

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 16 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the date of this report.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 *Leases*. This statement, which is effective for reporting periods beginning after June 15, 2019, is not expected to have a material impact on the District's financial reporting.

Note 17 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2018 of \$(480,956) on Schedule A-1 Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Note 18 - Restatement of prior year net position

During the fiscal year ended June 30, 2018, the District has determined a restatement of the prior year net position is necessary. Due to ongoing updates to the District's capital asset inventory and the timing of the inventory report, adjustments to the inventory report value are necessary. Additionally, due to differences between financial records and cash balances, adjustments to the cash balance report values are necessary. The following is a summary of the District's restatement of net position as of June 30, 2018:

	Governmental Activities	Business Activities
Net position, June 30, 2017	\$ 717,952	\$ 54,771
Change in capital assets	(323,819)	3,529
Adjustment for cash differences	(58,261)	-
Net position, June 30, 2017 as restated	<u>\$ 335,872</u>	<u>\$ 58,300</u>

Note 19 - Subsequent events

The District has evaluated subsequent events through February 11, 2019, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local sources					
Local tax levy	\$ 1,667,653	\$ -	\$ 1,667,653	\$ 1,667,653	\$ -
Tuition from individuals	30,000	-	30,000	34,370	4,370
Tuition from other LEAs within the state	49,250	-	49,250	71,848	22,598
Rents and royalties	-	-	-	1,130	1,130
Unrestricted miscellaneous revenues	-	-	-	70,349	70,349
Interest earned on current expense emergency reserve	25	-	25	-	(25)
Interest earned on maintenance reserve	25	-	25	-	(25)
Interest earned on capital reserve funds	50	-	50	-	(50)
<b>Total</b>	<b>1,747,003</b>	<b>-</b>	<b>1,747,003</b>	<b>1,845,350</b>	<b>98,347</b>
State sources					
School choice aid	167,552	-	167,552	167,552	-
Categorical transportation aid	3,651	-	3,651	3,651	-
Extraordinary aid	42,989	-	42,989	142,893	99,904
Categorical special education aid	73,373	-	73,373	73,373	-
Equalization aid	651,390	-	651,390	652,633	1,243
Categorical security aid	8,354	-	8,354	8,354	-
Adjustment aid	50,077	-	50,077	50,077	-
PARCC readiness aid	870	-	870	870	-
Per pupil growth aid	870	-	870	870	-
Professional learning community aid	980	-	980	980	-
Lead testing reimbursement	-	-	-	390	390
Other state aid	2,500	-	2,500	4,858	2,358
TPAF pension (on-behalf)	-	-	-	188,074	188,074
TPAF social security (reimbursed)	-	-	-	99,137	99,137
TPAF post retirement benefits	-	-	-	121,473	121,473
TPAF long-term disability insurance	-	-	-	481	481
<b>Total</b>	<b>1,002,606</b>	<b>-</b>	<b>1,002,606</b>	<b>1,515,666</b>	<b>513,060</b>
<b>Total revenues</b>	<b>\$ 2,749,609</b>	<b>\$ -</b>	<b>\$ 2,749,609</b>	<b>\$ 3,361,016</b>	<b>\$ 611,407</b>
<b>EXPENDITURES</b>					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 30,752	\$ (29,852)	\$ 900	\$ 900	\$ -
Kindergarten	57,633	(6,070)	51,563	51,563	-
Grades 1-5	369,106	6,361	375,467	375,012	455
Grades 6-8	213,798	(7,541)	206,257	206,216	41
Home instruction					
Salaries of teacher	1,500	695	2,195	2,195	-
Regular programs - undistributed instruction					
Other salaries for instruction	16,900	(16,900)	-	-	-
Purchased professional - educational services	13,500	5,393	18,893	18,893	-
Purchased technical services	9,500	(707)	8,793	8,793	-
Other purchased services	8,700	(431)	8,269	7,668	601
General supplies	25,000	855	25,855	25,568	287
Textbooks	15,000	(13,714)	1,286	1,286	-
Other objects	500	2,177	2,677	2,677	-
<b>Total</b>	<b>761,889</b>	<b>(59,734)</b>	<b>702,155</b>	<b>700,771</b>	<b>1,384</b>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (cont'd)</b>					
Special education					
Resource room/resource center					
Salaries of teachers	\$ 293,477	\$ 16,855	\$ 310,332	\$ 310,332	\$ -
Other salaries for instruction	-	49,166	49,166	49,166	-
General supplies	750	(750)	-	-	-
<b>Total</b>	<b>294,227</b>	<b>65,271</b>	<b>359,498</b>	<b>359,498</b>	<b>-</b>
Autism					
Salaries of teachers	57,778	(39,097)	18,681	18,681	-
Other salaries for instruction	37,450	(37,450)	-	-	-
Purchased professional-educational services	17,500	7,592	25,092	25,092	-
General supplies	500	26	526	526	-
<b>Total</b>	<b>113,228</b>	<b>(68,929)</b>	<b>44,299</b>	<b>44,299</b>	<b>-</b>
Preschool disabilities - full-time					
Salaries of teachers	30,751	17,680	48,431	48,431	-
Other salaries for instruction	20,550	-	20,550	20,550	-
<b>Total</b>	<b>51,301</b>	<b>17,680</b>	<b>68,981</b>	<b>68,981</b>	<b>-</b>
<b>Total special education</b>	<b>458,756</b>	<b>14,022</b>	<b>472,778</b>	<b>472,778</b>	<b>-</b>
Basic skills/remedial					
Salaries of teachers	19,000	-	19,000	19,000	-
General supplies	250	(250)	-	-	-
<b>Total</b>	<b>19,250</b>	<b>(250)</b>	<b>19,000</b>	<b>19,000</b>	<b>-</b>
School-sponsored co/extra curricular activities - instruction					
Salaries	6,503	(3,341)	3,162	3,147	15
Supplies and materials	500	(403)	97	97	-
<b>Total</b>	<b>7,003</b>	<b>(3,744)</b>	<b>3,259</b>	<b>3,244</b>	<b>15</b>
School-sponsored athletics - instruction					
Salaries	10,725	(3,821)	6,904	6,904	-
Purchased services	2,500	(805)	1,695	1,420	275
Supplies and materials	500	(21)	479	479	-
<b>Total</b>	<b>13,725</b>	<b>(4,647)</b>	<b>9,078</b>	<b>8,803</b>	<b>275</b>
Summer school - instruction					
Salaries of teachers	17,500	(17,500)	-	-	-
Other salaries of instruction	-	12,213	12,213	12,213	-
<b>Total</b>	<b>17,500</b>	<b>(5,287)</b>	<b>12,213</b>	<b>12,213</b>	<b>-</b>
<b>Total instruction regular</b>	<b>\$ 1,278,123</b>	<b>\$ (59,640)</b>	<b>\$ 1,218,483</b>	<b>\$ 1,216,809</b>	<b>\$ 1,674</b>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ -	\$ 8,121	\$ 8,121	\$ 8,121	\$ -
Tuition to cssd & regional day schools	-	27,601	27,601	27,601	-
Tuition to priv. school for the disabled w/i state	-	10,440	10,440	10,440	-
<b>Total</b>	<b>-</b>	<b>46,162</b>	<b>46,162</b>	<b>46,162</b>	<b>-</b>

See independent auditors' report.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - attendance & social work					
salaries	\$ 17,725	\$ (1,225)	\$ 16,500	\$ 16,500	\$ -
Total	<u>17,725</u>	<u>(1,225)</u>	<u>16,500</u>	<u>16,500</u>	<u>-</u>
Undistributed expenditures - health services					
Salaries	70,350	180	70,530	70,530	-
Purchased professional and technical services	1,500	20	1,520	1,496	24
Other purchased services	150	109	259	259	-
Supplies and materials	1,500	(139)	1,361	1,361	-
Other objects	250	(161)	89	89	-
Total	<u>73,750</u>	<u>9</u>	<u>73,759</u>	<u>73,735</u>	<u>24</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	60,128	(54,970)	5,158	5,158	-
Purchased professional - educational services	-	29,706	29,706	28,680	1,026
Supplies and materials	500	2,419	2,919	2,699	220
Total	<u>60,628</u>	<u>(22,845)</u>	<u>37,783</u>	<u>36,537</u>	<u>1,246</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	-	19,250	19,250	19,250	-
Total	<u>-</u>	<u>19,250</u>	<u>19,250</u>	<u>19,250</u>	<u>-</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	108,091	50,223	158,314	158,314	-
Salaries of secretarial and clerical assistants	49,300	5,700	55,000	55,000	-
Purchased professional - educational services	30,960	45,476	76,436	95,736	(19,300)
Supplies and materials	567	(500)	67	67	-
Total	<u>188,918</u>	<u>100,899</u>	<u>289,817</u>	<u>309,117</u>	<u>(19,300)</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	35,435	(3,435)	32,000	32,000	-
Salaries of other professional staff	5,500	(1,585)	3,915	3,915	-
Total	<u>40,935</u>	<u>(5,020)</u>	<u>35,915</u>	<u>35,915</u>	<u>-</u>
Undistributed expenditures - edu. media service/sch. library					
Salaries	38,725	7	38,732	38,732	-
Purchased professional and technical services	500	(500)	-	-	-
Other purchased services	5,000	(3,175)	1,825	1,825	-
Supplies and materials	10,968	(7,156)	3,812	3,812	-
Total	<u>55,193</u>	<u>(10,824)</u>	<u>44,369</u>	<u>44,369</u>	<u>-</u>
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	35,435	8,065	43,500	43,500	-
Other purchased services	3,590	(174)	3,416	3,416	-
Total	<u>39,025</u>	<u>7,891</u>	<u>46,916</u>	<u>46,916</u>	<u>-</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expend. - support service - general admin.					
Salaries	\$ 34,665	\$ 4,066	\$ 38,731	\$ 38,731	\$ -
Legal services	5,000	5,072	10,072	10,072	-
Audit fees	12,000	(100)	11,900	11,900	-
Communications/telephone	7,500	(537)	6,963	6,963	-
BOE other purchased services	1,000	(1,000)	-	-	-
General supplies	1,000	(538)	462	462	-
Miscellaneous expenditures	3,725	164	3,889	3,889	-
BOE membership dues and fees	2,500	(91)	2,409	2,409	-
<b>Total</b>	<b>67,390</b>	<b>7,036</b>	<b>74,426</b>	<b>74,426</b>	<b>-</b>
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	35,500	1,597	37,097	37,097	-
Salaries of other professional staff	-	1,652	1,652	1,652	-
Salaries of secretarial and clerical assistants	-	45	45	45	-
Supplies and materials	2,500	(1,597)	903	903	-
<b>Total</b>	<b>38,000</b>	<b>1,697</b>	<b>39,697</b>	<b>39,697</b>	<b>-</b>
Undistributed expenditures - central services					
Salaries	-	1,419	1,419	1,419	-
Purchased professional services	6,000	(39)	5,961	5,961	-
Purchased technical services	5,800	(329)	5,471	5,471	-
Miscellaneous purchased services	54,500	6,500	61,000	61,000	-
Supplies and materials	1,000	(530)	470	470	-
<b>Total</b>	<b>67,300</b>	<b>7,021</b>	<b>74,321</b>	<b>74,321</b>	<b>-</b>
Undistributed expend. - required maint. for school facilities					
Salaries	30,000	(13,200)	16,800	16,800	-
Cleaning, repair, and maintenance services	41,038	19,591	60,629	49,134	11,495
General supplies	2,500	(1,133)	1,367	1,367	-
<b>Total</b>	<b>73,538</b>	<b>5,258</b>	<b>78,796</b>	<b>67,301</b>	<b>11,495</b>
Undistributed expenditures - custodial services					
Salaries	88,000	(915)	87,085	87,085	-
Purchased professional and technical services	5,000	(897)	4,103	4,103	-
Cleaning, repair, and maintenance service	4,500	1,259	5,759	5,759	-
Other purchased property services	1,700	(981)	719	719	-
Insurance	30,000	(17,531)	12,469	12,469	-
General supplies	10,194	(958)	9,236	8,825	411
Energy (natural gas)	20,000	(7,314)	12,686	12,686	-
Energy (electricity)	36,000	(6,456)	29,544	29,544	-
Energy (oil)	5,000	(300)	4,700	1,916	2,784
<b>Total</b>	<b>200,394</b>	<b>(34,093)</b>	<b>166,301</b>	<b>163,106</b>	<b>3,195</b>
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	-	4,436	4,436	4,436	-
<b>Total</b>	<b>-</b>	<b>4,436</b>	<b>4,436</b>	<b>4,436</b>	<b>-</b>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (cont'd)</b>					
Undistributed expenditures - student transportation service					
Contract serv-aid in lieu pymts - non-public schools	\$ 13,500	\$ (84)	\$ 13,416	\$ 13,416	\$ -
Contract serv-aid in lieu pymts-choice school students	11,000	(11,000)	-	-	-
Contract serv (oth. than between home & school) - vend	4,650	660	5,310	5,310	-
Contract serv (sp ed stds) - vendors	11,652	(2,889)	8,763	8,750	13
Contract serv (sp ed stds) - joint agreements	10,000	6,235	16,235	16,235	-
Contract serv (reg. students) - escs & ctsas	6,000	3,153	9,153	9,136	17
Contract serv (spl. ed. students) - escs & ctsas	2,000	13,725	15,725	15,725	-
<b>Total</b>	<b>58,802</b>	<b>9,800</b>	<b>68,602</b>	<b>68,572</b>	<b>30</b>
Allocated benefits - employee benefits					
Regular programs - instruction					
Social security contributions	14,187	14,513	28,700	28,700	-
Other retirement contributions - PERS	5,000	2,634	7,634	7,634	-
Unemployment compensation	5,000	1,751	6,751	6,751	-
Workmen's compensation	25,000	-	25,000	25,000	-
Health benefits	254,475	28,616	283,091	283,091	-
Tuition reimbursement	7,200	1,800	9,000	9,000	-
Other employee benefits	3,000	1,719	4,719	4,719	-
<b>Total</b>	<b>313,862</b>	<b>51,033</b>	<b>364,895</b>	<b>364,895</b>	<b>-</b>
Special programs - instruction					
Social security contributions	500	-	500	500	-
Other retirement contributions - PERS	11,000	-	11,000	11,000	-
Health benefits	126,150	(31,901)	94,249	94,249	-
<b>Total</b>	<b>137,650</b>	<b>(31,901)</b>	<b>105,749</b>	<b>105,749</b>	<b>-</b>
Other instructional programs - instruction					
Social security contributions	3,000	-	3,000	3,000	-
<b>Total</b>	<b>3,000</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>	<b>-</b>
Health services					
Social security contributions	100	-	100	100	-
Health benefits	33,575	-	33,575	33,575	-
<b>Total</b>	<b>33,675</b>	<b>-</b>	<b>33,675</b>	<b>33,675</b>	<b>-</b>
Other supp services - speech/ot/pt& related sv					
Health benefits	10,425	-	10,425	10,425	-
<b>Total</b>	<b>10,425</b>	<b>-</b>	<b>10,425</b>	<b>10,425</b>	<b>-</b>
Other supp services - child study teams					
Social security contributions	3,775	-	3,775	3,775	-
Other retirement contributions - PERS	6,000	-	6,000	6,000	-
Health benefits	24,825	-	24,825	24,825	-
<b>Total</b>	<b>34,600</b>	<b>-</b>	<b>34,600</b>	<b>34,600</b>	<b>-</b>
Improvement of instruction services					
Health benefits	19,525	-	19,525	19,525	-
<b>Total</b>	<b>19,525</b>	<b>-</b>	<b>19,525</b>	<b>19,525</b>	<b>-</b>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Support services - general administration					
Social Security contributions	\$ 1,500	\$ -	\$ 1,500	\$ 1,500	\$ -
Total	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Required maintenance for school facilities					
Social security contributions	2,300	-	2,300	2,300	-
Other retirement contributions - PERS	3,000	-	3,000	3,000	-
Workmen's compensation	1,000	-	1,000	1,000	-
Health benefits	12,000	-	12,000	12,000	-
Total	<u>18,300</u>	<u>-</u>	<u>18,300</u>	<u>18,300</u>	<u>-</u>
Custodial services					
Social security contributions	7,700	-	7,700	7,700	-
Other retirement contributions - PERS	3,000	-	3,000	3,000	-
Workmen's compensation	1,000	-	1,000	1,000	-
Health benefits	12,025	-	12,025	12,025	-
Total	<u>23,725</u>	<u>-</u>	<u>23,725</u>	<u>23,725</u>	<u>-</u>
Total allocated benefits - employees	<u>\$ 596,262</u>	<u>\$ 19,132</u>	<u>\$ 615,394</u>	<u>\$ 615,394</u>	<u>\$ -</u>
Unallocated benefits - employee benefits					
Unemployment compensation	\$ -	\$ 72	\$ 72	\$ 72	\$ -
Unused sick payment to terminated/retired staff	-	8,709	8,709	8,709	-
Total	<u>-</u>	<u>8,781</u>	<u>8,781</u>	<u>8,781</u>	<u>-</u>
On-behalf TPAF pension contribution	-	-	-	188,074	(188,074)
On-behalf TPAF post retirement medical benefits	-	-	-	121,473	(121,473)
On-behalf TPAF long-term disability insurance	-	-	-	481	(481)
Reimbursed TPAF social security contribution	-	-	-	99,137	(99,137)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>409,165</u>	<u>(409,165)</u>
Total undistributed expenditures	<u>\$ 1,577,860</u>	<u>\$ 163,365</u>	<u>\$ 1,741,225</u>	<u>\$ 2,153,700</u>	<u>\$ (412,475)</u>
Total current	<u>\$ 2,855,983</u>	<u>\$ 103,725</u>	<u>\$ 2,959,708</u>	<u>\$ 3,370,509</u>	<u>\$ (410,801)</u>
Capital outlay					
Facilities acquisition and construction service					
Construction services	\$ -	\$ 24,586	\$ 24,586	\$ 12,201	\$ 12,385
Total facilities acquisition and construction service	<u>-</u>	<u>24,586</u>	<u>24,586</u>	<u>12,201</u>	<u>12,385</u>
Total capital outlay	<u>\$ -</u>	<u>\$ 24,586</u>	<u>\$ 24,586</u>	<u>\$ 12,201</u>	<u>\$ 12,385</u>
Total expenditures	<u>\$ 2,855,983</u>	<u>\$ 128,311</u>	<u>\$ 2,984,294</u>	<u>\$ 3,382,710</u>	<u>\$ (398,416)</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Excess (deficiency) of revenues over (under) expenditures	\$ (106,374)	\$ (128,311)	\$ (234,685)	\$ (21,694)	\$ 212,991
Other financing sources (uses)					
Operating transfer in					
Transfers from other funds	-	-	-	17,406	17,406
Total other financing sources (uses)	-	-	-	17,406	17,406
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(106,374)	(128,311)	(234,685)	(4,288)	230,397
Fund balances, July 1	750,352	-	750,352	750,352	-
Fund balances, June 30	\$ 643,978	\$ (128,311)	\$ 515,667	\$ 746,064	\$ 230,397
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (30,843)	\$ -	\$ (30,843)	\$ (30,843)	\$ -
Interest deposit to capital reserve	50	-	50	-	(50)
Withdrawal from capital reserve	-	(14,550)	(14,550)	(14,550)	-
Interest earned on emergency reserve	25	-	25	-	(25)
Interest earned on maintenance reserve	25	-	25	-	(25)
Withdrawal from maintenance reserve		(10,036)	(10,036)	(10,036)	-
Budgeted fund balance	(75,631)	(103,725)	(179,356)	51,141	230,497
Total	\$ (106,374)	\$ (128,311)	\$ (234,685)	\$ (4,288)	\$ 230,397
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 73,604	
Capital reserve				220,550	
Emergency reserve				24,505	
Maintenance reserve				64,964	
Committed fund balance					
Year-end encumbrances				23,334	
Assigned fund balance					
Designated for subsequent year's expenditures				43,930	
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures July 1, 2018-August 1, 2018				40,977	
Unassigned fund balance				195,940	
Fund balance per budgetary basis				687,804	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				(91,588)	
Fund balance per governmental funds (GAAP)				\$ 596,216	

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 7,236	\$ -	\$ 7,236	\$ 2,000	\$ 5,236
Federal sources	93,061	2,760	95,821	72,480	23,341
Total revenues	<u>\$ 100,297</u>	<u>\$ 2,760</u>	<u>\$ 103,057</u>	<u>\$ 74,480</u>	<u>\$ 28,577</u>
Expenditures					
Instruction					
Purchased professional and technical services	\$ 5,500	\$ -	\$ 5,500	\$ 5,000	\$ 500
Supplies	20,668	8,765	29,433	10,578	18,855
Total	<u>26,168</u>	<u>8,765</u>	<u>34,933</u>	<u>15,578</u>	<u>19,355</u>
Support services					
Purchased professional and technical services	52,980	(5)	52,975	44,862	8,113
Other purchased services	6,754	-	6,754	5,645	1,109
Supplies	6,000	(6,000)	-	-	-
Total	<u>65,734</u>	<u>(6,005)</u>	<u>59,729</u>	<u>50,507</u>	<u>9,222</u>
Capital outlay					
Equipment	8,395	-	8,395	8,395	-
Total expenditures	<u>\$ 100,297</u>	<u>\$ 2,760</u>	<u>\$ 103,057</u>	<u>\$ 74,480</u>	<u>\$ 28,577</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**

Explanation of Differences Between Budgetary Inflows and  
Outflows and GAAP Revenues and Expenditures

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 3,361,016	\$ 74,480
Difference - budget to GAAP		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33)		
State aid receivable prior year	94,523	-
State aid receivable current year	<u>(91,588)</u>	<u>-</u>
Total revenues (GAAP basis)	<u>\$ 3,363,951</u>	<u>\$ 74,480</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 3,382,710</u>	<u>\$ 74,480</u>
Total expenditures (GAAP Basis)	<u>\$ 3,382,710</u>	<u>\$ 74,480</u>

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING  
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.0031351698%	0.0025753453%	0.0032190271%	0.0025395883%	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 729,817	\$ 762,743	\$ 722,607	\$ 475,480	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	181,590	201,676	201,676	217,198	207,399	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	N/A	378.20%	332.70%	229.26%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	40.41%	59.86%	52.07%	47.92%	N/A	N/A	N/A	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of District's Contributions - Public Employees Retirement System**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 29,044	\$ 22,879	\$ 27,675	\$ 19,074	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(29,044)	(22,879)	(27,675)	(19,074)	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 181,590	\$ 201,676	\$ 217,198	\$ 207,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	15.99%	11.34%	12.74%	9.20%	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	-	6,340,364	8,946,297	7,851,249	7,377,559	-	-	-	-	-
Total	\$ -	\$ 6,340,364	\$ 8,946,297	\$ 7,851,249	\$ 7,377,559	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 1,291,562	\$ 1,303,964	\$ 978,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	#DIV/0!	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	25.41%	22.33%	28.71%	33.64%	N/A	N/A	N/A	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of District's Contributions - Teacher's Pension and Annuity Fund**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 188,074	\$ 105,596	\$ 90,570	\$ 66,759	\$ 58,636	\$ 90,920	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(188,074)	(105,596)	(90,570)	(66,759)	(58,636)	(90,920)	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 1,336,925	\$ 1,291,562	\$ 1,303,964	\$ 978,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	14.07%	8.18%	6.95%	6.82%	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR  
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Other**  
**Postemployment Employee Benefits Liability**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportionate share of the other post employment employee benefits liability (asset) - percentage	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other post employment employee benefits liability (asset) - value	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other post employment employee benefits liability (asset) associated with the District	N/A	\$ 7,142,150	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>\$ -</b>	<b>\$ 7,142,150</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered employee payroll	N/A	\$ 1,493,238	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2018**

- Note 1 - Special funding situation - TPAF and other post-retirement benefits  
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other post-retirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF  
The discount rate increased from 3.22% in State fiscal year 2016 to 4.25% in State fiscal year 2017. The inflation rate was 2.50% for State fiscal years 2016 and 2.25% in State fiscal year 2017.
- Note 3 - Changes in assumptions - PERS  
The discount rate increased from 3.98% in State fiscal year 2016 to 5.00% in State fiscal year 2017. The inflation rate decreased from 3.08% for State fiscal year 2016 to 2.25% for State fiscal year 2017.
- Note 4 - Changes in assumptions - other post-retirement employee benefits  
The other post-retirement employee benefits discount rate increased from 2.85% in State fiscal year 2016 to 3.58% in State fiscal year 2017. The inflation rate was not available for State fiscal year 2016 and for State fiscal year 2017 was 2.50%.
- Note 5 - Changes in healthcare trend assumptions - other post-retirement employee benefits  
For pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.
- Note 6 - Changes in benefit term assumptions - other post-retirement employee benefits  
There were no changes of the benefit terms from June 30, 2016 to June 30, 2017.



## **SPECIAL REVENUE FUND**

### **DETAIL STATEMENTS**

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2018**

	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	REAP	Local Grants	Total
<b>Revenues</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 2,000
Federal sources	34,480	1,946	12,813	4,027	19,214	-	72,480
<b>Total revenues</b>	<b>\$ 34,480</b>	<b>\$ 1,946</b>	<b>\$ 12,813</b>	<b>\$ 4,027</b>	<b>\$ 19,214</b>	<b>\$ 2,000</b>	<b>\$ 74,480</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Purchased professional and technical services	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Supplies	-	-	7,813	-	2,765	-	10,578
<b>Total</b>	<b>-</b>	<b>-</b>	<b>12,813</b>	<b>-</b>	<b>2,765</b>	<b>-</b>	<b>15,578</b>
<b>Support services</b>							
Purchased professional and technical services	34,480	1,946	-	382	8,054	-	44,862
Other purchased services	-	-	-	3,645	-	2,000	5,645
<b>Total</b>	<b>34,480</b>	<b>1,946</b>	<b>-</b>	<b>4,027</b>	<b>8,054</b>	<b>2,000</b>	<b>50,507</b>
<b>Capital outlay</b>							
Equipment	-	-	-	-	8,395	-	8,395
<b>Total expenditures</b>	<b>\$ 34,480</b>	<b>\$ 1,946</b>	<b>\$ 12,813</b>	<b>\$ 4,027</b>	<b>\$ 19,214</b>	<b>\$ 2,000</b>	<b>\$ 74,480</b>

See independent auditors' report.

## **CAPITAL PROJECTS FUND**

### **DETAIL STATEMENTS**

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

(NOT APPLICABLE TO THIS REPORT)

## **PROPRIETARY FUND**

### **DETAIL STATEMENTS**

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Enterprise Fund**  
**Combining Statement of Net Position**  
**June 30, 2018**

	Food Service	After Care Program	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 7,446	\$ 31,140	\$ 38,586
Receivables from other governments			
State	38	-	38
Federal	1,941	-	1,941
Inventory	2,568	-	2,568
Total current assets	<u>11,993</u>	<u>31,140</u>	<u>43,133</u>
Noncurrent assets			
Capital assets	53,455	-	53,455
Less: accumulated depreciation	28,521	-	28,521
Total noncurrent assets	<u>24,934</u>	<u>-</u>	<u>24,934</u>
Total assets	<u>36,927</u>	<u>31,140</u>	<u>68,067</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	1,961	-	1,961
Interfund payable	6,965	31,140	38,105
Unearned revenues - commodities	676	-	676
Unearned revenues - prepaid sales	192	-	192
Total liabilities	<u>9,794</u>	<u>31,140</u>	<u>40,934</u>
Net position			
Invested in capital assets, net of related debt	24,934	-	24,934
Unrestricted	2,199	-	2,199
Total net position	<u>\$ 27,133</u>	<u>\$ -</u>	<u>\$ 27,133</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Enterprise Fund**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2018**

	Food Service	After Care Program	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 18,519	\$ -	\$ 18,519
Daily sales - non-reimbursable programs	1,544	-	1,544
Program fees	-	-	-
Total operating revenues	<u>20,063</u>	<u>-</u>	<u>20,063</u>
Operating expenses			
Cost of sales - reimbursable programs	18,782	-	18,782
Cost of sales - non-reimbursable programs	-	-	-
Commodity food costs	5,859	-	5,859
Salaries	15,285	-	15,285
Supports services - employee benefits	2,155	-	2,155
Purchased professional/technical services	1,812	-	1,812
Purchased property services	5,511	-	5,511
Other purchased services			
Insurance	1,764	-	1,764
Management fee	5,120	-	5,120
Supplies and materials	2,241	-	2,241
Depreciation	4,127	-	4,127
Bad debt expense	-	4,017	4,017
Miscellaneous expenditures	2,503	-	2,503
Total operating expenses	<u>65,159</u>	<u>4,017</u>	<u>69,176</u>
Operating income (loss)	<u>(45,096)</u>	<u>(4,017)</u>	<u>(49,113)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	515	-	515
Federal sources			
National school breakfast program			
Cash assistance	8,017	-	8,017
National school lunch program			
Cash assistance	19,093	-	19,093
Non-cash assistance (commodities)	5,859	-	5,859
Other sources			
Miscellaneous	1,868	-	1,868
Total non-operating revenues (expenses)	<u>35,352</u>	<u>-</u>	<u>35,352</u>
Other financing sources (uses)			
Transfer to general fund	-	(17,406)	(17,406)
Total other financing sources (uses)	<u>-</u>	<u>(17,406)</u>	<u>(17,406)</u>
Change in net position	(9,744)	(21,423)	(31,167)
Net position, beginning	36,877	21,423	58,300
Net position, ending	<u>\$ 27,133</u>	<u>\$ -</u>	<u>\$ 27,133</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Enterprise Fund**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2018**

	Food Service	After Care Program	Total
Cash flows from operating activities			
Receipts from customers (net)	\$ 20,255	\$ 3,521	\$ 23,776
Payment to Food Service Management Company	(48,619)	-	(48,619)
Payments to vendors (net)	(7,498)	-	(7,498)
Net cash provided by (used for) operating activities	<u>(35,862)</u>	<u>3,521</u>	<u>(32,341)</u>
Cash flows from noncapital related financing activities			
State sources	504	-	504
Federal sources	26,624	-	26,624
Miscellaneous	1,868	-	1,868
Net cash provided by (used for) noncapital financing activities	<u>28,996</u>	<u>-</u>	<u>28,996</u>
Net increase (decrease) in cash and cash equivalents	(6,866)	3,521	(3,345)
Cash and cash equivalents, beginning	<u>14,312</u>	<u>27,619</u>	<u>41,931</u>
Cash and cash equivalents, ending	<u>\$ 7,446</u>	<u>\$ 31,140</u>	<u>\$ 38,586</u>
Reconciliation of operating income (loss) to net cash			
Operating activities			
Operating income (loss)	\$ (45,096)	\$ (4,017)	\$ (49,113)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	4,127	-	4,127
Federal food donation program	5,859	-	5,859
(Increase) decrease in accounts receivable	-	7,538	7,538
Increase (decrease) in accounts payable	276	-	276
(Increase) decrease in inventory	(1,069)	-	(1,069)
Increase (decrease) in deferred revenue	41	-	41
Net cash provided by (used for) operating activities	<u>\$ (35,862)</u>	<u>\$ 3,521</u>	<u>\$ (32,341)</u>

See independent auditors' report.

## **FIDUCIARY FUNDS**

### **DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Net Position**  
**June 30, 2018**

	Student Activity Agency Fund	Payroll Agency Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 929	\$ 61,486	\$ 62,415
<b>Total assets</b>	<b>\$ 929</b>	<b>\$ 61,486</b>	<b>\$ 62,415</b>
<b>Liabilities</b>			
Payroll deductions & withholdings	\$ -	\$ 61,486	\$ 61,486
Due to students groups	929	-	929
<b>Total liabilities</b>	<b>\$ 929</b>	<b>\$ 61,486</b>	<b>\$ 62,415</b>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Student Activity Agency Fund**  
**Statement of Changes in Receipts & Disbursements**  
**For the Fiscal Year Ended June 30, 2018**

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
<b>Assets</b>				
Cash and cash equivalents	\$ 2,671	\$ 1,254	\$ 2,996	\$ 929
<b>Total assets</b>	<b>\$ 2,671</b>	<b>\$ 1,254</b>	<b>\$ 2,996</b>	<b>\$ 929</b>
<b>Liabilities</b>				
Due to student groups	\$ 2,671	\$ 1,254	\$ 2,996	\$ 929
<b>Total liabilities</b>	<b>\$ 2,671</b>	<b>\$ 1,254</b>	<b>\$ 2,996</b>	<b>\$ 929</b>

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**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Payroll Agency Fund**  
**Statement of Changes in Receipts & Disbursements**  
**For the Fiscal Year Ended June 30, 2018**

	Balance 07/01/17	Additions	Deletions	Balance 06/30/18
<b>Assets</b>				
Cash and cash equivalents	\$ 3,311	\$ 1,974,067	\$ 1,915,892	\$ 61,486
<b>Total assets</b>	<b>\$ 3,311</b>	<b>\$ 1,974,067</b>	<b>\$ 1,915,892</b>	<b>\$ 61,486</b>
<b>Liabilities</b>				
Payroll deductions and withholdings	\$ 469	\$ 881,237	\$ 820,220	\$ 61,486
Net payroll	2,842	1,092,830	1,095,672	-
<b>Total liabilities</b>	<b>\$ 3,311</b>	<b>\$ 1,974,067</b>	<b>\$ 1,915,892</b>	<b>\$ 61,486</b>

See independent auditors' report.

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**For the Fiscal Year Ended June 30, 2018**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/17	Issued	Retired	Balance 06/30/18
			Date	Amount					
School bonds	05/08/08	\$ 3,368,000				\$ 2,243,000	\$ -	\$ 2,243,000	\$ -
Refunding school bonds, series 2017	08/15/17	2,190,000	03/01/19	\$ 170,000	3.00%	-	2,190,000	200,000	1,990,000
			03/01/20	175,000	2.00%	-	-	-	-
			03/01/21	180,000	3.00%	-	-	-	-
			03/01/22	185,000	4.00%	-	-	-	-
			03/01/23	195,000	4.00%	-	-	-	-
			03/01/24	205,000	4.00%	-	-	-	-
			03/01/25	210,000	4.00%	-	-	-	-
			03/01/26	220,000	4.00%	-	-	-	-
			03/01/27	225,000	4.00%	-	-	-	-
			03/01/28	225,000	4.00%	-	-	-	-
						<u>\$ 2,243,000</u>	<u>\$ 2,190,000</u>	<u>\$ 2,443,000</u>	<u>\$ 1,990,000</u>

Analysis of Amount Retired

Budget expenditures	\$ 200,000
Deferred outflow for refunding of 2008 bonds	<u>2,243,000</u>
Total amount retired	<u><u>\$2,443,000</u></u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 144,164	\$ -	\$ 144,164	\$ 144,164	\$ -
Miscellaneous	-	-	-	6,533	6,533
State sources					
Debt service aid	109,897	-	109,897	109,897	-
Total revenues	<u>254,061</u>	<u>-</u>	<u>254,061</u>	<u>260,594</u>	<u>6,533</u>
Expenditures					
Regular debt service					
Interest on bonds	89,101	(35,000)	54,101	42,793	11,308
Redemption of principal	165,000	35,000	200,000	200,000	-
Total expenditures	<u>254,101</u>	<u>-</u>	<u>254,101</u>	<u>242,793</u>	<u>11,308</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(40)	-	(40)	17,801	17,841
Fund balance, July 1	<u>41</u>	<u>-</u>	<u>41</u>	<u>41</u>	<u>-</u>
Fund balance, June 30	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 17,842</u>	<u>\$ 17,841</u>

See independent auditors' report.

## **STATISTICAL SECTION**

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Statistical Section J Series**

Contents	Page
<b>FINANCIAL TRENDS</b>	
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 to J-5
<b>REVENUE CAPACITY</b>	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These schedules contain trend 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 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in the fiscal year ending June 30, 2004; Schedules presenting District-wide information include information beginning in that year.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Net Position by Component**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Government activities										
Net investment in capital assets	\$ (1,003,304)	\$ (328,389)	\$ (4,453)	\$ 143,853	\$ 216,733	\$ 273,242	\$ 334,750	\$ 419,258	\$ 613,334	\$ 472,899
Restricted	47,100	47,100	47,100	157,100	132,592	157,188	404,454	411,043	514,683	327,861
Unrestricted	1,262,895	528,032	36,166	31,930	(39,040)	108,623	(352,622)	(388,836)	(410,065)	(480,956)
Total governmental activities	<u>\$ 306,691</u>	<u>\$ 246,743</u>	<u>\$ 78,813</u>	<u>\$ 332,883</u>	<u>\$ 310,285</u>	<u>\$ 539,053</u>	<u>\$ 386,582</u>	<u>\$ 441,465</u>	<u>\$ 717,952</u>	<u>\$ 319,804</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,714	\$ 17,606	\$ 24,705	\$ 24,934
Unrestricted	(4,832)	1,960	674	(1,773)	3,461	14,212	24,920	6,029	30,066	2,199
Total business-type activities	<u>\$ (4,832)</u>	<u>\$ 1,960</u>	<u>\$ 674</u>	<u>\$ (1,773)</u>	<u>\$ 3,461</u>	<u>\$ 14,212</u>	<u>\$ 28,634</u>	<u>\$ 23,635</u>	<u>\$ 54,771</u>	<u>\$ 27,133</u>
District-wide										
Net investment in capital assets	\$ (1,003,304)	\$ (328,389)	\$ (4,453)	\$ 143,853	\$ 216,733	\$ 273,242	\$ 338,464	\$ 436,864	\$ 638,039	\$ 497,833
Restricted	47,100	47,100	47,100	157,100	132,592	157,188	404,454	411,043	514,683	327,861
Unrestricted	1,258,063	529,992	36,840	30,157	(35,579)	122,835	(327,702)	(382,807)	(379,999)	(478,757)
Total district-wide	<u>\$ 301,859</u>	<u>\$ 248,703</u>	<u>\$ 79,487</u>	<u>\$ 331,110</u>	<u>\$ 313,746</u>	<u>\$ 553,265</u>	<u>\$ 415,216</u>	<u>\$ 465,100</u>	<u>\$ 772,723</u>	<u>\$ 346,937</u>

See independent auditors' report.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 1,248,855	\$ 1,410,980	\$ 1,552,560	\$ 1,616,531	\$ 1,213,355	\$ 961,104	\$ 1,082,916	\$ 1,275,161	\$ 1,193,728	\$ 1,683,204
Special education	361,010	396,299	383,291	369,376	437,986	445,121	523,127	633,738	705,884	961,621
Other special education	-	-	-	-	-	-	-	-	-	32,904
Other instruction	23,290	66,927	76,084	23,158	22,484	48,417	41,881	45,206	110,240	28,195
Support services										
Tuition	-	-	-	14,417	-	-	-	-	-	46,162
Student & instruction related services	398,565	457,206	446,401	413,860	439,589	424,470	454,576	503,912	682,989	1,054,075
General and business administrative services	359,917	211,899	225,179	173,430	154,453	102,126	141,478	212,955	172,267	260,068
School administration	58,084	72,144	59,829	78,400	49,611	38,407	58,768	64,384	69,023	108,760
Plant operations and maintenance	277,419	307,801	278,066	293,087	275,706	263,281	303,248	310,325	294,454	310,779
Pupil transportation	30,013	23,478	21,921	64,453	67,111	27,950	34,697	26,561	32,751	68,572
Allocated benefits	-	-	-	-	547,756	572,311	521,332	676,433	606,268	-
Interest on long-term debt	11,002	126,315	122,553	118,415	125,301	108,680	103,722	98,526	92,969	26,925
Total governmental activities expenses	<u>2,768,155</u>	<u>3,073,049</u>	<u>3,165,884</u>	<u>3,165,127</u>	<u>3,333,352</u>	<u>2,991,867</u>	<u>3,265,745</u>	<u>3,847,201</u>	<u>3,960,573</u>	<u>4,581,265</u>
Business-type activities										
Food services	63,984	52,124	52,745	50,233	31,447	30,642	34,334	51,310	64,167	65,159
After care program	-	-	-	-	8,181	8,128	9,354	14,360	14,549	4,017
Total business-type activities	<u>63,984</u>	<u>52,124</u>	<u>52,745</u>	<u>50,233</u>	<u>39,628</u>	<u>38,770</u>	<u>43,688</u>	<u>65,670</u>	<u>78,716</u>	<u>69,176</u>
Total district expenses	<u>\$ 2,832,139</u>	<u>\$ 3,125,173</u>	<u>\$ 3,218,629</u>	<u>\$ 3,215,360</u>	<u>\$ 3,372,980</u>	<u>\$ 3,030,637</u>	<u>\$ 3,309,433</u>	<u>\$ 3,912,871</u>	<u>\$ 4,039,289</u>	<u>\$ 4,650,441</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ -	\$ -	\$ -	\$ -	\$ 18,499	\$ 70,625	\$ 44,340	\$ 74,878	\$ 76,323	\$ 106,218
Plant operations and maintenance	-	-	-	-	-	-	-	-	-	1,130
Operating grants and contributions	1,111,151	1,311,759	1,225,651	1,414,550	534,523	534,643	895,861	1,233,615	1,399,757	74,480
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>1,111,151</u>	<u>1,311,759</u>	<u>1,225,651</u>	<u>1,414,550</u>	<u>553,022</u>	<u>605,268</u>	<u>940,201</u>	<u>1,308,493</u>	<u>1,476,080</u>	<u>181,828</u>
Business-type activities										
Charges for services										
Food service	31,592	29,570	25,265	19,521	15,604	17,797	17,296	20,167	40,912	20,063
After care program	-	-	-	-	9,265	9,289	9,765	6,764	23,338	-
Operating grants and contributions	19,687	22,314	23,390	21,264	19,993	22,434	31,048	33,739	35,921	33,484
Total business-type activities	<u>51,279</u>	<u>51,884</u>	<u>48,655</u>	<u>40,785</u>	<u>44,862</u>	<u>49,520</u>	<u>58,109</u>	<u>60,670</u>	<u>100,171</u>	<u>53,547</u>
Total district-program	<u>\$ 1,162,430</u>	<u>\$ 1,363,643</u>	<u>\$ 1,274,306</u>	<u>\$ 1,455,335</u>	<u>\$ 597,884</u>	<u>\$ 654,788</u>	<u>\$ 998,310</u>	<u>\$ 1,369,163</u>	<u>\$ 1,576,251</u>	<u>\$ 235,375</u>
Net (expense) revenues										
Governmental activities	\$ (1,657,004)	\$ (1,761,290)	\$ (1,940,233)	\$ (1,750,577)	\$ (2,780,330)	\$ (2,386,599)	\$ (2,325,544)	\$ (2,538,708)	\$ (2,484,493)	\$ (4,399,437)
Business-type activities	(12,705)	(240)	(4,090)	(9,448)	5,234	10,750	14,421	(5,000)	21,455	(15,629)
Total district-wide net expenses	<u>\$ (1,669,709)</u>	<u>\$ (1,761,530)</u>	<u>\$ (1,944,323)</u>	<u>\$ (1,760,025)</u>	<u>\$ (2,775,096)</u>	<u>\$ (2,375,849)</u>	<u>\$ (2,311,123)</u>	<u>\$ (2,543,708)</u>	<u>\$ (2,463,038)</u>	<u>\$ (4,415,066)</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes	\$ 1,819,059	\$ 1,696,788	\$ 1,764,660	\$ 1,738,462	\$ 1,688,462	\$ 1,664,295	\$ 1,632,895	\$ 1,602,895	\$ 1,634,953	\$ 1,667,653
Taxes levied for debt service	-	-	-	251,551	201,001	140,000	142,111	142,110	144,660	144,164
Unrestricted grants and contributions	-	-	-	-	849,821	759,240	740,399	746,537	812,464	2,477,264
State capital projects grant deobligated	-	-	-	-	-	-	-	-	-	-
Investment earnings	44,064	3,454	527	96	65	25	79	233	213	491
Miscellaneous income	3,679	8,100	9,916	21,268	43,007	51,807	92,627	101,815	96,839	76,391
Prior year adj - additional PY expend.	-	-	-	-	(24,354)	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	-	71,851	-
Transfers	(7,000)	(7,000)	(2,800)	(7,000)	-	-	-	-	-	17,406
Total governmental activities	<u>1,859,802</u>	<u>1,701,342</u>	<u>1,772,303</u>	<u>2,004,377</u>	<u>2,758,002</u>	<u>2,615,367</u>	<u>2,608,111</u>	<u>2,593,590</u>	<u>2,760,980</u>	<u>4,383,369</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Changes in Net Position (continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year Ending June 30.									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General revenues & other changes in net position (cont'd)										
Business-type activities										
Investment earnings	\$ 989	\$ 32	\$ 4	\$ 1	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -
Gain on disposal of assets	-	-	-	-	-	-	-	-	9,680	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	1,868
Transfers	7,000	7,000	2,800	7,000	-	-	-	-	-	(17,406)
Total business-type activities	<u>7,989</u>	<u>7,032</u>	<u>2,804</u>	<u>7,001</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>9,680</u>	<u>(15,538)</u>
Total district-wide	<u>\$ 1,867,791</u>	<u>\$ 1,708,374</u>	<u>\$ 1,775,107</u>	<u>\$ 2,011,378</u>	<u>\$ 2,758,002</u>	<u>\$ 2,615,367</u>	<u>\$ 2,608,112</u>	<u>\$ 2,593,591</u>	<u>\$ 2,770,660</u>	<u>\$ 4,367,831</u>
Change in net position										
Governmental activities	\$ 202,798	\$ (59,948)	\$ (167,930)	\$ 253,800	\$ (22,328)	\$ 228,768	\$ 282,567	\$ 54,882	\$ 276,487	\$ (16,068)
Business-type activities	(4,716)	6,792	(1,286)	(2,447)	5,234	10,750	14,422	(4,999)	31,135	(31,167)
Total district	<u>\$ 198,082</u>	<u>\$ (53,156)</u>	<u>\$ (169,216)</u>	<u>\$ 251,353</u>	<u>\$ (17,094)</u>	<u>\$ 239,518</u>	<u>\$ 296,989</u>	<u>\$ 49,883</u>	<u>\$ 307,622</u>	<u>\$ (47,235)</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30.									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Restricted	\$ 232,082	\$ 367,848	\$ 48,832	\$ 158,882	\$ 31,605	\$ 132,188	\$ 346,850	\$ 378,898	\$ 483,840	\$ 383,623
Committed	-	-	-	-	-	-	-	-	-	23,334
Assigned	-	-	-	-	100,000	25,000	57,604	32,145	30,843	84,907
Unassigned	99,437	(110,836)	134,250	120,486	65,132	212,316	198,537	229,687	199,407	162,612
Total general fund	<u>\$ 331,519</u>	<u>\$ 257,012</u>	<u>\$ 183,082</u>	<u>\$ 279,368</u>	<u>\$ 196,737</u>	<u>\$ 369,504</u>	<u>\$ 602,991</u>	<u>\$ 640,730</u>	<u>\$ 714,090</u>	<u>\$ 654,476</u>
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects fund	1,042,208	170,604	150,043	50,987	-	-	-	-	-	-
Assigned, reported in										
Debt service fund	-	(78,081)	(219,102)	(109,103)	987	2	-	41	41	17,842
Total all other governmental funds	<u>\$ 1,042,208</u>	<u>\$ 92,523</u>	<u>\$ (69,059)</u>	<u>\$ (58,116)</u>	<u>\$ 987</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 41</u>	<u>\$ 17,842</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30.									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax levy	\$ 1,819,059	\$ 1,696,788	\$ 1,764,660	\$ 1,990,013	\$ 1,889,463	\$ 1,804,295	\$ 1,775,006	\$ 1,745,005	\$ 1,779,613	\$ 1,811,817
Tuition charges	-	-	-	-	18,499	70,625	44,340	74,879	76,323	106,218
Interest earnings	-	-	-	-	64	25	79	233	213	491
Rents and royalties	-	-	-	-	-	-	-	-	-	1,130
Sale of property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	47,743	11,554	10,443	21,364	43,007	51,807	92,627	101,815	96,839	78,391
State sources	1,075,293	1,155,008	1,118,336	1,218,448	1,247,701	1,210,033	1,269,740	1,411,093	1,450,582	1,628,498
Federal sources	35,858	156,751	107,315	196,102	136,644	83,850	83,722	89,670	89,449	72,480
<b>Total revenues</b>	<b>2,977,953</b>	<b>3,020,101</b>	<b>3,000,754</b>	<b>3,425,927</b>	<b>3,335,378</b>	<b>3,220,635</b>	<b>3,265,514</b>	<b>3,422,695</b>	<b>3,493,019</b>	<b>3,699,025</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	1,146,495	1,252,927	1,352,688	1,384,490	938,278	775,399	757,680	826,239	776,177	700,771
Special education instruction	334,876	366,200	353,460	336,636	386,643	384,403	398,980	434,809	435,134	472,778
Other instruction	21,604	61,844	70,163	21,105	19,329	43,734	31,679	31,892	69,428	43,260
<b>Support services</b>										
Tuition	-	-	-	14,417	-	-	-	-	-	46,162
Student and instructional related services	369,712	422,482	411,659	377,178	381,212	371,635	359,160	365,660	473,211	582,339
General administration	333,862	195,805	207,654	158,058	132,478	92,085	114,379	156,818	145,067	74,426
School administration services	53,879	66,665	55,173	71,451	42,975	33,260	43,964	43,438	43,949	39,697
Central services	-	-	-	-	-	-	-	-	-	74,321
Plant operations and maintenance	257,336	284,424	256,425	267,109	248,221	243,610	255,019	246,703	231,716	234,843
Pupil transportation	30,013	23,478	21,921	64,453	67,111	27,950	34,697	26,561	32,751	68,572
Employee benefits	197,424	222,019	235,149	263,054	846,624	826,464	786,056	984,457	913,398	624,175
On-behalf TPAF pension and social security contributions	-	-	-	-	-	-	-	-	-	409,165
Capital outlay	-	-	-	5,221	21,642	-	-	18,000	43,927	12,201
Capital projects	-	-	-	-	-	-	-	-	-	77,633
Special revenue funds	-	-	-	-	-	-	-	-	-	74,480
<b>Debt service</b>										
Principal	-	140,000	125,000	130,000	135,000	140,000	145,000	150,000	160,000	200,000
Interest & other charges	-	127,323	123,489	119,426	115,039	110,314	105,414	100,339	94,901	42,793
<b>Total expenditures</b>	<b>2,745,201</b>	<b>3,163,167</b>	<b>3,212,781</b>	<b>3,212,598</b>	<b>3,334,552</b>	<b>3,048,854</b>	<b>3,032,028</b>	<b>3,384,916</b>	<b>3,419,659</b>	<b>3,777,616</b>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Changes in Fund Balances, Governmental Funds (continued)**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess (deficiency) of revenues over (under) expenditures	\$ 232,752	\$ (143,066)	\$ (212,027)	\$ 213,329	\$ 826	\$ 171,781	\$ 233,486	\$ 37,779	\$ 73,360	\$ (78,591)
Other financing sources (uses)										
Prior year adj - additional PY expend.	-	-	-	-	(24,354)	-	-	-	-	-
Transfers in (out)	(7,000)	(7,000)	(2,800)	(7,000)	-	-	-	-	-	17,406
Proceeds from bond issues	-	-	-	-	-	-	-	-	-	2,190,000
Premium on refunding on bond issue	-	-	-	-	-	-	-	-	-	207,361
Payment to refunding bond agent	-	-	-	-	-	-	-	-	-	(2,319,728)
Total other financing sources (uses)	(7,000)	(7,000)	(2,800)	(7,000)	(24,354)	-	-	-	-	95,039
Net change in fund balances	\$ 225,752	\$ (150,066)	\$ (214,827)	\$ 206,329	\$ (23,528)	\$ 171,781	\$ 233,486	\$ 37,779	\$ 73,360	\$ 16,448
Debt service as a percentage of non-capital expenditures	0.00%	9.23%	8.38%	8.43%	8.16%	8.94%	9.00%	8.03%	8.17%	7.05%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay.

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund - Other Local Revenues by Source**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Interest income	\$ 1,406	\$ 932	\$ 403	\$ 96	\$ 65	\$ 25	\$ 79	\$ 233	\$ 213	\$ 491
Tuition	-	-	-	3,700	18,499	70,625	44,340	74,878	76,323	106,218
Rentals	2,000	2,000	2,120	-	3,740	-	1,900	1,985	2,060	1,130
Prior year refunds	250	4,331	2,880	10,861	7,273	1,715	23,326	19,594	2,750	1,700
Shared services	-	-	-	-	-	-	-	-	-	61,250
Miscellaneous other	1,829	1,769	4,916	3,303	2,425	11,297	9,598	5,941	32,366	19
E-rate	-	-	-	-	-	-	-	-	-	1,284
Void prior year checks	-	-	-	-	-	-	-	-	-	5,605
Annual totals	<u>\$ 5,485</u>	<u>\$ 9,032</u>	<u>\$ 10,319</u>	<u>\$ 17,960</u>	<u>\$ 32,002</u>	<u>\$ 83,662</u>	<u>\$ 79,243</u>	<u>\$ 102,631</u>	<u>\$ 113,712</u>	<u>\$ 177,697</u>

Source: District Records

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vacant land	\$ 4,460,701	\$ 4,460,701	\$ 2,942,301	\$ 2,179,101	\$ 2,220,001	\$ 2,338,301	\$ 2,170,201	\$ 2,016,318	\$ 2,016,318	\$ 1,916,418
Residential	132,531,285	132,915,485	133,572,285	109,483,085	108,478,085	107,765,585	108,072,285	108,450,385	107,624,985	107,554,585
Farm regular	3,547,400	3,547,400	3,547,400	3,005,000	3,005,000	3,005,000	3,005,000	2,779,950	2,611,750	2,588,250
Qualified farm	142,299	142,299	142,299	135,299	135,299	107,464	107,464	106,714	106,714	106,714
Commercial	5,839,050	5,839,050	5,830,250	5,168,950	4,966,350	4,966,350	4,966,350	4,966,350	4,966,350	4,753,050
Industrial	1,011,500	1,011,500	1,011,500	856,000	856,000	856,000	856,000	856,000	856,000	829,400
Apartment	2,745,800	2,745,800	2,745,800	2,475,400	2,475,400	2,475,400	2,475,400	2,475,400	2,230,000	2,230,000
<b>Total assessed value</b>	<b>150,278,035</b>	<b>150,662,235</b>	<b>149,791,835</b>	<b>123,302,835</b>	<b>122,136,135</b>	<b>121,514,100</b>	<b>121,652,700</b>	<b>121,651,117</b>	<b>120,412,117</b>	<b>119,978,417</b>
Public utilities (a)	998,328	998,328	778,247	655,093	1,117,808	-	-	-	-	-
<b>Net valuation taxable</b>	<b>\$ 151,276,363</b>	<b>\$ 151,660,563</b>	<b>\$ 150,570,082</b>	<b>\$ 123,957,928</b>	<b>\$ 123,253,943</b>	<b>\$ 121,514,100</b>	<b>\$ 121,652,700</b>	<b>\$ 121,651,117</b>	<b>\$ 120,412,117</b>	<b>\$ 119,978,417</b>
Estimated actual county equalized value	\$ 153,712,104	\$ 150,008,401	\$ 141,918,884	\$ 136,494,091	\$ 129,821,572	\$ 129,422,746	\$ 127,386,679	\$ 125,391,348	\$ 118,166,945	\$ 121,669,625
Percentage of net valuation to estimated actual equalized value	98.42%	101.10%	106.10%	90.82%	94.94%	93.89%	95.50%	97.02%	101.90%	98.61%
Total direct school tax rate (b)	1.203	1.119	1.172	1.605	1.652	1.461	1.434	1.463	1.505	1.570

\*

Source: Municipal Tax Assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

\* Revalued/Reassessed

See independent auditors' report.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(Rate Per \$100 of Assessed Value)**

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate			Municipality	County		
2009	\$ 1.203	\$ -	\$ 1.203	\$ 0.450	\$ 0.309	\$ 0.314	\$ -	\$ 2.276	
2010	0.905	0.214	1.119	0.523	0.309	0.316	-	2.267	
2011	0.965	0.207	1.172	0.502	0.332	0.299	-	2.305	
2012	* 1.179	0.241	1.420	0.648	0.432	0.351	-	2.851	
2013	1.245	0.232	1.477	0.653	0.500	0.373	-	3.003	
2014	1.239	0.222	1.461	0.659	0.513	0.394	-	3.027	
2015	1.225	0.209	1.434	0.674	0.596	0.354	-	3.058	
2016	1.266	0.197	1.463	0.591	0.615	0.330	-	2.999	
2017	1.302	0.203	1.505	0.565	0.680	0.364	-	3.114	
2018	1.362	0.208	1.570	0.562	0.696	0.383	-	3.211	

Sources: Municipal Tax Collector

NOTE: N.J.S.A.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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.

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

\* Revalued/Reassessed

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

	2018			2009		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Robin Hill Affordable Housing	\$ -	-	0.00%	\$ 2,100,000	1	1.39%
K-Land No. 61, LLC	-	-	0.00%	2,089,800	2	1.38%
United Telephone Co. of NJ	-	-	0.00%	1,292,468	3	0.85%
Stickel Investment, LLC	-	-	0.00%	1,252,000	4	0.83%
Individual Property Owner #1	-	-	0.00%	1,086,000	5	0.72%
Individual Property Owner #2	-	-	0.00%	1,034,100	6	0.68%
Hampton Point Assoc., LLC	-	-	0.00%	820,000	7	0.54%
Individual Property Owner #3	-	-	0.00%	812,066	8	0.54%
Kappus Plastic Co., Inc.	-	-	0.00%	797,300	9	0.53%
Individual Property Owner #4	-	-	0.00%	762,705	10	0.50%
	<u>\$ -</u>		<u>0.00%</u>	<u>\$ 12,046,439</u>		<u>7.96%</u>

Source: Municipal Tax Assessor

\* 2018 principal property tax payers were not made available.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Property Tax Levies and Collections**  
**Last Ten Years**

Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2009	\$ 1,819,059	\$ 1,819,059	100.00%
2010	1,696,788	1,696,788	100.00%
2011	1,764,660	1,764,660	100.00%
2012	1,990,013	1,990,013	100.00%
2013	1,889,463	1,889,463	100.00%
2014	1,804,295	1,804,295	100.00%
2015	1,775,006	1,775,006	100.00%
2016	1,745,005	1,745,005	100.00%
2017	1,779,613	1,779,613	100.00%
2018	1,811,817	1,811,817	100.00%

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

- (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.

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2009	\$ 3,368,000	\$ -	\$ -	\$ -	\$ -	\$ 3,368,000	2.87%	2,050	
2010	3,228,000	-	-	-	-	3,228,000	2.75%	1,965	
2011	3,103,000	-	-	-	-	3,103,000	3.16%	2,253	
2012	2,973,000	-	-	-	-	2,973,000	2.98%	2,170	
2013	2,838,000	-	-	-	-	2,838,000	2.76%	2,085	
2014	2,698,000	-	-	-	-	2,698,000	2.64%	1,991	
2015	2,553,000	-	-	-	-	2,553,000	2.42%	1,898	
2016	2,403,000	-	-	-	-	2,403,000	2.22%	1,792	
2017	2,243,000	-	-	-	-	2,243,000	2.05%	1,681	
2018	1,990,000	-	-	-	-	1,990,000	N/A	1,495	

NOTES: (1) 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.

N/A Information Is Not Available.

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 3,368,000	\$ -	\$ 3,368,000	2.23%	\$ 2,050
2010	3,228,000	-	3,228,000	2.13%	1,965
2011	3,103,000	-	3,103,000	2.06%	2,253
2012	* 2,973,000	-	2,973,000	2.40%	2,170
2013	2,380,000	-	2,380,000	1.93%	1,749
2014	2,698,000	-	2,698,000	2.22%	1,991
2015	2,553,000	-	2,553,000	2.10%	1,898
2016	2,403,000	-	2,403,000	1.98%	1,792
2017	2,243,000	-	2,243,000	1.86%	1,681
2018	1,990,000	-	1,990,000	1.66%	1,495

NOTES: 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.

(b) Population data can be found in Exhibit J-14.

\* Revalued/Reassessed

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2017**

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 1,055,909	100.00%	\$ 1,055,909
Regional High School	9,743,000	1.58%	153,936
County general obligation debt	85,249,037	0.56%	<u>481,577</u>
Subtotal, overlapping debt			1,691,422
School District direct debt			<u>2,190,000</u>
Total direct and overlapping debt			<u><u>\$ 3,881,422</u></u>

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

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 municipality. This process recognizes that when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping payment.

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

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2018

		Equalized Valuation Basis
	2017	\$ 122,109,438
	2016	119,382,843
	2015	119,501,670
		\$ 360,993,951
Average equalized valuation of taxable property		\$ 120,331,317
Debt limit (3.0% of average equalization value)		(a) \$ 3,609,940
Total net debt applicable to limit		1,990,000
Legal debt margin		\$ 1,619,940

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 3,933,093	\$ 3,871,419	\$ 3,762,972	\$ 3,658,585	\$ 3,609,940
Total net debt applicable	2,698,000	2,553,000	2,403,000	2,243,000	1,990,000
Legal debt margin	\$ 1,235,093	\$ 1,318,419	\$ 1,359,972	\$ 1,415,585	\$ 1,619,940
Total net debt applicable to the limit as a percentage of debt limit	68.60%	65.94%	63.86%	61.31%	55.13%

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt limit	\$ 3,843,586	\$ 4,201,401	\$ 4,333,903	\$ 4,255,997	\$ 4,086,632
Total net debt applicable	3,368,000	3,228,000	3,103,000	2,973,000	2,380,000
Legal debt margin	\$ 475,586	\$ 973,401	\$ 1,230,903	\$ 1,282,997	\$ 1,706,632
Total net debt applicable to the limit as a percentage of debt limit	87.63%	76.83%	71.60%	69.85%	58.24%

Source: Equalized valuation basis obtained from the annual report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit set by N.J.S.A. 18A:24-19

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2009	1643	\$ 117,520,504	\$ 71,528	10.5%
2010	1377	98,112,627	71,251	10.8%
2011	1370	99,753,810	72,813	10.5%
2012	1361	102,959,650	75,650	10.8%
2013	1355	102,145,320	75,384	8.5%
2014	1345	105,314,845	78,301	7.4%
2015	1341	108,118,125	80,625	5.5%
2016	1334	109,533,406	82,109	6.0%
2017	1331	N/A	N/A	5.3%
2018	N/A	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Principal Employers**  
**Current Year and Nine Years Ago**

2018

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2009

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Full Time Equivalent District Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	11.0	1.0	11.0	11.0	12.0	12.0	12.0	12.0	12.0	11.6
Special education	7.0	6.5	7.0	7.0	7.0	7.0	7.0	6.0	7.0	8.0
Other Special Education	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5
Other instruction	5.0	5.0	5.0	4.0	3.0	3.0	4.0	4.0	3.5	2.5
Support services										
Student and instruction related services	3.0	3.0	3.0	1.2	2.5	2.5	2.5	4.0	3.0	2.9
General administration	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.6
School administration services	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.7
Business administration services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	0.5
Plant operations and maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	<u>32.0</u>	<u>21.5</u>	<u>32.0</u>	<u>30.2</u>	<u>30.5</u>	<u>30.5</u>	<u>31.5</u>	<u>32.0</u>	<u>30.5</u>	<u>30.3</u>

Source: District Personnel Records

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Operating Statistics**  
**Last Ten Fiscal Years**

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff ( b )	Teacher Ratio	Average Daily Enrollment (ADE) ( c )	Average Daily Attendance (ADA) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
2009	163	\$ 2,747,201	\$ 16,854	-3.70%	24.0	1 to 6.8	161.2	153.5	-5.01%	95.22%
2010	153	2,895,844	18,927	12.30%	24.0	1 to 6.4	148.6	142.0	-7.82%	95.56%
2011	131	2,964,292	22,628	19.55%	24.0	1 to 6.4	130.5	125.1	-12.18%	95.86%
2012	114	2,957,951	25,947	14.67%	24.0	1 to 6.4	112.3	107.1	-13.95%	95.37%
2013	107	3,062,871	28,625	10.32%	24.0	1 to 4.6	107.2	99.7	-4.54%	93.00%
2014	110	2,798,540	25,441	-11.12%	24.0	1 to 4.6	110.1	102.2	2.71%	92.82%
2015	120	2,606,644	21,722	-14.62%	25.0	1 to 4.8	119.5	111.6	8.54%	93.39%
2016	121	3,116,577	25,757	18.57%	21.0	1 to 6.4	121.0	114.1	1.26%	94.30%
2017	134	3,120,830	23,290	-9.58%	20.0	1 to 6.7	129.1	121.8	6.69%	94.35%
2018	138	3,444,989	24,964	7.19%	20.0	1 to 6.9	137.9	125.0	6.83%	90.65%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS).

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Hampton Elementary (1912)</u>										
Square feet	23,515	23,515	23,515	23,515	23,515	23,515	23,515	23,515	23,515	23,515
Capacity (students)	300	300	300	300	300	300	300	300	300	300
Enrollment	163	153	131	114	107	110	127	122	128	116

Number of schools at June 30, 2018:

Elementary	1
Middle School	-
High School	-
Other	-

Source: District Facilities Office

N/A = Not Available

NOTE: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October District count.

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Required Maintenance**  
**Last Ten Fiscal Years**

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ended</u>	<u>Amount</u>	<u>Total</u>
2009	\$ 36,608	\$ 36,608
2010	34,518	34,518
2011	24,578	24,578
2012	89,119	89,119
2013	63,891	63,891
2014	55,584	55,584
2015	67,581	67,581
2016	58,648	58,648
2017	59,033	59,033
2018	67,301	67,301
Total school facilities	<u>\$ 556,861</u>	<u>\$ 556,861</u>

\* School Facilities as Defined Under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2018**  
**(Unaudited)**

	Coverage	Deductible
Commercial Package Policy (School Alliance Insurance Fund)		
Property Section		
Blanket Building and Contents (Fund Limit)	\$ 500,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
Liability Section		
Comprehensive General Liability	5,000,000	-
Automobile Liability	5,000,000	-
Employee Benefit Liability	5,000,000	1,000
Excess Liability		
Includes General/Auto Liability/School Board Legal Liability	5,000,000	-
Crime		
Blanket Employee Dishonesty	500,000	1,000
Forgery	50,000	1,000
Theft/Disappearance/Destruction		
Inside	50,000	1,000
Outside	50,000	1,000
Computer Fraud	50,000	1,000
Funds Transfer Fraud	50,000	1,000
School Board Legal Liability	5,000,000	5,000
Environmental Impairment Liability (ACE)		
Limit of Liability		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	-
Workers' Compensation (School Alliance Insurance Fund)		
(A) Statutory Benefits	Included	-
(A) Employer'S Liability	5,000,000	-
Supplemental Coverage (Optional)	Included	-
Public Employees' Faithful Performance Blanket Position Bond -		
Treasurer - K Olsen	170,000	-
Student Accident Axis Insurance Co		
Base	25,000	-
Catastrophic	5,000,000	25,000

See independent auditors' report.

**SINGLE AUDIT SECTION**



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**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***

Honorable President and  
Members of the Board of Education  
Hampton Borough School District  
County of Hunterdon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Hampton Borough School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 11, 2019.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency as finding number 2018-001, 2018-002, 2018-003 and 2018-004.



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

#### Compliance and Other Matters

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

#### Purpose of this Report

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



**BKC, CPAs, PC**



Michael A. Holk, CPA, PSA

February 11, 2019  
Flemington, New Jersey



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**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the  
New Jersey OMB Circular Letter 15-08**

Honorable President and  
Members of the Board of Education  
Hampton Borough School District  
County of Hunterdon, New Jersey

Report on Compliance for Each Major State Program

We have audited the Hampton Borough School District's, (the District), compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2018. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' 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; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, and the 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.

### 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 year ended June 30, 2018.

### 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 New Jersey OMB Circular 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



**BKC, CPAs, PC**



Michael A. Holk, CPA, PSA

February 11, 2019  
Flemington, New Jersey

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards - Schedule A**  
**For the Fiscal Year Ended June 30, 2018**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017		Cash Received	Budgetary Expenditure	Adjust- ment	Repayment of Prior Year Balance	Balance June 30, 2018																	
					From	To	(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor															
U.S. Department of Education passed through State Department of Education																														
Special revenue fund																														
Title I A	84.010A	S010A170030	ESSA-1970-18	\$ 26,932	07/01/17	06/30/18	\$ -	\$ -	\$ 12,813	\$ 12,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -													
Title II A	84.367A	S367A170029	ESSA-1970-18	13,254	07/01/17	06/30/18	-	-	4,027	-	-	-	-	-	-	-	-													
Small, rural school achievement program	84.358A	S358B170030	S358A16-1011	19,214	07/01/17	06/30/18	-	-	19,214	19,214	-	-	-	-	-	-	-													
IDEA Basic	84.027A	S027A170100	IDEA-1970-18	34,480	07/01/17	06/30/18	-	-	20,092	34,480	-	-	(14,388)	-	-	-	-													
IDEA Preschool	84.173A	H173A170114	IDEA-1970-18	1,946	07/01/17	06/30/18	-	-	1,946	1,946	-	-	-	-	-	-	-													
Total special revenue fund							-	-	58,092	72,480	-	-	(14,388)	-	-	-	-													
U.S. Department of Agriculture passed through State Department of Agriculture																														
Enterprise fund																														
Child nutrition center																														
National school lunch program non-cash assistance (commodities)	10.555	171NJ304N1099	N/A	6,112	10/01/16	09/30/17	827	-	-	827	-	-	-	-	-	-	-													
National school lunch program non-cash assistance (commodities)	10.555	181NJ304N1099	N/A	5,708	10/01/17	09/30/18	-	-	5,708	5,032	-	-	-	676	-	-	-													
National school lunch program cash assistance	10.555	171NJ304N1099	N/A	21,712	10/01/16	09/30/17	(1,008)	-	1,008	-	-	-	-	-	-	-	-													
National school lunch program cash assistance	10.555	181NJ304N1099	N/A	19,093	10/01/17	09/30/18	-	-	17,672	19,093	-	-	(1,421)	-	-	-	-													
School breakfast program	10.553	171NJ304N1099	N/A	7,547	10/01/16	09/30/17	(447)	-	447	-	-	-	-	-	-	-	-													
School breakfast program	10.553	181NJ304N1099	N/A	8,017	10/01/17	09/30/18	-	-	7,498	8,017	-	-	(519)	-	-	-	-													
Total enterprise fund							(628)	-	32,333	32,969	-	-	(1,940)	676	-	-	-													
Total federal financial assistance							\$ (628)	\$ -	\$ 90,425	\$ 105,449	\$ -	\$ -	\$ (16,328)	\$ 676	\$ -	\$ -	\$ -													

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance - Schedule B**  
**For the Fiscal Year Ended June 30, 2018**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2018			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Transportation aid	18-495-034-5120-014	\$ 3,651	07/01/17	06/30/18	\$ -	\$ -	\$ 3,302	\$ 3,651	\$ -	\$ -	\$ -	\$ -	\$ 349	\$ 3,651
Special education categorical aid	18-495-034-5120-089	73,373	07/01/17	06/30/18	-	-	66,361	73,373	-	-	-	-	7,012	73,373
Equalization aid	18-495-034-5120-078	652,633	07/01/17	06/30/18	-	-	590,263	652,633	-	-	-	-	62,370	652,633
Security aid	18-495-034-5120-084	8,354	07/01/17	06/30/18	-	-	7,556	8,354	-	-	-	-	798	8,354
Adjustment aid	18-495-034-5120-085	50,077	07/01/17	06/30/18	-	-	45,291	50,077	-	-	-	-	4,786	50,077
School choice aid	18-495-034-5120-068	167,552	07/01/17	06/30/18	-	-	151,539	167,552	-	-	-	-	16,013	167,552
PARCC readiness aid	18-495-034-5120-098	870	07/01/17	06/30/18	-	-	787	870	-	-	-	-	83	870
Per pupil growth aid	18-495-034-5120-097	870	07/01/17	06/30/18	-	-	787	870	-	-	-	-	83	870
Professional learning community aid	18-495-034-5120-101	980	07/01/17	06/30/18	-	-	886	980	-	-	-	-	94	980
Extraordinary special education costs aid	17-495-034-5120-044	101,349	07/01/16	06/30/17	(101,349)	-	101,349	-	-	-	-	-	-	101,349
Extraordinary special education costs aid	18-495-034-5120-044	142,893	07/01/17	06/30/18	-	-	-	142,893	-	(142,893)	-	-	-	142,893
Non-public transportation aid	17-495-034-5120-014	2,581	07/01/16	06/30/17	(2,581)	-	2,581	-	-	-	-	-	-	2,581
Non-public transportation aid	18-495-034-5120-014	4,858	07/01/17	06/30/18	-	-	-	4,858	-	(4,858)	-	-	-	4,858
Lead testing	18-495-034-5120-104	390	07/01/17	06/30/18	-	-	390	390	-	-	-	-	-	390
Reimbursed TPAF social security contribution	18-495-034-5094-003	99,137	07/01/17	06/30/18	-	-	99,137	99,137	-	-	-	-	-	99,137
On-behalf TPAF pension contribution - teacher's pension & annuity fund	18-495-034-5094-002	183,618	07/01/17	06/30/18	-	-	183,618	183,618	-	-	-	-	-	183,618
On-behalf TPAF pension contribution - non-contributory insurance	18-495-034-5094-004	4,456	07/01/17	06/30/18	-	-	4,456	4,456	-	-	-	-	-	4,456
On behalf TPAF pension contribution - long-term disability insurance	18-495-034-5094-004	481	07/01/17	06/30/18	-	-	481	481	-	-	-	-	-	481
On-behalf TPAF pension contribution - post retirement medical	18-495-034-5094-001	121,473	07/01/17	06/30/18	-	-	121,473	121,473	-	-	-	-	-	121,473
Total general fund					(103,930)	-	1,380,257	1,515,666	-	(147,751)	-	-	91,588	1,619,596
Debt service fund														
Debt service aid - state support	18-495-034-5120-017	109,897	7/1/2017	6/30/2018	-	-	109,897	109,897	-	-	-	-	-	109,897
Total debt service fund					-	-	109,897	109,897	-	-	-	-	-	109,897
State Department of Agriculture														
Enterprise fund														
National school lunch program	17-100-010-3350-023	550	07/01/16	06/30/17	(27)	-	27	-	-	-	-	-	-	550
National school lunch program	18-100-010-3350-023	515	07/01/17	06/30/18	-	-	477	515	-	(38)	-	-	-	515
Total enterprise fund					(27)	-	504	515	-	(38)	-	-	-	1,065
Total state financial assistance					\$ (103,957)	\$ -	\$ 1,490,658	1,626,078	\$ -	\$ (147,789)	\$ -	\$ -	\$ 91,588	\$ 1,730,558
Less: On-behalf TPAF pension system contributions								(310,028)						
Total for state financial assistance - major program determination								\$ 1,316,050						

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2018**

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Hampton Borough School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's Basic Financial Statements.

Note 3 - Relationship of financial statements

The Basic Financial Statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$2,935 for the general fund and \$0 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2018**

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's Basic Financial Statements on a GAAP basis as follows:

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund	\$ -	\$ -	\$ 1,518,601	\$ 1,518,601
Special revenue fund	2,000	72,480	-	74,480
Food service fund	-	32,969	515	33,484
Total awards and financial assistance	<u>\$ 2,000</u>	<u>\$ 105,449</u>	<u>\$ 1,519,116</u>	<u>\$ 1,624,565</u>

Note 4 - 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 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2018. TPAF Social Security Contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2018.



**HAMPTON BOROUGH SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs - Section I  
For the Fiscal Year Ended June 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified?  Yes  No
2. Were significant deficiencies identified?  Yes  None reported

Noncompliance material to basic financial statements noted?

Yes  No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified?  Yes  No
2. Were significant deficiencies identified?  Yes  None reported

What was the type of auditor's report issued on compliance for major programs?

Unmodified

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)?

Yes  No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs?

\_\_\_\_\_

Did the auditee qualify as a low-risk auditee?

Yes  No

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs - Section I**  
**For the Fiscal Year Ended June 30, 2018**

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? X Yes    \_\_\_ No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? \_\_\_ Yes    X No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? \_\_\_ Yes    X None reported

What was the type of auditor's report issued on compliance for major programs? *Unmodified*

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? X Yes    \_\_\_ No

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
<i>18-495-034-5120-089</i>	<i>State Aid Public Cluster:</i>
<i>18-495-034-5120-078</i>	<i>Special Education Categorical Aid</i>
<i>18-495-034-5120-084</i>	<i>Equalization Aid</i>
<i>18-495-034-5120-068</i>	<i>Security Aid</i>
<i>18-495-034-5120-097</i>	<i>School Choice Aid</i>
<i>18-495-034-5120-098</i>	<i>Per Pupil Growth Aid</i>
<i>18-495-034-5120-101</i>	<i>PARCC Readiness Aid</i>
<i>18-495-034-5120-085</i>	<i>Professional Learning Community Aid</i>
	<i>Adjustment Aid</i>

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs - Section II and III**  
**For the Fiscal Year Ended June 30, 2018**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2018-001

Criteria

The bank reconciliations, Board Secretary's report, and Treasurer's report should be in agreement prior to submission to the Board for approval.

Condition

The bank reconciliations, Board Secretary's report, and Treasurer's report were not in agreement prior to submission to the Board for approval.

Context

As part of our audit procedures it was noted cash balances of the bank reconciliations, Board Secretary's report, and Treasurer's report did not agree.

Cause

Differences between reports were not resolved prior to Board approval.

Effect

Cash balances were overstated.

Recommendation

The District should ensure that bank reconciliations, Board Secretary's report, and Treasurer's report are in agreement prior to submission to the Board for approval.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs - Section II and III (continued)**  
**For the Fiscal Year Ended June 30, 2018**

Finding 2018-002

Criteria

The Board Secretary's reports should agree with underlying accounting records. Also, interfunds and interaccount activity should also agree across all funds.

Condition

The Board Secretary's report did not agree with the underlying accounting records and interfunds did not agree between funds.

Context

Interfund and interaccount activity did not agree with corresponding funds and did not agree with prior year audit balances.

Cause

Interfund and interaccount activity was not properly recorded.

Effect

Interfunds were not in agreement with corresponding interfunds. Interfunds were out-of-balance and receivables and revenues were over/understated.

Recommendation

Interfunds and interaccount activity should be properly recorded and agree with all corresponding funds, agree to underlying accounting records, and be liquidated in a timely manner.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs - Section II and III (continued)**  
**For the Fiscal Year Ended June 30, 2018**

Finding 2018-003

Criteria

The Board Secretary must certify that budgetary line accounts are not over-expended. Also, the appropriate approval must be obtained for transfers of funds between budgetary line accounts.

Condition

A budgetary line accounts were over-expended during the fiscal year end at June 30. Additionally, budgetary line account transfers were not approved.

Context

Revenues were reclassified as budget refunds to avoid over-expenditures of budgetary line items without appropriate approvals.

Cause

Budgetary line items were over-expended.

Effect

Revenues and expenditures were understated.

Recommendation

Tuition revenues should be classified correctly, and budgetary line accounts should not be over-expended. Appropriate approval should be obtained for all transfers of funds between budgetary line accounts.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs - Section II and III (continued)**  
**For the Fiscal Year Ended June 30, 2018**

Finding 2018-004

Criteria

Receipts of checks and cash should be classified correctly.

Condition

The District did not appear to classify all deposits accurately.

Context

An examination of receipts during the period under review indicated receipts were not classified correctly.

Cause

Unknown

Effect

Revenues and receivables were misstated.

Recommendation

The District should implement procedures to ensure receipts of checks and cash are classified correctly.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2018.

**HAMPTON BOROUGH SCHOOL DISTRICT  
Summary Schedule of Prior - Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2018**

Status of Prior Year Findings

There were no prior year findings or questioned costs.