

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

JUNE 30, 2019

**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, 2019

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Hampton Public School

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

Mr. Jason Kornegay
Superintendent

Mrs. Kelly Morris
Business Administrator/Board Secretary

December 16, 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, 2019 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 2018-2019 Fiscal Year with an average daily enrollment of 105.5 students, which is a 23.5% decrease over the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Change</u>
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%
2018-2019**	105.5	(23.50%)

**First year grades 6-8 attended Lebanon Township School through a send/receive agreement.

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 changed the way the school funding formula is applied to local school districts. Although the impact to Hampton initially appeared to be minimal, the District saw a significant reduction in the first year of implementation. The funding formula is enrollment based. Therefore, changes in enrollment have an impact on state funding, and our enrollment is declining. The community is generally 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 an available balance in banked cap with an ability to tax within the statutory limits. Due to state aid reductions, it was necessary for the tax levy to absorb the loss in state aid in addition to a passed budget with little margin for additional expenditures.

3. MAJOR INITIATIVES:

During the 2018/2019 school year, the Hampton Board of Education entered into a send/receive tuition arrangement with Lebanon Township School District for students in grades 6-8 in an effort to offer more opportunities for the students both academically and socially. The initiative was successful and will continue in the 2019/2020 school year.

The District has struggled to maintain administrative consistency through much turnover in recent years. In response, Hampton Board of Education entered into a five-year shared service agreement with Lebanon Township School District for Superintendent services in March 2019. This steady leadership will offer stability, consistency, and grade level alignment between Hampton Borough and Lebanon Township, thereby improving overall student outcomes.

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, 2019.

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, 2019, the District's outstanding debt issue was \$1,820,000 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 and 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,

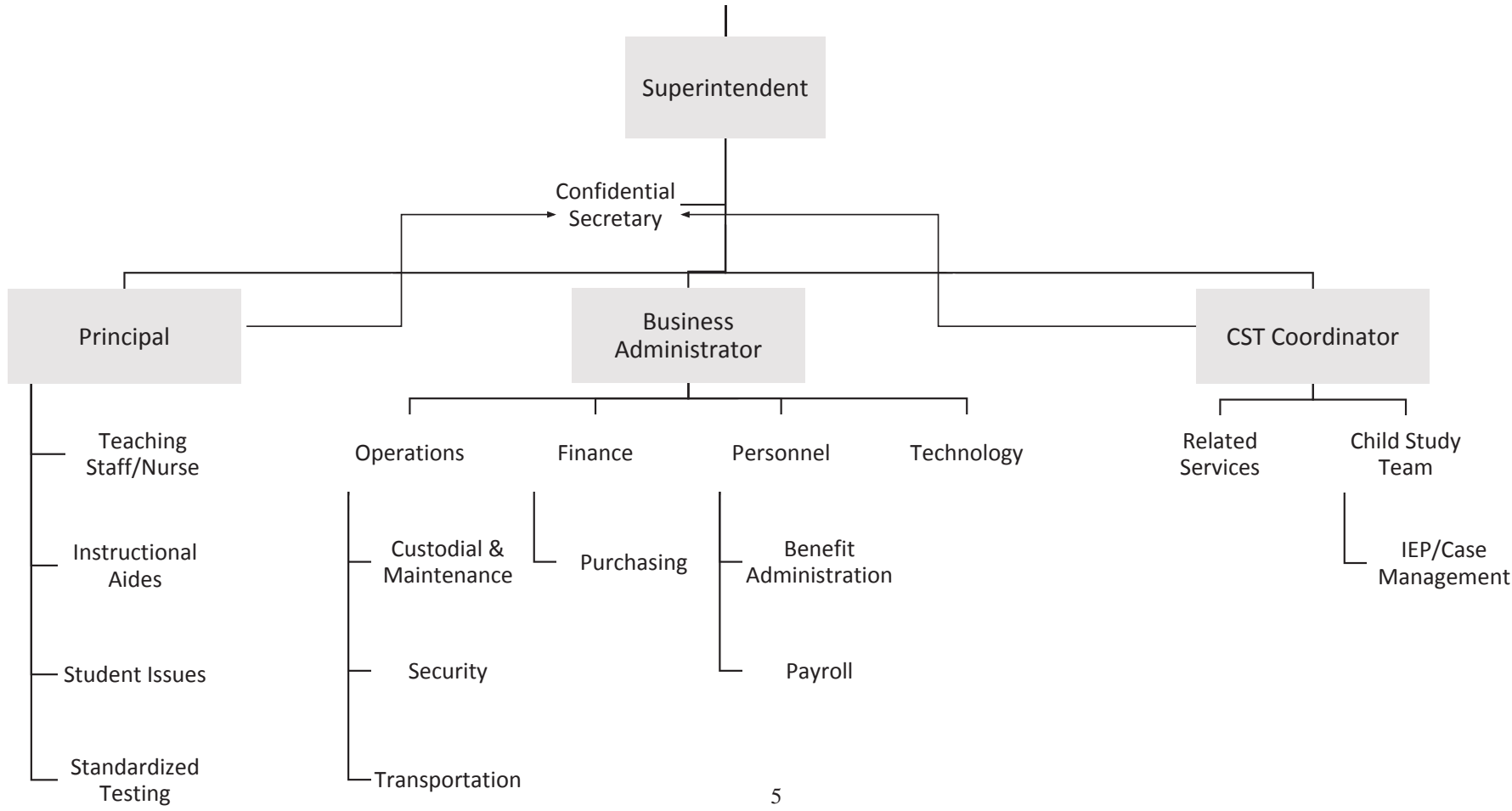


Jason Kornegay
Superintendent



Kelly Morris
Business Administrator/Board Secretary

Hampton Borough Public School
Board of Education



HAMPTON BOROUGH SCHOOL DISTRICT
32-41 South Street
Hampton, NJ 08827
June 30, 2019

Roster of Officials

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Robert Sherlock	President	2020
Elizabeth Monaghan	Vice President	2019
Mark Impellizeri		2019
Nicole Bollenbach		2020
Alica Noon		2020

Other Officials

Jason Kornegay	Superintendent
Kelly Morris	Board Secretary/Business Administrator
Raymond Krov	Treasurer

HAMPTON BOROUGH SCHOOL DISTRICT
32-41 South Street
Hampton, NJ 08827
June 30, 2019

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

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, 2019, 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, 2019, 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.

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.

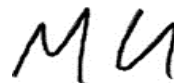
The introduction and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
NO. 20CS00265600

December 16, 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, 2019
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, 2019. 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 2019 are as follows:

- In total, net position decreased \$16,732 which represents a 4.82% decrease from 2018.
- General revenues accounted for \$4,226,341 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 \$227,393 or 5.11% of total revenues of \$4,453,734.
- Total assets of governmental activities decreased by \$236,953. As cash and cash equivalents decreased by \$126,549, receivables and other assets increased by \$47,576 and capital assets decreased by \$157,980.
- The School District had \$4,470,466 in expenses; only \$227,393 of these expenses was offset by program specific charges, grants or contributions. General revenues (primarily property taxes) of \$4,226,341 were adequate to provide for these expenses.
- Among major funds, the general fund had \$3,430,439 in revenues and \$3,446,574 in expenditures. The general fund's balance decreased \$16,135 from 2018.

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, 2019
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 2019?" 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.

HAMPTON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

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 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 fiscal year June 30, 2019 compared to fiscal year ended June 30, 2018.

Table 1
Net Position

	06/30/19	06/30/18	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 666,305	\$ 784,809	\$ (118,504)	-15.10%
Capital assets	2,325,893	2,487,833	(161,940)	-6.51%
Total assets	2,992,198	3,272,642	(280,444)	-8.57%
Deferred outflows of resources				
Deferred amount of pension activity	41,241	371,336	(4,852)	-10.53%
Deferred amount of bond refunding	259,732	46,093	(111,604)	-30.05%
Total deferred outflows of resources	300,973	417,429	(116,456)	-27.90%
Liabilities				
Long-term liabilities	2,636,184	2,980,203	(344,019)	-11.54%
Other liabilities	39,786	134,492	(94,706)	-70.42%
Total liabilities	2,675,970	3,114,695	(438,725)	-14.09%
Deferred inflows of resources	286,996	228,439	58,557	25.63%
Net position				
Net investment in capital assets	505,893	497,833	8,060	1.62%
Restricted	366,035	327,861	38,174	11.64%
Unrestricted	(541,723)	(478,757)	(62,966)	13.15%
Total net position	\$ 330,205	\$ 346,937	\$ (16,732)	-4.82%

Total assets decreased \$280,444. Cash and cash equivalents decreased by \$165,135, receivables and other assets increased by \$46,631, and capital assets decreased by \$161,940. 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 \$62,966.

HAMPTON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

The negative balance in unrestricted net position 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.

Table 2 shows changes in net position for the fiscal year ended June 30, 2019 compared to fiscal year ended June 30, 2018.

Table 2
Changes in Net Position

	06/30/19	06/30/18	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 109,057	\$ 127,411	\$ (18,354)	-14.41%
Operating grants and contributions	118,336	107,964	10,372	9.61%
General revenues				
Property taxes	1,883,221	1,811,817	71,404	3.94%
Grants and entitlements	2,331,769	2,477,264	(145,495)	-5.87%
Other	11,351	78,750	(67,399)	-85.59%
Total revenues	<u>4,453,734</u>	<u>4,603,206</u>	<u>(149,472)</u>	-3.25%
Expenses				
Instruction				
Regular	1,376,809	1,683,204	(306,395)	-18.20%
Special	790,419	961,621	(171,202)	-17.80%
Other	37,235	61,099	(23,864)	-39.06%
Support services				
Tuition	517,732	46,162	471,570	1021.55%
Student & instructional related services	1,043,771	1,054,075	(10,304)	-0.98%
General & business administration	147,081	260,068	(112,987)	-43.45%
School administration	52,328	108,760	(56,432)	-51.89%
Maintenance	297,537	310,779	(13,242)	-4.26%
Transportation	103,601	68,572	35,029	51.08%
After care program	-	4,017	(4,017)	-100.00%
Food service	48,937	65,159	(16,222)	-24.90%
Interest on long-term debt	55,016	26,925	28,091	104.33%
Total expenses	<u>4,470,466</u>	<u>4,650,441</u>	<u>(179,975)</u>	-3.87%
Increase (decrease) in net position	<u>\$ (16,732)</u>	<u>\$ (47,235)</u>	<u>\$ 30,503</u>	-64.58%

HAMPTON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Local property taxes made up 42.28% of revenues for governmental activities for the Hampton Borough School District for fiscal year 2019.

Instruction comprises 49.31% of district expenses. Support service expenses make up 50.69% 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, 2019 compared to fiscal year ended June 30, 2018 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	
	06/30/19	06/30/18	06/30/19	06/30/18
Instruction	\$ 2,204,463	\$ 2,705,924	\$ 2,075,939	\$ 2,584,128
Support services				
Tuition	517,732	46,162	517,732	46,162
Student & instructional staff	1,043,771	1,054,075	981,857	995,173
General & business administration	147,081	260,068	147,081	260,068
School administration	52,328	108,760	52,328	108,760
Plant operations & maintenance	297,537	310,779	296,197	309,649
Pupil transportation	103,601	68,572	103,601	68,572
After care program	-	4,017	-	4,017
Food services	48,937	65,159	13,322	11,612
Interest on long-term debt	55,016	26,925	55,016	26,925
	<u>\$ 4,470,466</u>	<u>\$ 4,650,441</u>	<u>\$ 4,243,073</u>	<u>\$ 4,415,066</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
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

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 \$3,769,155, expenditures of \$3,785,291. The general fund had a decrease in fund balance of \$16,135.

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 2019, 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, budgetary basis revenue and other financing sources were \$2,990,165, \$79,958 above original budgeted estimates of \$2,910,207. This difference was due primarily from non-public transportation, extraordinary aid, tuition from individuals, and miscellaneous revenues.

HAMPTON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
Unaudited

Capital Assets

At the end of the Fiscal Year 2019, the School District had \$2,325,893 invested in land, building, furniture and equipment and vehicles. Table 4 shows June 30, 2019 compared to June 30, 2018.

Table 4
Capital Assets (Net of Depreciation)

	06/30/19	06/30/18	Variance	
			Dollars	Percent
Land	\$ 3,977	\$ 3,977	\$ -	0.00%
Construction in progress	12,201	12,201	-	0.00%
Buildings & improvements	2,215,423	2,375,978	(160,555)	-6.76%
Furniture & equipment	94,292	95,677	(1,385)	-1.45%
	<u>\$ 2,325,893</u>	<u>\$ 2,487,833</u>	<u>\$ (161,940)</u>	<u>-6.51%</u>

Overall capital assets decreased \$161,940 from Fiscal Year 2018 to Fiscal Year 2019. 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, 2019, the School District had \$2,636,184 of long-term liabilities. This amount is detailed in Table 5 below for June 30, 2019 compared to June 30, 2018.

At June 30, 2019, the legal debt limit is \$3,659,512. General obligation debt at June 30, 2019 is \$1,820,000 resulting in a legal debt margin of \$1,839,512.

Table 5
Long-Term Liabilities at Year End

	06/30/19	06/30/18	Variance	
			Dollars	Percent
General obligation bonds	\$ 1,820,000	\$ 1,990,000	\$ (170,000)	-8.54%
Bond premium	176,257	196,993	(5,138)	-8.10%
PERS net pension liability	581,672	729,817	(148,145)	-20.30%
Compensated absences	58,225	63,393	(20,736)	-11.76%
	<u>\$ 2,636,184</u>	<u>\$ 2,980,203</u>	<u>\$ (344,019)</u>	<u>-11.54%</u>

HAMPTON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
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: Kelly Morris, 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, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 33,757	\$ -	\$ 33,757
Receivables, net	252,047	1,564	253,611
Due from other funds, net	10,864	-	10,864
Inventory	-	2,038	2,038
Restricted assets			
Capital reserve - cash	258,725	-	258,725
Emergency reserve - cash	24,505	-	24,505
Maintenance reserve - cash	64,964	-	64,964
Debt service fund - cash	17,841	-	17,841
Capital assets, net			
Land	3,977	-	3,977
Capital assets not being depreciated	12,201	-	12,201
Other capital assets, net of depreciation	2,288,741	20,974	2,309,715
Total assets	<u>2,967,622</u>	<u>24,576</u>	<u>2,992,198</u>
Deferred outflows of resources			
Deferred amount on bond refunding	41,241	-	41,241
Deferred amount on pension activity	259,732	-	259,732
Total deferred outflows of resources	<u>300,973</u>	<u>-</u>	<u>300,973</u>
Liabilities			
Due from other funds	-	9,864	9,864
Accounts payable	6,521	-	6,521
Accrued interest	22,500	-	22,500
Unearned revenue	-	901	901
Long-term liabilities			
Due within one year	195,736	-	195,736
Due beyond one year	2,440,448	-	2,440,448
Total liabilities	<u>2,665,205</u>	<u>10,765</u>	<u>2,675,970</u>
Deferred inflows of resources			
Deferred amount on pension liability	286,996	-	286,996
Net position			
Net investment in capital assets	484,919	20,974	505,893
Restricted for			
Capital reserve	258,725	-	258,725
Emergency reserve	24,505	-	24,505
Maintenance reserve	64,964	-	64,964
Debt service fund	17,841	-	17,841
Unrestricted	(534,560)	(7,163)	(541,723)
Total net position	<u>\$ 316,394</u>	<u>\$ 13,811</u>	<u>\$ 330,205</u>

See accompanying notes to financial statements.

HAMPTON BOROUGH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2019

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
Governmental activities								
Instruction								
Regular	\$ 847,535	\$ 529,274	\$ 94,321	\$ 17,423	\$ -	\$ (1,265,065)	\$ -	\$ (1,265,065)
Special education	351,770	438,649	-	-	-	(790,419)	-	(790,419)
Other special education	16,780	1,274	-	16,780	-	(1,274)	-	(1,274)
Other instruction	17,827	1,354	-	-	-	(19,181)	-	(19,181)
Support services								
Tuition	517,732	-	-	-	-	(517,732)	-	(517,732)
Students and instruction related services	764,777	278,994	-	61,914	-	(981,857)	-	(981,857)
General and business administration services	134,583	12,498	-	-	-	(147,081)	-	(147,081)
School administration services	37,447	14,881	-	-	-	(52,328)	-	(52,328)
Plant operations and maintenance	278,556	18,981	1,340	-	-	(296,197)	-	(296,197)
Pupil transportation	103,601	-	-	-	-	(103,601)	-	(103,601)
Interest on long-term debt	55,016	-	-	-	-	(55,016)	-	(55,016)
Total governmental activities	<u>3,125,624</u>	<u>1,295,905</u>	<u>95,661</u>	<u>96,117</u>	<u>-</u>	<u>(4,229,751)</u>	<u>-</u>	<u>(4,229,751)</u>
Business-type activities								
Food service	48,937	-	13,396	22,219	-	-	(13,322)	(13,322)
Total business-type activities	<u>48,937</u>	<u>-</u>	<u>13,396</u>	<u>22,219</u>	<u>-</u>	<u>-</u>	<u>(13,322)</u>	<u>(13,322)</u>
Total primary government	<u>\$ 3,174,561</u>	<u>\$ 1,295,905</u>	<u>\$ 109,057</u>	<u>\$ 118,336</u>	<u>\$ -</u>	<u>(4,229,751)</u>	<u>(13,322)</u>	<u>(4,243,073)</u>
			General revenues, special items and transfers					
						1,740,653	-	1,740,653
						142,568	-	142,568
						2,331,769	-	2,331,769
						2,438	-	2,438
						8,913	-	8,913
						<u>4,226,341</u>	<u>-</u>	<u>4,226,341</u>
						(3,410)	(13,322)	(16,732)
						319,804	27,133	346,937
						<u>\$ 316,394</u>	<u>\$ 13,811</u>	<u>\$ 330,205</u>

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, 2019

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 33,757	\$ -	\$ -	\$ -	\$ 33,757
Due from other funds	16,611	-	-	-	16,611
Receivables from other governments					
Local	11,008	-	-	-	11,008
State	232,292	-	-	-	232,292
Federal	-	5,747	-	-	5,747
Other accounts receivable	3,000	-	-	-	3,000
Restricted cash and cash equivalents	348,194	-	-	17,841	366,035
Total assets	\$ 644,862	\$ 5,747	\$ -	\$ 17,841	\$ 668,450
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 5,747	\$ -	\$ -	\$ 5,747
Accounts payable	6,521	-	-	-	6,521
Total liabilities	6,521	5,747	-	-	12,268

See accompanying notes to financial statements.

HAMPTON BOROUGH SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2019

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Capital reserve	\$ 258,725	\$ -	\$ -	\$ -	\$ 258,725
Emergency reserve	24,505	-	-	-	24,505
Maintenance reserve	64,964	-	-	-	64,964
Committed fund balance					
Year-end encumbrances	5,642	-	-	-	5,642
Assigned fund balance					
Debt service fund balance	-	-	-	17,841	17,841
Unassigned fund balance	284,505	-	-	-	284,505
Total fund balances	<u>638,341</u>	<u>-</u>	<u>-</u>	<u>17,841</u>	<u>656,182</u>
Total liabilities and fund balances	<u>\$ 644,862</u>	<u>\$ 5,747</u>	<u>\$ -</u>	<u>\$ 17,841</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 \$6,574,239 and the accumulated depreciation is \$4,269,320.	2,304,919
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	13,977
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.	(2,636,184)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(22,500)</u>
Total net position of governmental activities	<u>\$ 316,394</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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 1,740,653	\$ -	\$ -	\$ 142,568	\$ 1,883,221
Tuition					
Individuals	60,250	-	-	-	60,250
Other LEAs	34,071	-	-	-	34,071
Interest on investments	2,438	-	-	-	2,438
Rents and royalties	1,340	-	-	-	1,340
Miscellaneous	8,913	-	-	-	8,913
Total local sources	1,847,665	-	-	142,568	1,990,233
State sources	1,582,774	-	-	100,031	1,682,805
Federal sources	-	96,117	-	-	96,117
Total revenues	3,430,439	96,117	-	242,599	3,769,155
Expenditures					
Current					
Instructional					
Regular instruction	830,112	17,423	-	-	847,535
Special education instruction	351,770	-	-	-	351,770
Other special instruction	-	16,780	-	-	16,780
Other instruction	17,827	-	-	-	17,827
Support service and undistributed costs					
Tuition	517,732	-	-	-	517,732
Student and instruction related services	709,658	55,119	-	-	764,777
General and business administrative services	134,583	-	-	-	134,583
School administrative services	37,447	-	-	-	37,447
Plant operations and maintenance	278,556	-	-	-	278,556
Pupil transportation	103,601	-	-	-	103,601
Unallocated benefits	453,118	-	-	-	453,118

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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 12,170	\$ 6,795	\$ -	\$ -	\$ 18,965
Debt service					
Principal	-	-	-	170,000	170,000
Interest and other charges	-	-	-	72,600	72,600
Total expenditures	<u>3,446,574</u>	<u>96,117</u>	<u>-</u>	<u>242,600</u>	<u>3,785,291</u>
Excess (deficit) of revenues over (under) expenditures	(16,135)	-	-	(1)	(16,136)
Fund balances, July 1	<u>654,476</u>	<u>-</u>	<u>-</u>	<u>17,842</u>	<u>672,318</u>
Fund balances, June 30	<u><u>\$ 638,341</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,841</u></u>	<u><u>\$ 656,182</u></u>

See accompanying notes to financial statements.

HAMPTON BOROUGH SCHOOL DISTRICT
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, 2019

Total net changes in fund balances - governmental fund (from B-2) \$ (16,136)

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	\$ 18,965	
Depreciation expense	<u>(176,945)</u>	(157,980)

In the Statement of Activities, interest on the deferred outflow from a refunding issue is amortized to interest expense over the remaining life of the old or new debt, whichever is shorter. (4,852)

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:

Debt principal payments 170,000

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 20,736

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. 1,700

See accompanying notes to financial statements.

HAMPTON BOROUGH SCHOOL DISTRICT
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, 2019

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. \$ (22,016)

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. 5,138

Change in net position of governmental activities \$ (3,410)

See accompanying notes to financial statements.

HAMPTON BOROUGH SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position
June 30, 2019

	Food Service Fund	After Care Program	Total
Assets			
Current assets			
Receivables from other governments			
State	\$ 19	\$ -	\$ 19
Federal	918	-	918
Inventory	2,038	-	2,038
Other accounts receivable	627	-	627
Total current assets	3,602	-	3,602
Noncurrent assets			
Capital assets	53,455	-	53,455
Less: accumulated depreciation	32,481	-	32,481
Total noncurrent assets	20,974	-	20,974
Total assets	24,576	-	24,576
Liabilities			
Current liabilities			
Interfund payable	9,864	-	9,864
Unearned revenues - commodities	901	-	901
Total liabilities	10,765	-	10,765
Net position			
Invested in capital assets, net of related debt	20,974	-	20,974
Unrestricted	(7,163)	-	(7,163)
Total net position	\$ 13,811	\$ -	\$ 13,811

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, 2019

	Food Service Fund	After Care Program	Total
Operating revenues			
Charges for services			
Daily sales - reimbursable programs	\$ 10,116	\$ -	\$ 10,116
Daily sales - non-reimbursable programs	3,280	-	3,280
Total operating revenues	<u>13,396</u>	<u>-</u>	<u>13,396</u>
Operating expenses			
Cost of sales - reimbursable programs	13,575	-	13,575
Cost of sales - non-reimbursable programs	2,801	-	2,801
Commodity food costs	3,088	-	3,088
Salaries	11,047	-	11,047
Supports services - employee benefits	1,526	-	1,526
Purchased professional/technical services	1,667	-	1,667
Purchased property services	1,004	-	1,004
Other purchased services			
Insurance	1,549	-	1,549
Management fee	5,120	-	5,120
Supplies and materials	1,901	-	1,901
Depreciation	3,960	-	3,960
Miscellaneous expenditures	1,699	-	1,699
Total operating expenses	<u>48,937</u>	<u>-</u>	<u>48,937</u>
Operating income (loss)	<u>(35,541)</u>	<u>-</u>	<u>(35,541)</u>
Non-operating revenues (expenses)			
State sources			
State school lunch program	394	-	394
Federal sources			
National school breakfast program			
Cash assistance	3,752	-	3,752
National school lunch program			
Cash assistance	14,985	-	14,985
Non-cash assistance (commodities)	3,088	-	3,088
Total non-operating revenues (expenses)	<u>22,219</u>	<u>-</u>	<u>22,219</u>

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, 2019

	Food Service Fund	After Care Program	Total
Change in net position	\$ (13,322)	\$ -	\$ (13,322)
Net position, beginning	<u>27,133</u>	<u>-</u>	<u>27,133</u>
Net position, ending	<u>\$ 13,811</u>	<u>\$ -</u>	<u>\$ 13,811</u>

See accompanying notes to financial statements.

HAMPTON BOROUGH SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019

	Food Service Fund	After Care Program	Total
Cash flows from operating activities			
Receipts from customers (net)	\$ 12,578	\$ -	\$ 12,578
Payments to Food Service Management Company	(40,503)	-	(40,503)
Payments to vendors (net)	(2,593)	-	(2,593)
Net cash provided by (used for) operating activities	<u>(30,518)</u>	<u>-</u>	<u>(30,518)</u>
Cash flows from non-capital financing activities			
State sources	413	-	413
Federal sources	19,760	-	19,760
Transfers from (to) other funds	-	(31,140)	(31,140)
Net interfund transactions	2,899	-	2,899
Net cash provided by (used for) non-capital financing activities	<u>23,072</u>	<u>(31,140)</u>	<u>(8,068)</u>
Net increase (decrease) in cash and cash equivalents	(7,446)	(31,140)	(38,586)
Cash and cash equivalents, beginning	<u>7,446</u>	<u>31,140</u>	<u>38,586</u>
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating activities			
Operating income (loss)	\$ (35,541)	\$ -	\$ (35,541)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	3,960	-	3,960
Federal food donation program	3,088	-	3,088
(Increase) decrease in accounts receivable	(627)	-	(627)
Increase (decrease) in accounts payable	(1,961)	-	(1,961)
(Increase) decrease in inventory	530	-	530
Increase (decrease) in deferred revenue	33	-	33
Net cash provided by (used for) operating activities	<u>\$ (30,518)</u>	<u>\$ -</u>	<u>\$ (30,518)</u>

See accompanying notes to financial statements.

HAMPTON BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2019

	<u>Student Activity Agency Fund</u>	<u>Payroll Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 1,130	\$ 55,619
Total assets	<u>\$ 1,130</u>	<u>\$ 55,619</u>
Liabilities		
Due to other funds	\$ -	\$ 1,000
Payroll deductions and withholdings	-	54,619
Due to student groups	1,130	-
Total liabilities	<u>\$ 1,130</u>	<u>\$ 55,619</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, 2019 of 95 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 postemployment 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.

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:

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.

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 Year 2018-2019 are 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, 2019.

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 sum of assets and deferred outflows of resources, and the sum 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, 2019, 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 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a 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, 2019, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	470,174
Total bank balances	<u>\$ 720,174</u>

Deposits at June 30, 2019 appear in the financial statements as summarized below:

Cash		<u>\$ 456,541</u>
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 46,932
Enterprise funds, Statement of Net Position	B-4	-
Fiduciary funds, Statement of Net Position	B-7	56,749
Restricted cash		
Governmental funds, Balance Sheet	B-1	352,860
Total cash		<u>\$ 456,541</u>

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2019 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>16,178</u>	<u>-</u>	<u>-</u>	<u>16,178</u>
Capital assets, being depreciated				
Building & improvements	6,248,704	-	-	6,248,704
Furniture & equipment	290,392	18,965	-	309,357
Total	<u>6,539,096</u>	<u>18,965</u>	<u>-</u>	<u>6,558,061</u>
Accumulated depreciation				
Building & improvements	3,872,726	160,555	-	4,033,281
Furniture & equipment	219,649	16,390	-	236,039
Total	<u>4,092,375</u>	<u>176,945</u>	<u>-</u>	<u>4,269,320</u>
Total capital assets, being depreciated, net	<u>2,446,721</u>	<u>(157,980)</u>	<u>-</u>	<u>2,288,741</u>
Governmental activities capital assets, net	<u>\$ 2,462,899</u>	<u>\$ (157,980)</u>	<u>\$ -</u>	<u>\$ 2,304,919</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	28,521	3,960	-	32,481
Business type activities capital assets, net	<u>\$ 24,934</u>	<u>\$ (3,960)</u>	<u>\$ -</u>	<u>\$ 20,974</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	\$	64,370
Special education		26,716
Other special instruction		1,274
Other instruction		1,354
Support services		
Student & instruction		58,084
General & business administration		10,221
School administration		2,844
Plant maintenance		12,082
Total depreciation expense, governmental activities	\$	<u>176,945</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2019 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds payable	\$ 1,990,000	\$ -	\$ 170,000	\$ 1,820,000	\$ 175,000
Compensated absences payable	63,393	-	5,138	58,255	-
PERS net pension liability	729,817	-	148,145	581,672	-
Bond premium	196,993	-	20,736	176,257	20,736
Total governmental activities long-term liabilities	<u>\$ 2,980,203</u>	<u>\$ -</u>	<u>\$ 344,019</u>	<u>\$ 2,636,184</u>	<u>\$ 195,736</u>

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, 2019, including interest payments are listed as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	205,000	43,400	248,400
2025-2028	880,000	89,000	969,000
Total	<u>\$ 1,820,000</u>	<u>\$ 373,700</u>	<u>\$ 2,193,700</u>

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, 2019, 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>\$ 1,820,000</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, 2019 is \$3,659,512. General obligation debt at June 30, 2019 is \$1,820,000, resulting in a legal debt margin of \$1,839,512.

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following 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 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.

A. Public employees' retirement systems (PERS)

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at 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, 2018 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2018.

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, 2018. 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 Year 2018, 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 District's contractually required contribution rate for the year ended June 30, 2019 was 12.02% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.20% effective July 1, 2016 and increased annually on July 1st until reaching 7.50% of base salary effective July 1, 2018. The District contributed \$29,385 for the year ending June 30, 2019.

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 measurement date June 30, 2018:

Total pension liability	\$	1,253,526
Plan fiduciary net position		671,854
Net pension liability	\$	581,672

Plan fiduciary net position as a percentage of the total pension liability	53.60%
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The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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%

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one 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 three years for males and set forward one year for females).

The actuarial assumptions, used in the July 1, 2017 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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

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 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, 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, 2018 measurement date, 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:

District's Proportionate Share of the Net Pension Liability

At current discount rate (5.66%)	\$	581,672
At a 1% lower rate (4.66%)		731,387
At a 1% higher rate (6.66%)		456,073

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2018 measurement date, 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	\$ 11,093	\$ 2,999
Changes of assumptions	95,850	185,988
Net difference between projected and actual earnings on pension plan investments	-	5,456
Changes in proportion and differences between District contributions and proportionate share of contributions	123,404	92,553
District contributions subsequent to the measurement date	29,385	-
Total	\$ 259,732	\$ 286,996

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, 2019, the plan measurement date is June 30, 2018) of \$29,385 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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, 2018 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 17,185	\$ (6,092)	\$ 11,093
Changes of Assumptions	147,033	(51,183)	95,850
Difference between projected and actual earnings on pension plan investments	4,970	(4,970)	-
Deferred inflows of resources			
Differences between expected and actual experience	-	(2,999)	(2,999)
Changes of Assumptions	(146,494)	(39,494)	(185,988)
Difference between projected and actual earnings on pension plan investments	-	(5,456)	(5,456)
Net of deferred outflows	<u>\$ 22,694</u>	<u>\$ (110,194)</u>	<u>\$ (87,500)</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,

2019	\$ 4,037
2020	(5,589)
2021	(40,081)
2022	(34,743)
2023	(11,124)
Total	<u>\$ (87,500)</u>

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Pension expense

For the year ended June 30, 2019, the District recognized net pension expense of \$51,401, which represents the District's proportionate share of allocable plan pension expense of \$32,245, plus the net amortization of deferred amounts from changes in proportion of \$19,497, and less other adjustments to the net pension liability of \$341. 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, 2018 measurement date are as follows:

Service cost	\$	27,458
Interest on total pension liability		66,006
Member contributions		(15,766)
Administrative expense		437
Expected investment return net of investment expense		(41,441)
Pension expense related to specific liabilities of individual employers		(243)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		4,450
Amortization of expected versus actual experience		(5,126)
Amortization of projected versus actual investment earnings on pension plan investments		(3,530)
Pension expense	\$	32,245

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.

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.

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)

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

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 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 2018, the State's pension contribution was less than the actuarial determined amount.

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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, 2018, the State of New Jersey contributed \$188,482 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and increased annually on July 1st until reaching 7.50% of base salary effective July 1, 2018.

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, 2018 measurement date is as follows:

State's proportionate share of net pension liability	\$ 7,932,242
District's proportionate share of net pension liability	-
Employer pension expense and related revenue	462,422
Non-employer contribution	188,482
 Allocable proportionate percentage	 .0124685782%

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)

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, 2018 measurement date are as follows:

Service cost	\$	277,156
Interest on total pension liability		479,640
Member contributions		(100,809)
Administrative expense		1,644
Expected investment return net of investment expense		(190,972)
Pension expense related to specific liabilities of individual employers		(43)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		24,563
Amortization of expected versus actual experience		(12,241)
Amortization of projected versus actual investment earnings on pension plan investments		(16,516)
Pension expense	\$	<u>462,422</u>

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, 2018 measurement date is as follows:

Total pension liability	\$	10,790,439
Plan fiduciary net position		2,858,197
Net pension liability	\$	<u>7,932,242</u>

Plan fiduciary net position as a percentage of the total pension liability 29.49%

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases (based on age)	
2011 - 2026	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial study for the period July 1, 2012 to June 30, 2015.

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)

Preretirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

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, 2018) 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, 2018 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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%

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)

Discount rate

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. 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 3.87% as of June 30, 2018, 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 50% 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 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, 2018 measurement date, 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:

District’s Proportionate Share of the Net Pension Liability

At current discount rate (4.86%)	\$	7,932,242
At a 1% lower rate (3.86%)		9,375,759
At a 1% higher rate (5.86%)		6,735,601

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 (\$8,400 in 2019) 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/njdcprp.

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

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 2019 was \$4,230.

D. Other pension plan information

During the year ended June 30, 2019, the State of New Jersey contributed \$114,567 to the TPAF for postretirement medical benefits, \$5,179 for non-contributory insurance premiums, \$451 for long-term disability insurance, and \$247,394 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 \$72,834 during the year ended June 30, 2019 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 Statement 68.

Note 7 - Postretirement benefits

The State provides postretirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 state and local retirees.

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for state-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the fiscal year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB liability

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. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

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.

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, 2018 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 46,110,832,982
District's proportionate share of the State's OPEB liability	5,658,467
Employer OPEB expense and related revenue	186,542
Allocable proportionate percentage	0.0122714482%

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)
Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2017	\$ 7,142,150
Service cost	237,992
Interest cost	261,617
Change of benefit terms	(1,187,879)
Differences between expected and actual experiences	(649,337)
Changes of assumptions	5,229
Member contributions	(151,305)
Gross benefit payments	-
Total OPEB liability at June 30, 2018	\$ 5,658,467

There were no changes of the benefit terms from June 30, 2017 to June 30, 2018.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.87% as of June 30, 2017 to 3.87% as of June 30, 2018.

The total non-employer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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 of service)	(based on age)
Salary increases		
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-2006 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-2006 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 June 30, 2015, July 1, 2011 June 30, 2014, and July 1, 2010 June 30, 2013 for TPAF and PERS, respectively.

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Health care trend assumptions

For Pre-Medicare Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven 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, 2018 was 3.87%. 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.

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, 2018 measurement date, 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:

Total OPEB Liability (school retirees)

At current discount rate (3.87%)	\$	5,658,467
At a 1% lower rate (2.87%)		6,689,460
At a 1% higher rate (4.87%)		4,838,934

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:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	5,658,467
At a 1% lower rate (1% decrease)		4,677,053
At a 1% higher rate (1% increase)		6,956,425

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$186,542 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 GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement 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

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2019 is as follows:

	Receivable	Payable
General fund	\$ 16,611	\$ -
Special revenue fund	-	5,747
Payroll agency fund	-	1,000
Food service fund	-	9,864
	\$ 16,611	\$ 16,611

The special revenue fund had an interfund payable for \$5,747 due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues. The food service fund had an interfund payable of \$6,965 due to the general fund for a prior year interfund payable and \$2,899 due to the general fund for delayed receipt of subsidy revenues. The payroll agency fund had an interfund balance for \$1,000 due to the general fund for an imprest balance.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2019 consisted of the following:

Food	\$ 1,709
Supplies	329
Total	\$ 2,038

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - 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 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.

Note 12 - 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 13 - 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 District's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). 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.

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Legal reserve accounts (continued)

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 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 \$25,000 to their capital reserve account by Board Resolution in June 2019 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	\$ 220,550	\$ 38,175	\$ -	\$ -	\$ -	\$ 258,725
Emergency	24,505	-	-	-	-	24,505
Maintenance	64,964	-	-	-	-	64,964
Total	<u>\$ 310,019</u>	<u>\$ 38,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348,194</u>

Note 14 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2019 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 258,725
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	24,505
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

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.	5,642
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	376,244
Total fund balance - Budgetary basis (Exhibit C-1)	<u>730,080</u>
Last state aid payments not recognized on GAAP basis	(91,739)
Total fund balance GAAP basis (Exhibit B-1)	<u>\$ 638,341</u>

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - 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, 2019 is \$0.

Note 16 - Operating lease

At June 30, 2019, 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:

2020	\$	4,165
2021		4,165
2022		4,165
Total		12,495

Note 17 - 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 December 15, 2019, is not expected to have a material impact on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement, which is effective for reporting periods beginning after December 15, 2018, is not expected to have a material impact on the District's financial reporting.

Note 18 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2019 of (\$534,560) on Schedule A-1, Statement of Net Position. The deficit balance 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.

The District is reporting a deficit balance in unrestricted net position for business activities as of June 30, 2019 of (\$7,163) on Schedule A-1, Statement of Net Position.

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 19 - Subsequent events

The District has evaluated subsequent events through December 16, 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, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 1,740,653	\$ -	\$ 1,740,653	\$ 1,740,653	\$ -
Tuition from individuals	30,000	-	30,000	60,250	30,250
Tuition from other LEAs within the state	75,000	-	75,000	34,071	(40,929)
Rents and royalties	3,000	-	3,000	1,340	(1,660)
Unrestricted miscellaneous revenues	2,127	-	2,127	11,351	9,224
Interest earned on current expense emergency reserve	25	-	25	-	(25)
Interest earned on maintenance reserve	25	-	25	-	(25)
Interest earned on capital reserve funds	200	-	200	-	(200)
Total	1,851,030	-	1,851,030	1,847,665	(3,365)
State sources					
School choice aid	117,528	-	117,528	117,528	-
Categorical transportation aid	27,902	-	27,902	27,902	-
Extraordinary aid	98,317	-	98,317	220,187	121,870
Categorical special education aid	84,197	-	84,197	84,197	-
Equalization aid	652,633	-	652,633	652,633	-
Categorical security aid	24,029	-	24,029	24,029	-
Adjustment aid	52,071	-	52,071	11,094	(40,977)
Other state aid	2,500	-	2,500	4,930	2,430
TPAF Pension (on-behalf)	-	-	-	252,573	252,573
TPAF Social Security (reimbursed)	-	-	-	72,834	72,834
TPAF Postretirement benefits	-	-	-	114,567	114,567
TPAF Long-term disability insurance	-	-	-	451	451
Total	1,059,177	-	1,059,177	1,582,925	523,748
Total revenues	\$ 2,910,207	\$ -	\$ 2,910,207	\$ 3,430,590	\$ 520,383
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 31,000	\$ 5,292	\$ 36,292	\$ 36,065	\$ 227
Kindergarten	64,150	9,154	73,304	73,304	-
Grades 1-5	436,500	(48,211)	388,289	388,289	-
Home instruction					
Salaries of teacher	2,500	(2,500)	-	-	-
Regular programs - undistributed instruction					
Purchased professional - educational services	50,000	(50,000)	-	-	-
Purchased technical services	27,700	(11,163)	16,537	16,537	-
Other purchased services	13,851	(7,324)	6,527	6,496	31
General supplies	17,785	21,846	39,631	23,333	16,298
Textbooks	-	2,843	2,843	2,843	-
Other objects	500	(486)	14	14	-
Total	643,986	(80,549)	563,437	546,881	16,556

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Resource room/resource center					
Salaries of teachers	\$ 216,250	\$ 32,677	\$ 248,927	\$ 248,623	\$ 304
Other salaries for instruction	45,000	(45,000)	-	-	-
Purchased professional - educational services	75,000	(75,000)	-	-	-
General supplies	2,500	(68)	2,432	522	1,910
Total	<u>338,750</u>	<u>(87,391)</u>	<u>251,359</u>	<u>249,145</u>	<u>2,214</u>
Autism					
Salaries of teachers	60,000	(60,000)	-	-	-
Other salaries for instruction	36,000	(36,000)	-	-	-
Purchased professional - educational services	15,000	(11,737)	3,263	3,263	-
General supplies	1,500	-	1,500	-	1,500
Total	<u>112,500</u>	<u>(107,737)</u>	<u>4,763</u>	<u>3,263</u>	<u>1,500</u>
Preschool disabilities - full-time					
Salaries of teachers	31,500	(18,790)	12,710	12,710	-
Other salaries for instruction	18,000	(1,336)	16,664	16,664	-
General supplies	-	948	948	948	-
Total	<u>49,500</u>	<u>(19,178)</u>	<u>30,322</u>	<u>30,322</u>	<u>-</u>
Total special education	<u>500,750</u>	<u>(214,306)</u>	<u>286,444</u>	<u>282,730</u>	<u>3,714</u>
School - sponsored co/extra curricular activities - instruction					
Salaries	2,466	4,134	6,600	6,600	-
Supplies and materials	500	(500)	-	-	-
Total	<u>2,966</u>	<u>3,634</u>	<u>6,600</u>	<u>6,600</u>	<u>-</u>
School-sponsored athletics - instruction					
Purchased services	275	-	275	275	-
Total	<u>275</u>	<u>-</u>	<u>275</u>	<u>275</u>	<u>-</u>
Summer school - instruction					
Salaries of teachers	9,500	(9,500)	-	-	-
Other salaries of instruction	-	10,682	10,682	10,682	-
Purchased professional & technical services	9,000	(8,983)	17	-	17
Total	<u>18,500</u>	<u>(7,801)</u>	<u>10,699</u>	<u>10,682</u>	<u>17</u>
Total instruction regular	<u>\$ 1,166,477</u>	<u>\$ (299,022)</u>	<u>\$ 867,455</u>	<u>\$ 847,168</u>	<u>\$ 20,287</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 283,500	\$ (10,500)	\$ 273,000	\$ 273,000	\$ -
Tuition to other LEAs within the state - special	-	93,856	93,856	93,856	-
Tuition to cssd & regional day schools	80,000	(80,000)	-	-	-
Tuition to priv. school for the disabled w/i state	-	267,742	267,742	150,876	116,866
Total	<u>363,500</u>	<u>271,098</u>	<u>634,598</u>	<u>517,732</u>	<u>116,866</u>

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - health services					
Salaries	\$ 72,650	\$ 381	\$ 73,031	\$ 73,031	\$ -
Purchased professional and technical services	1,774	(34)	1,740	1,097	643
Supplies and materials	1,650	(202)	1,448	747	701
Other objects	250	-	250	-	250
Total	<u>76,324</u>	<u>145</u>	<u>76,469</u>	<u>74,875</u>	<u>1,594</u>
Undistributed expenditures - speech, ot, pt & related services					
Purchased professional - educational services	50,000	108,664	158,664	158,664	-
Supplies and materials	220	(25)	195	195	-
Total	<u>50,220</u>	<u>108,639</u>	<u>158,859</u>	<u>158,859</u>	<u>-</u>
Undistributed expenditures - other supp. serv. stds. - extra service					
Salaries	-	765	765	765	-
Purchased professional - educational services	-	96,112	96,112	95,870	242
Total	<u>-</u>	<u>96,877</u>	<u>96,877</u>	<u>96,635</u>	<u>242</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	107,250	(56,187)	51,063	51,063	-
Salaries of secretarial and clerical assistants	46,500	(4,574)	41,926	41,926	-
Purchased professional - educational services	48,500	(19,846)	28,654	27,227	1,427
Other purchased services	-	21	21	21	-
Supplies and materials	250	89	339	339	-
Total	<u>202,500</u>	<u>(80,497)</u>	<u>122,003</u>	<u>120,576</u>	<u>1,427</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	57,000	906	57,906	57,906	-
Salaries of other professional staff	3,750	(3,750)	-	-	-
Supplies and materials	500	(500)	-	-	-
Other objects	-	820	820	820	-
Total	<u>61,250</u>	<u>(2,524)</u>	<u>58,726</u>	<u>58,726</u>	<u>-</u>
Undistributed expenditures - edu. media service/sch. library					
Other purchased services	5,000	1,145	6,145	6,145	-
Supplies and materials	6,500	(6,125)	375	375	-
Total	<u>11,500</u>	<u>(4,980)</u>	<u>6,520</u>	<u>6,520</u>	<u>-</u>
Undistributed expenditures - instructional staff training services					
Salaries of supervisor of instruction	38,000	604	38,604	38,604	-
Other purchased services	3,500	-	3,500	167	3,333
Total	<u>41,500</u>	<u>604</u>	<u>42,104</u>	<u>38,771</u>	<u>3,333</u>

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - support service - general admin.					
Salaries	\$ 44,500	\$ 5,427	\$ 49,927	\$ 32,298	\$ 17,629
Legal services	5,000	(1,471)	3,529	3,301	228
Audit fees	12,500	500	13,000	13,000	-
Other purchased professional services	5,500	(5,124)	376	376	-
Purchased technical services	-	426	426	426	-
Communications/telephone	2,500	3,565	6,065	5,405	660
BOE other purchased services	500	-	500	-	500
Miscellaneous purchased services	-	93	93	93	-
General supplies	500	(53)	447	265	182
Miscellaneous expenditures	500	-	500	500	-
BOE membership dues and fees	2,500	-	2,500	2,335	165
Total	74,000	3,363	77,363	57,999	19,364
Undistributed expenditures - support service - school admin.					
Salaries of principals/assistant principals	32,000	3,359	35,359	23,360	11,999
Salaries of secretarial and clerical assistants	9,000	(339)	8,661	8,661	-
Supplies and materials	500	289	789	789	-
Other objects	-	400	400	400	-
Total	41,500	3,709	45,209	33,210	11,999
Undistributed expenditures - central services					
Salaries	-	26,238	26,238	26,238	-
Purchased professional services	7,500	31,474	38,974	38,524	450
Purchased technical services	5,500	(990)	4,510	4,510	-
Miscellaneous purchased services	35,000	(35,000)	-	-	-
Supplies and materials	750	804	1,554	1,515	39
Other objects	-	195	195	195	-
Total	48,750	22,721	71,471	70,982	489
Undistributed expenditures - req. maint. for school facilities					
Salaries	31,000	(419)	30,581	28,879	1,702
Cleaning, repair, and maintenance services	61,446	(28,468)	32,978	28,825	4,153
General supplies	3,000	1,948	4,948	4,770	178
Total	95,446	(26,939)	68,507	62,474	6,033
Undistributed expenditures - custodial services					
Salaries	95,000	(5,516)	89,484	84,316	5,168
Purchased professional and technical services	5,000	-	5,000	1,638	3,362
Cleaning, repair, and maintenance service	4,500	(2,939)	1,561	1,561	-
Other purchased property services	2,500	-	2,500	826	1,674
Insurance	15,000	(2,065)	12,935	12,935	-
General supplies	10,447	(1,409)	9,038	5,597	3,441
Energy (natural gas)	20,000	(6,763)	13,237	13,237	-
Energy (electricity)	35,000	(7,237)	27,763	22,728	5,035
Energy (oil)	2,500	-	2,500	-	2,500
Other objects	250	-	250	250	-
Total	190,197	(25,929)	164,268	143,088	21,180

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	\$ 8,500	\$ (1,075)	\$ 7,425	\$ 2,230	\$ 5,195
General supplies	-	1,524	1,524	519	1,005
Total	8,500	449	8,949	2,749	6,200
Undistributed expenditures - student transportation service					
Contract serv-aid in lieu pymts - non-public schools	15,000	6,430	21,430	18,000	3,430
Contract serv-aid in lieu pymts - choice school students	6,000	(6,000)	-	-	-
Contract serv (between home & school) - vendors	40,450	(40,100)	350	350	-
Contract serv (oth. than between home & school) - vend	-	1,720	1,720	1,700	20
Contract serv (between home & school) - joint agreements	9,000	(9,000)	-	-	-
Contract serv (sp ed stds) - vendors	-	2,000	2,000	2,000	-
Contract serv (sp ed stds) - joint agreements	-	7,500	7,500	7,500	-
Contract serv (reg. students) - escs & ctsas	7,500	20,220	27,720	27,720	-
Contract serv (sp ed stds) - escs & ctsas	26,250	20,082	46,332	46,331	1
Total	104,200	2,852	107,052	103,601	3,451
Allocated benefits - employee benefits					
Regular programs - instruction					
Social Security contributions	2,500	5,134	7,634	7,634	-
Other retirement contributions - PERS	5,000	(501)	4,499	4,499	-
Unemployment compensation	3,500	(2,104)	1,396	1,396	-
Workmen's compensation	25,000	(2,844)	22,156	22,156	-
Health benefits	170,450	72,869	243,319	237,915	5,404
Tuition reimbursement	7,200	600	7,800	7,800	-
Other employee benefits	10,000	(8,169)	1,831	1,831	-
Total	223,650	64,985	288,635	283,231	5,404
Special programs - instruction					
Social Security contributions	3,500	(1,407)	2,093	2,025	68
Other retirement contributions - PERS	8,500	(6,000)	2,500	2,500	-
Health benefits	140,800	(76,285)	64,515	64,515	-
Total	152,800	(83,692)	69,108	69,040	68
Other instructional programs - instruction					
Social Security contributions	750	(480)	270	270	-
Total	750	(480)	270	270	-
Health services					
Social Security contributions	100	105	205	205	-
Health benefits	32,000	(198)	31,802	31,583	219
Total	32,100	(93)	32,007	31,788	219
Other supp services - students - extraordinary					
Social Security contributions	-	280	280	280	-
Health benefits	-	84,805	84,805	84,805	-
Total	-	85,085	85,085	85,085	-

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Other supp services - child study teams					
Social Security contributions	\$ 4,840	\$ 1,781	\$ 6,621	\$ 6,209	\$ 412
Other retirement contributions - PERS	6,000	(6,000)	-	-	-
Health benefits	27,635	(5,873)	21,762	21,762	-
Other employee benefits	-	62	62	-	62
Total	<u>38,475</u>	<u>(10,030)</u>	<u>28,445</u>	<u>27,971</u>	<u>474</u>
Improvement of instruction services					
Health benefits	4,500	426	4,926	4,926	-
Total	<u>4,500</u>	<u>426</u>	<u>4,926</u>	<u>4,926</u>	<u>-</u>
Instructional staff training services					
Health benefits	4,500	426	4,926	4,926	-
Total	<u>4,500</u>	<u>426</u>	<u>4,926</u>	<u>4,926</u>	<u>-</u>
Support services - general administration					
Social Security contributions	1,000	1,071	2,071	1,971	100
Health benefits	-	2,966	2,966	2,966	-
Total	<u>1,000</u>	<u>4,037</u>	<u>5,037</u>	<u>4,937</u>	<u>100</u>
Support services - school administration					
Social Security contributions	-	488	488	368	120
Other retirement contributions - PERS	-	903	903	903	-
Health benefits	-	2,966	2,966	2,966	-
Total	<u>-</u>	<u>4,357</u>	<u>4,357</u>	<u>4,237</u>	<u>120</u>
Support services - central services					
Social Security contributions	-	665	665	665	-
Total	<u>-</u>	<u>665</u>	<u>665</u>	<u>665</u>	<u>-</u>
Required maintenance for school facilities					
Social Security contributions	2,300	(2,300)	-	-	-
Other retirement contributions - PERS	3,000	(3,000)	-	-	-
Workmen's compensation	1,000	(1,000)	-	-	-
Health benefits	11,825	(11,825)	-	-	-
Total	<u>18,125</u>	<u>(18,125)</u>	<u>-</u>	<u>-</u>	<u>-</u>

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Custodial services					
Social Security contributions	\$ 10,200	\$ 2,529	\$ 12,729	\$ 11,504	\$ 1,225
Other retirement contributions - PERS	5,000	2,997	7,997	7,997	-
Workmen's compensation	2,000	1,200	3,200	3,200	-
Health benefits	11,825	35,522	47,347	47,347	-
Other employee benefits	-	240	240	197	43
Total	<u>29,025</u>	<u>42,488</u>	<u>71,513</u>	<u>70,245</u>	<u>1,268</u>
 Total allocated benefits - employees	<u>\$ 504,925</u>	<u>\$ 90,049</u>	<u>\$ 594,974</u>	<u>\$ 587,321</u>	<u>\$ 7,653</u>
 Unallocated benefits - employee benefits					
Group insurance	\$ -	\$ 850	\$ 850	\$ 708	\$ 142
Other retirement contributions - ERIP	-	150	150	-	150
Unemployment compensation	-	6,256	6,256	5,694	562
Workmen's compensation	-	925	925	-	925
Health benefits	-	1,836	1,836	-	1,836
Other employee benefits	-	671	671	-	671
Unused sick payment to terminated/retired staff	-	8,709	8,709	6,291	2,418
Total	<u>-</u>	<u>19,397</u>	<u>19,397</u>	<u>12,693</u>	<u>6,704</u>
 Undistributed expenditures - food services					
Transfers to cover deficit (Enterprise fund)	-	23,735	23,735	-	23,735
Total undistributed expenditures - food service	<u>-</u>	<u>23,735</u>	<u>23,735</u>	<u>-</u>	<u>23,735</u>
 On-behalf TPAF Pension contribution	-	-	-	252,573	(252,573)
On-behalf TPAF Postretirement medical benefits	-	-	-	114,567	(114,567)
On-behalf TPAF Long-term disability insurance	-	-	-	451	(451)
Reimbursed TPAF Social Security contribution	-	-	-	72,834	(72,834)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>440,425</u>	<u>(440,425)</u>
 Total undistributed expenditures	<u>\$ 1,874,312</u>	<u>\$ 502,769</u>	<u>\$ 2,377,081</u>	<u>\$ 2,587,236</u>	<u>\$ (210,155)</u>
 Total current	<u>\$ 3,040,789</u>	<u>\$ 203,747</u>	<u>\$ 3,244,536</u>	<u>\$ 3,434,404</u>	<u>\$ (189,868)</u>
 Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - req. maint. for school facilities	\$ -	\$ 23,066	\$ 23,066	\$ 2,229	\$ 20,837
Total equipment	<u>-</u>	<u>23,066</u>	<u>23,066</u>	<u>2,229</u>	<u>20,837</u>
Facilities acquisition and construction service					
Construction services	10,036	-	10,036	9,941	95
Total facilities acquisition and construction service	<u>10,036</u>	<u>-</u>	<u>10,036</u>	<u>9,941</u>	<u>95</u>
 Total capital outlay	<u>\$ 10,036</u>	<u>\$ 23,066</u>	<u>\$ 33,102</u>	<u>\$ 12,170</u>	<u>\$ 20,932</u>
 Total expenditures	<u>\$ 3,050,825</u>	<u>\$ 226,813</u>	<u>\$ 3,277,638</u>	<u>\$ 3,446,574</u>	<u>\$ (168,936)</u>

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Excess (deficiency) of revenues over (under) expenditures	\$ (140,618)	\$ (226,813)	\$ (367,431)	\$ (15,984)	\$ 351,447
Fund balances, July 1	746,064	-	746,064	746,064	-
Fund balances, June 30	<u>\$ 605,446</u>	<u>\$ (226,813)</u>	<u>\$ 378,633</u>	<u>\$ 730,080</u>	<u>\$ 351,447</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (23,334)	\$ -	\$ (23,334)	\$ (23,334)	\$ -
Increase in capital reserve	-	38,175	38,175	38,175	-
Interest deposit to capital reserve	200	-	200	-	(200)
Interest earned on emergency reserve	25	-	25	-	(25)
Interest earned on maintenance reserve	25	-	25	-	(25)
Budgeted fund balance	<u>(117,534)</u>	<u>(264,988)</u>	<u>(382,522)</u>	<u>(30,825)</u>	<u>351,697</u>
Total	<u>\$ (140,618)</u>	<u>\$ (226,813)</u>	<u>\$ (367,431)</u>	<u>\$ (15,984)</u>	<u>\$ 351,447</u>
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 258,725	
Emergency reserve				24,505	
Maintenance reserve				64,964	
Committed fund balance					
Year-end encumbrances				5,642	
Unassigned fund balance				<u>376,244</u>	
Fund balance per budgetary basis				730,080	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(91,739)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 638,341</u>	

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 118,701	\$ -	\$ 118,701	\$ 96,617	\$ 22,084
Total revenues	<u>\$ 118,701</u>	<u>\$ -</u>	<u>\$ 118,701</u>	<u>\$ 96,617</u>	<u>\$ 22,084</u>
Expenditures					
Instruction					
Salaries	\$ 16,577	\$ (4)	\$ 16,573	\$ 14,248	\$ 2,325
Purchased professional and technical services	12,500	1,488	13,988	13,838	150
Supplies	26,207	(1,488)	24,719	6,117	18,602
Total	<u>55,284</u>	<u>(4)</u>	<u>55,280</u>	<u>34,203</u>	<u>21,077</u>
Support services					
Purchased professional and technical services	37,300	-	37,300	36,800	500
Supplies	5,992	-	5,992	18,819	(12,827)
Total	<u>43,292</u>	<u>-</u>	<u>43,292</u>	<u>55,619</u>	<u>(12,327)</u>
Capital outlay					
Equipment	20,125	4	20,129	6,795	13,334
Total expenditures	<u>\$ 118,701</u>	<u>\$ -</u>	<u>\$ 118,701</u>	<u>\$ 96,617</u>	<u>\$ 22,084</u>

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2019

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 3,430,590	\$ 96,617
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		
Outstanding encumbrances - current year	-	(500)
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	91,588	-
State aid receivable current year	(91,739)	-
Total revenues (GAAP basis)	\$ 3,430,439	\$ 96,117
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 3,446,574	\$ 96,617
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Outstanding encumbrances - current year	-	(500)
Total expenditures (GAAP Basis)	\$ 3,446,574	\$ 96,117

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset) - percentage	N/A	0.0029542300%	0.0031351698%	0.0025753453%	0.0032190271%	0.0025395883%	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 581,672	\$ 729,817	\$ 762,743	\$ 722,607	\$ 475,480	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	244,561	181,590	201,676	201,676	217,198	207,399	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	320.32%	361.88%	378.20%	332.70%	229.26%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	53.60%	40.41%	59.86%	52.07%	47.92%	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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 29,385	\$ 29,044	\$ 22,879	\$ 27,675	\$ 19,074	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(29,385)	(29,044)	(22,879)	(27,675)	(19,074)	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 244,561	\$ 181,590	\$ 201,676	\$ 217,198	\$ 207,399	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	12.02%	15.99%	11.34%	12.74%	9.20%	N/A	N/A	N/A	N/A	N/A

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	7,932,242	6,340,364	8,946,297	7,851,249	7,377,559	-	-	-	-
Total	\$ -	\$ 7,932,242	\$ 6,340,364	\$ 8,946,297	\$ 7,851,249	\$ 7,377,559	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 988,849	\$ 1,336,925	\$ 1,291,562	\$ 1,303,964	\$ 978,772	N/A	\$ -	\$ -	\$ -	\$ -
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%	0.00%	0.00%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	26.49%	25.41%	22.33%	28.71%	33.64%	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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 252,573	\$ 188,074	\$ 105,596	\$ 90,570	\$ 66,759	\$ 58,636	\$ 90,920	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(252,573)	(188,074)	(105,596)	(90,570)	(66,759)	(58,636)	(90,920)	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 988,849	\$ 1,336,925	\$ 1,291,562	\$ 1,303,964	\$ 978,772	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	25.54%	14.07%	8.18%	6.95%	6.82%	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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	N/A	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	5,658,467	7,142,150	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 5,658,467	\$ 7,142,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 1,518,515	\$ 1,493,238	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%	0.00%	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%	0.00%	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, 2019

- Note 1 - Special funding situation - TPAF and other postretirement 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 postretirement 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 was 4.25% in State Fiscal Year 2017 and 4.86% in State Fiscal Year 2018. The inflation rate was 2.25% for State Fiscal Years 2017 and 2.25% in State Fiscal Year 2018.
- Note 3 - Changes in assumptions - PERS
The discount rate was 5.00% in State Fiscal Year 2017 and 5.66% in State Fiscal Year 2018. The inflation rate was 2.25% for State Fiscal Year 2017 and 2.25% for State Fiscal Year 2018.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate increased from 3.58% in State Fiscal Year 2017 to 3.87% in State Fiscal Year 2018. The inflation rate was 2.50% for State Fiscal Year 2017 and 2018.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare Preferred Provider Organization (PPO) and Health Maintenance Organization (HMO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven 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 postretirement employee benefits
There were no changes of the benefit terms from June 30, 2017 to June 30, 2018.

SPECIAL REVENUE FUND

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, 2019

	<u>IDEA</u> <u>Basic</u>	<u>IDEA</u> <u>Preschool</u>	<u>ESSA</u> <u>Title IA</u>	<u>ESSA</u> <u>Title IIA</u>	<u>ESSA</u> <u>Title IV</u>	<u>REAP</u>	<u>Total</u>
Revenues							
Federal sources	\$ 32,197	\$ 1,941	\$ 22,527	\$ 3,850	\$ 15,973	\$ 20,129	\$ 96,617
Total revenues	<u>\$ 32,197</u>	<u>\$ 1,941</u>	<u>\$ 22,527</u>	<u>\$ 3,850</u>	<u>\$ 15,973</u>	<u>\$ 20,129</u>	<u>\$ 96,617</u>
Expenditures							
Instruction							
Salaries	\$ -	\$ -	\$ -	\$ 675	\$ 13,573	\$ -	\$ 14,248
Purchased professional and technical services	-	-	13,838	-	-	-	13,838
Supplies	-	-	2,942	3,175	-	-	6,117
Total	<u>-</u>	<u>-</u>	<u>16,780</u>	<u>3,850</u>	<u>13,573</u>	<u>-</u>	<u>34,203</u>
Support services							
Purchased professional and technical services	32,197	1,941	-	-	-	2,662	36,800
Supplies	-	-	5,747	-	-	13,072	18,819
Total	<u>32,197</u>	<u>1,941</u>	<u>5,747</u>	<u>-</u>	<u>-</u>	<u>15,734</u>	<u>55,619</u>
Capital outlay							
Equipment	-	-	-	-	2,400	4,395	6,795
Total expenditures	<u>\$ 32,197</u>	<u>\$ 1,941</u>	<u>\$ 22,527</u>	<u>\$ 3,850</u>	<u>\$ 15,973</u>	<u>\$ 20,129</u>	<u>\$ 96,617</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

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

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.

See Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS

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, 2019

	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets			
Cash and cash equivalents	\$ 1,130	\$ 55,619	\$ 56,749
Total assets	\$ 1,130	\$ 55,619	\$ 56,749
Liabilities			
Payroll deductions & withholdings	\$ -	\$ 1,000	\$ 1,000
Payroll deductions & withholdings	-	54,619	54,619
Due to students groups	1,130	-	1,130
Total liabilities	\$ 1,130	\$ 55,619	\$ 56,749

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2019

	Balance 07/01/18	Additions	Reductions	Balance 06/30/19
Assets				
Cash and cash equivalents	\$ 929	\$ 480	\$ 279	\$ 1,130
Total assets	\$ 929	\$ 480	\$ 279	\$ 1,130
Liabilities				
Due to student groups	\$ 929	\$ 480	\$ 279	\$ 1,130
Total liabilities	\$ 929	\$ 480	\$ 279	\$ 1,130

H-4

HAMPTON BOROUGH SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2019

	Balance 07/01/18	Additions	Reductions	Balance 06/30/19
Assets				
Cash and cash equivalents	\$ 61,486	\$ 1,702,467	\$ 1,708,334	\$ 55,619
Total assets	\$ 61,486	\$ 1,702,467	\$ 1,708,334	\$ 55,619
Liabilities				
Due to other funds	\$ -	\$ 1,000	\$ -	\$ 1,000
Payroll deductions and withholdings	61,486	688,398	695,265	54,619
Net payroll	-	1,013,069	1,013,069	-
Total liabilities	\$ 61,486	\$ 1,702,467	\$ 1,708,334	\$ 55,619

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, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/18	Issued	Retired	Balance 06/30/19
			Date	Amount					
Refunding school bonds, series 2017	08/15/17	\$ 2,190,000	03/01/20	\$ 175,000	2.00%	\$ 1,990,000	\$ -	\$ 170,000	\$ 1,820,000
			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>\$ 1,990,000</u>	<u>\$ -</u>	<u>\$ 170,000</u>	<u>\$ 1,820,000</u>	

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 142,568	\$ -	\$ 142,568	\$ 142,568	\$ -
State sources					
Debt service aid	100,031	-	100,031	100,031	-
Total revenues	<u>242,599</u>	<u>-</u>	<u>242,599</u>	<u>242,599</u>	<u>-</u>
Expenditures					
Regular debt service					
Interest on bonds	72,600	-	72,600	72,600	-
Redemption of principal	170,000	-	170,000	170,000	-
Total expenditures	<u>242,600</u>	<u>-</u>	<u>242,600</u>	<u>242,600</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(1)	-	(1)	(1)	-
Fund balance, July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>17,842</u>	<u>17,841</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,841</u>	<u>\$ 17,841</u>

See independent auditors' report.

STATISTICAL SECTION

HAMPTON BOROUGH SCHOOL DISTRICT
Statistical Section J Series

Contents	Page
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
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
DEBT CAPACITY	
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
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
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 are 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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Government activities										
Net investment in capital assets	\$ (328,389)	\$ (4,453)	\$ 143,853	\$ 216,733	\$ 273,242	\$ 334,750	\$ 419,258	\$ 613,334	\$ 472,899	\$ 484,919
Restricted	47,100	47,100	157,100	132,592	157,188	404,454	411,043	514,683	327,861	366,035
Unrestricted	528,032	36,166	31,930	(39,040)	108,623	(352,622)	(388,836)	(410,065)	(480,956)	(534,560)
Total governmental activities	\$ 246,743	\$ 78,813	\$ 332,883	\$ 310,285	\$ 539,053	\$ 386,582	\$ 441,465	\$ 717,952	\$ 319,804	\$ 316,394
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,714	\$ 17,606	\$ 24,705	\$ 24,934	\$ 20,974
Unrestricted	1,960	674	(1,773)	3,461	14,212	24,920	6,029	30,066	2,199	(7,163)
Total business-type activities	\$ 1,960	\$ 674	\$ (1,773)	\$ 3,461	\$ 14,212	\$ 28,634	\$ 23,635	\$ 54,771	\$ 27,133	\$ 13,811
District-wide										
Net investment in capital assets	\$ (328,389)	\$ (4,453)	\$ 143,853	\$ 216,733	\$ 273,242	\$ 338,464	\$ 436,864	\$ 638,039	\$ 497,833	\$ 505,893
Restricted	47,100	47,100	157,100	132,592	157,188	404,454	411,043	514,683	327,861	366,035
Unrestricted	529,992	36,840	30,157	(35,579)	122,835	(327,702)	(382,807)	(379,999)	(478,757)	(541,723)
Total district-wide	\$ 248,703	\$ 79,487	\$ 331,110	\$ 313,746	\$ 553,265	\$ 415,216	\$ 465,100	\$ 772,723	\$ 346,937	\$ 330,205

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 1,376,809
Special education	396,299	383,291	369,376	437,986	445,121	523,127	633,738	705,884	961,621	790,419
Other special education	-	-	-	-	-	-	-	-	32,904	18,054
Other instruction	66,927	76,084	23,158	22,484	48,417	41,881	45,206	110,240	28,195	19,181
Support services										
Tuition	-	-	14,417	-	-	-	-	-	46,162	517,732
Student & instruction related services	457,206	446,401	413,860	439,589	424,470	454,576	503,912	682,989	1,054,075	1,043,771
General and business administrative services	211,899	225,179	173,430	154,453	102,126	141,478	212,955	172,267	260,068	147,081
School administration	72,144	59,829	78,400	49,611	38,407	58,768	64,384	69,023	108,760	52,328
Plant operations and maintenance	307,801	278,066	293,087	275,706	263,281	303,248	310,325	294,454	310,779	297,537
Pupil transportation	23,478	21,921	64,453	67,111	27,950	34,697	26,561	32,751	68,572	103,601
Allocated benefits	-	-	-	547,756	572,311	521,332	676,433	606,268	-	-
Interest on long-term debt	126,315	122,553	118,415	125,301	108,680	103,722	98,526	92,969	26,925	55,016
Total governmental activities expenses	<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>	<u>4,421,529</u>
Business-type activities										
Food services	52,124	52,745	50,233	31,447	30,642	34,334	51,310	64,167	65,159	48,937
After care program	-	-	-	8,181	8,128	9,354	14,360	14,549	4,017	-
Total business-type activities	<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>	<u>48,937</u>
Total district expenses	<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>	<u>\$ 4,470,466</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ -	\$ -	\$ -	\$ 18,499	\$ 70,625	\$ 44,340	\$ 74,878	\$ 76,323	\$ 106,218	\$ 94,321
Plant operations and maintenance	-	-	-	-	-	-	-	-	1,130	1,340
Operating grants and contributions	1,311,759	1,225,651	1,414,550	534,523	534,643	895,861	1,233,615	1,399,757	74,480	96,117
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<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>	<u>191,778</u>
Business-type activities										
Charges for services										
Food service	29,570	25,265	19,521	15,604	17,797	17,296	20,167	40,912	20,063	13,396
After care program	-	-	-	9,265	9,289	9,765	6,764	23,338	-	-
Operating grants and contributions	22,314	23,390	21,264	19,993	22,434	31,048	33,739	35,921	33,484	22,219
Total business-type activities	<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>	<u>35,615</u>
Total district-program	<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>	<u>\$ 227,393</u>
Net (expense) revenues										
Governmental activities	\$ (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)	\$ (4,229,751)
Business-type activities	(240)	(4,090)	(9,448)	5,234	10,750	14,421	(5,000)	21,455	(15,629)	(13,322)
Total district-wide net expenses	<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>	<u>\$ (4,243,073)</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes	\$ 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	\$ 1,740,653
Taxes levied for debt service	-	-	251,551	201,001	140,000	142,111	142,110	144,660	144,164	142,568
Unrestricted grants and contributions	-	-	-	849,821	759,240	740,399	746,537	812,464	2,477,264	2,331,769
State capital projects grant deobligated	-	-	-	-	-	-	-	-	-	-
Investment earnings	3,454	527	96	65	25	79	233	213	491	2,438
Miscellaneous income	8,100	9,916	21,268	43,007	51,807	92,627	101,815	96,839	76,391	8,913
Prior year adj - additional PY expend.	-	-	-	(24,354)	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	71,851	-	-
Transfers	(7,000)	(2,800)	(7,000)	-	-	-	-	-	17,406	-
Total governmental activities	<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>	<u>4,226,341</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General revenues & other changes in net position (cont'd)										
Business-type activities										
Investment earnings	\$ 32	\$ 4	\$ 1	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ -
Gain on disposal of assets	-	-	-	-	-	-	-	9,680	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	1,868	-
Transfers	7,000	2,800	7,000	-	-	-	-	-	(17,406)	-
Total business-type activities	<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>	<u>-</u>
Total district-wide	<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>	<u>\$ 4,226,341</u>
Change in net position										
Governmental activities	\$ (59,948)	\$ (167,930)	\$ 253,800	\$ (22,328)	\$ 228,768	\$ 282,567	\$ 54,882	\$ 276,487	\$ (16,068)	\$ (3,410)
Business-type activities	6,792	(1,286)	(2,447)	5,234	10,750	14,422	(4,999)	31,135	(31,167)	(13,322)
Total district	<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>	<u>\$ (16,732)</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Restricted	\$ 367,848	\$ 48,832	\$ 158,882	\$ 31,605	\$ 132,188	\$ 346,850	\$ 378,898	\$ 483,840	\$ 383,623	\$ 348,194
Committed	-	-	-	-	-	-	-	-	23,334	5,642
Assigned	-	-	-	100,000	25,000	57,604	32,145	30,843	84,907	-
Unassigned	(110,836)	134,250	120,486	65,132	212,316	198,537	229,687	199,407	162,612	284,505
Total general fund	<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>	<u>\$ 638,341</u>
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects fund	170,604	150,043	50,987	-	-	-	-	-	-	-
Assigned, reported in										
Debt service fund	(78,081)	(219,102)	(109,103)	987	2	-	41	41	17,842	17,841
Total all other governmental funds	<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>	<u>\$ 17,841</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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 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	\$ 1,883,221
Tuition charges	-	-	-	18,499	70,625	44,340	74,879	76,323	106,218	94,321
Interest earnings	-	-	-	64	25	79	233	213	491	2,438
Rents and royalties	-	-	-	-	-	-	-	-	1,130	1,340
Sale of property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	11,554	10,443	21,364	43,007	51,807	92,627	101,815	96,839	78,391	8,913
State sources	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	1,682,805
Federal sources	156,751	107,315	196,102	136,644	83,850	83,722	89,670	89,449	72,480	96,117
Total revenues	3,020,101	3,000,754	3,425,927	3,335,378	3,220,635	3,265,514	3,422,695	3,493,019	3,699,025	3,769,155
Expenditures										
Instruction										
Regular instruction	1,252,927	1,352,688	1,384,490	938,278	775,399	757,680	826,239	776,177	700,771	546,881
Special education instruction	366,200	353,460	336,636	386,643	384,403	398,980	434,809	435,134	472,778	282,730
Other instruction	61,844	70,163	21,105	19,329	43,734	31,679	31,892	69,428	43,260	17,557
Support services										
Tuition	-	-	14,417	-	-	-	-	-	46,162	517,732
Student and instructional related services	422,482	411,659	377,178	381,212	371,635	359,160	365,660	473,211	582,339	554,962
General administration	195,805	207,654	158,058	132,478	92,085	114,379	156,818	145,067	74,426	57,999
School administration services	66,665	55,173	71,451	42,975	33,260	43,964	43,438	43,949	39,697	33,210
Central services	-	-	-	-	-	-	-	-	74,321	70,982
Plant operations and maintenance	284,424	256,425	267,109	248,221	243,610	255,019	246,703	231,716	234,843	208,311
Pupil transportation	23,478	21,921	64,453	67,111	27,950	34,697	26,561	32,751	68,572	103,601
Employee benefits	222,019	235,149	263,054	846,624	826,464	786,056	984,457	913,398	624,175	600,014
On-behalf TPAF Pension and Social Security contributions	-	-	-	-	-	-	-	-	409,165	440,425
Capital outlay	-	-	5,221	21,642	-	-	18,000	43,927	12,201	12,170
Capital projects	-	-	-	-	-	-	-	-	77,633	-
Special revenue funds	-	-	-	-	-	-	-	-	74,480	96,117
Debt service										
Principal	140,000	125,000	130,000	135,000	140,000	145,000	150,000	160,000	200,000	170,000
Interest & other charges	127,323	123,489	119,426	115,039	110,314	105,414	100,339	94,901	42,793	72,600
Total expenditures	3,163,167	3,212,781	3,212,598	3,334,552	3,048,854	3,032,028	3,384,916	3,419,659	3,777,616	3,785,291

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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Excess (deficiency) of revenues over (under) expenditures	\$ (143,066)	\$ (212,027)	\$ 213,329	\$ 826	\$ 171,781	\$ 233,486	\$ 37,779	\$ 73,360	\$ (78,591)	\$ (16,136)
Other financing sources (uses)										
Prior year adj - additional PY expend.	-	-	-	(24,354)	-	-	-	-	-	-
Transfers in (out)	(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)	(2,800)	(7,000)	(24,354)	-	-	-	-	95,039	-
Net change in fund balances	\$ (150,066)	\$ (214,827)	\$ 206,329	\$ (23,528)	\$ 171,781	\$ 233,486	\$ 37,779	\$ 73,360	\$ 16,448	\$ (16,136)
Debt service as a percentage of non-capital expenditures	9.23%	8.38%	8.43%	8.16%	8.94%	9.00%	8.03%	8.17%	7.05%	6.87%

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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Interest income	\$ 932	\$ 403	\$ 96	\$ 65	\$ 25	\$ 79	\$ 233	\$ 213	\$ 491	\$ 2,438
Tuition	-	-	3,700	18,499	70,625	44,340	74,878	76,323	106,218	94,321
Rentals	2,000	2,120	-	3,740	-	1,900	1,985	2,060	1,130	1,340
Prior year refunds	4,331	2,880	10,861	7,273	1,715	23,326	19,594	2,750	1,700	-
Shared services	-	-	-	-	-	-	-	-	61,250	-
Miscellaneous other	1,769	4,916	3,303	2,425	11,297	9,598	5,941	32,366	19	8,913
E-rate	-	-	-	-	-	-	-	-	1,284	-
Void prior year checks	-	-	-	-	-	-	-	-	5,605	-
Annual totals	<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>	<u>\$ 107,012</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 Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Vacant land	\$ 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	\$ 1,898,718
Residential	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	107,589,585
Farm regular	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	2,588,250
Qualified farm	142,299	142,299	135,299	135,299	107,464	107,464	106,714	106,714	106,714	106,714
Commercial	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	4,713,050
Industrial	1,011,500	1,011,500	856,000	856,000	856,000	856,000	856,000	856,000	829,400	829,400
Apartment	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	2,230,000
Total assessed value	150,662,235	149,791,835	123,302,835	122,136,135	121,514,100	121,652,700	121,651,117	120,412,117	119,978,417	119,955,717
Public utilities (a)	998,328	778,247	655,093	1,117,808	-	-	-	-	-	-
Net valuation taxable	\$ 151,660,563	\$ 150,570,082	\$ 123,957,928	\$ 123,253,943	\$ 121,514,100	\$ 121,652,700	\$ 121,651,117	\$ 120,412,117	\$ 119,978,417	\$ 119,955,717
Estimated actual county equalized value	\$ 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	\$ 124,433,316
Percentage of net valuation to estimated actual equalized value	101.10%	106.10%	90.82%	94.94%	93.89%	95.50%	97.02%	101.90%	98.61%	96.40%
Total direct school tax rate (b)	1.119	1.172	1.420	1.477	1.461	1.434	1.463	1.505	1.570	1.746

*

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		
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	1.445	0.125	1.570	0.562	0.696	0.383	-	3.211	
2019	1.614	0.132	1.746	0.624	0.717	0.391	-	3.478	

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

	2019			2010		
	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	1.38%
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>7.94%</u>

Source: Municipal Tax Assessor

* 2019 principal property tax payers were not made available.

See independent auditors' report.

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
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%
2019	1,883,221	1,883,221	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	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Activities Capital Leases			
2010	\$ 3,228,000	\$ -	\$ -	\$ -	\$ -	\$ 3,228,000	2.75%	\$ 1,965
2011	3,103,000	-	-	-	-	3,103,000	3.21%	2,250
2012	2,973,000	-	-	-	-	2,973,000	3.02%	2,168
2013	2,380,000	-	-	-	-	2,380,000	2.33%	1,747
2014	2,698,000	-	-	-	-	2,698,000	2.66%	1,993
2015	2,553,000	-	-	-	-	2,553,000	2.42%	1,900
2016	2,403,000	-	-	-	-	2,403,000	2.22%	1,795
2017	2,243,000	-	-	-	-	2,243,000	2.03%	1,685
2018	1,990,000	-	-	-	-	1,990,000	1.73%	1,498
2019	1,820,000	-	-	-	-	1,820,000	N/A	1,374

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		
2010	\$ 3,228,000	\$ -	\$ 3,228,000	2.13%	\$ 1,965
2011	3,103,000	-	3,103,000	2.06%	2,250
2012	* 2,973,000	-	2,973,000	2.40%	2,168
2013	2,380,000	-	2,380,000	1.93%	1,747
2014	2,698,000	-	2,698,000	2.22%	1,993
2015	2,553,000	-	2,553,000	2.10%	1,900
2016	2,403,000	-	2,403,000	1.98%	1,795
2017	2,243,000	-	2,243,000	1.86%	1,685
2018	1,990,000	-	1,990,000	1.66%	1,498
2019	1,820,000	-	1,820,000	1.52%	1,374

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, 2018

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 1,086,054	100.00%	\$ 1,086,054
Regional High School	9,205,000	1.48%	136,158
County general obligation debt	83,452,933	0.57%	<u>473,913</u>
Subtotal, overlapping debt			1,696,125
School District direct debt			<u>1,990,000</u>
Total direct and overlapping debt			<u><u>\$ 3,686,125</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 2019

	Equalized Valuation Basis
	2018 \$ 124,458,939
	2017 122,109,438
	2016 119,382,843
	\$ 365,951,220
Average equalized valuation of taxable property	\$ 121,983,740
Debt limit (3.0% of average equalization value) (a)	\$ 3,659,512
Total net debt applicable to limit	1,820,000
Legal debt margin	\$ 1,839,512

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt limit	\$ 3,871,419	\$ 3,762,972	\$ 3,658,585	\$ 3,609,940	\$ 3,659,512
Total net debt applicable	2,553,000	2,403,000	2,243,000	1,990,000	1,820,000
Legal debt margin	\$ 1,318,419	\$ 1,359,972	\$ 1,415,585	\$ 1,619,940	\$ 1,839,512
Total net debt applicable to the limit as a percentage of debt limit	65.94%	63.86%	61.31%	55.13%	49.73%

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt limit	\$ 4,201,401	\$ 4,333,903	\$ 4,255,997	\$ 4,086,632	\$ 3,933,093
Total net debt applicable	3,228,000	3,103,000	2,973,000	2,380,000	2,698,000
Legal debt margin	\$ 973,401	\$ 1,230,903	\$ 1,282,997	\$ 1,706,632	\$ 1,235,093
Total net debt applicable to the limit as a percentage of debt limit	76.83%	71.60%	69.85%	58.24%	68.60%

Source: Equalized valuation bases 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)
2010	1,379	\$ 96,554,822	\$ 70,018	10.8%
2011	1,371	98,576,271	71,901	10.5%
2012	1,362	102,363,834	75,157	10.8%
2013	1,354	101,441,680	74,920	8.5%
2014	1,344	105,422,016	78,439	7.4%
2015	1,339	108,227,353	80,827	5.5%
2016	1,331	110,713,911	83,181	6.0%
2017	1,328	114,990,192	86,589	5.3%
2018	1,325	N/A	N/A	5.0%
2019	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

2019

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

2010

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	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	1.0	11.0	11.0	12.0	12.0	12.0	12.0	12.0	11.6	7.8
Special education	6.5	7.0	7.0	7.0	7.0	7.0	6.0	7.0	8.0	8.0
Other special education	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	-
Other instruction	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	1.2	2.5	2.5	2.5	4.0	3.0	2.9	5.7
General administration	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.6	0.5
School administration services	1.0	1.0	1.0	0.5	0.5	0.5	0.5	0.5	0.7	0.5
Business administration services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	0.5	0.8
Plant operations and maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.6
Total	<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>	<u>24.9</u>

Source: District Personnel Records

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 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
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%
2019	* 95	3,530,521	37,163	48.87%	17.0	1 to 5.6	105.5	98.1	-23.51%	92.99%

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.

* Grades 6, 7 & 8 attending Lebabon Township School through a send/receive agreement.

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<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	153	131	114	107	110	127	122	128	116	81

Number of schools at June 30, 2019:

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>
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
2019	62,474	62,474
Total school facilities	<u>\$ 582,727</u>	<u>\$ 582,727</u>

Note: 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, 2019
(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 and 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)		
Statutory Benefits	Included	-
Employer'S Liability	5,000,000	-
Supplemental Coverage (Optional)	Included	-
Public Employees' Faithful Performance Blanket Position Bond - (Selective Insurance Company)		
Treasurer - R Krov	170,000	-
Business Administrator - S DeCasas (7/1 - 11/1)	170,000	-
Business Administrator - T Barna (11/1 - 5/31)	170,000	-
Student Accident (Axis Insurance Co)		
Base	25,000	-
Catastrophic	5,000,000	25,000

See independent auditors' report.

SINGLE AUDIT SECTION



**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 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 16, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Highland Park Borough Public 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 numbers 2019-001, 2019-002, 2019-003.

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

Handwritten signature in black ink, appearing to read "M A Holk, CPA, PSA".

Michael A. Holk, CPA, PSA
NO. 20CS00265600

December 19, 2019
Flemington, New Jersey



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

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

Report on Compliance for Each Major Federal and 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, 2019. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and 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 federal and state programs for the year ended June 30, 2019.

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

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

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



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

December 19, 2019
Flemington, New Jersey

HAMPTON BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2019

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2018		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2019																	
					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	S010A180030	ESSA-1970-19	\$ 41,247	07/01/18	06/30/19	\$ -	\$ -	\$ 16,780	\$ 22,527	\$ -	\$ -	\$ (5,747)	\$ -	\$ -	\$ -														
Title II A	84.367A	S367A180029	ESSA-1970-19	6,452	07/01/18	06/30/19	-	-	3,850	3,850	-	-	-	-	-	-														
Title IV	84.424	S424A180031	ESSA-1970-19	15,973	07/01/18	06/30/19	-	-	15,973	15,973	-	-	-	-	-	-														
Small, rural school achievement program	84.358A	S358B180030	S358A18-1011	19,629	07/01/18	06/30/19	-	-	19,629	20,129	-	-	(500)	-	-	-														
IDEA basic	84.027A	S027A170100	IDEA-1970-18	34,480	07/01/17	06/30/18	(14,388)	-	14,388	-	-	-	-	-	-	-														
IDEA basic	84.027A	S027A180100	IDEA-1970-19	32,197	07/01/18	06/30/19	-	-	32,197	32,197	-	-	-	-	-	-														
IDEA preschool	84.173A	H173A180114	IDEA-1970-19	1,941	07/01/18	06/30/19	-	-	1,941	1,941	-	-	-	-	-	-														
Total special revenue fund							(14,388)	-	104,758	96,617	-	-	(6,247)	-	-	-														
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	181NJ304N1099	N/A	5,708	10/01/17	09/30/18	676	-	-	676	-	-	-	-	-	-														
National school lunch program non-cash assistance (commodities)	10.555	191NJ304N1099	N/A	3,313	10/01/18	09/30/19	-	-	3,313	2,412	-	-	-	901	-	-														
National school lunch program cash assistance	10.555	181NJ304N1099	N/A	19,093	10/01/17	09/30/18	(1,422)	-	1,422	-	-	-	-	-	-	-														
National school lunch program cash assistance	10.555	191NJ304N1099	N/A	14,985	10/01/18	09/30/19	-	-	14,243	14,985	-	-	(742)	-	-	-														
School breakfast program	10.553	181NJ304N1099	N/A	8,017	10/01/17	09/30/18	(519)	-	519	-	-	-	-	-	-	-														
School breakfast program	10.553	191NJ304N1099	N/A	3,752	10/01/18	09/30/19	-	-	3,576	3,752	-	-	(176)	-	-	-														
Total enterprise fund							(1,265)	-	23,073	21,825	-	-	(918)	901	-	-														
Total federal financial assistance							\$ (15,653)	\$ -	\$ 127,831	\$ 118,442	\$ -	\$ -	\$ (7,165)	\$ 901	\$ -	\$ -														

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2019

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2018		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2019			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	19-495-034-5120-014	\$ 27,902	07/01/18	06/30/19	\$ -	\$ -	\$ 25,112	\$ 27,902	\$ -	\$ -	\$ -	\$ -	\$ 2,790	\$ 27,902
Special education categorical aid	19-495-034-5120-089	84,197	07/01/18	06/30/19	-	-	75,777	84,197	-	-	-	-	8,420	84,197
Equalization aid	19-495-034-5120-078	652,633	07/01/18	06/30/19	-	-	587,369	652,633	-	-	-	-	65,264	652,633
Security aid	19-495-034-5120-084	24,029	07/01/18	06/30/19	-	-	21,626	24,029	-	-	-	-	2,403	24,029
Adjustment aid	19-495-034-5120-085	11,094	07/01/18	06/30/19	-	-	9,985	11,094	-	-	-	-	1,109	11,094
School choice aid	19-495-034-5120-068	117,528	07/01/18	06/30/19	-	-	105,775	117,528	-	-	-	-	11,753	117,528
Extraordinary special education costs aid	18-495-034-5120-044	142,893	07/01/17	06/30/18	(142,893)	-	143,449	556	-	-	-	-	-	142,893
Extraordinary special education costs aid	19-495-034-5120-044	219,631	07/01/18	06/30/19	-	-	-	219,631	-	(219,631)	-	-	-	219,631
Non-public transportation aid	18-495-034-5120-014	4,858	07/01/17	06/30/18	(4,858)	-	4,858	-	-	-	-	-	-	4,858
Non-public transportation aid	19-495-034-5120-014	4,930	07/01/18	06/30/19	-	-	-	4,930	-	(4,930)	-	-	-	4,930
Reimbursed TPAF Social Security contribution	19-495-034-5094-003	72,834	07/01/18	06/30/19	-	-	65,103	72,834	-	(7,731)	-	-	-	72,834
On-behalf TPAF Pension contribution - teacher's Pension & annuity fund	19-495-034-5094-002	247,394	07/01/18	06/30/19	-	-	247,394	247,394	-	-	-	-	-	247,394
On-behalf TPAF Pension contribution - non-contributory insurance	19-495-034-5094-004	5,179	07/01/18	06/30/19	-	-	5,179	5,179	-	-	-	-	-	5,179
On behalf TPAF Pension contribution - long-term disability insurance	19-495-034-5094-004	451	07/01/18	06/30/19	-	-	451	451	-	-	-	-	-	451
On-behalf TPAF Pension contribution - postretirement medical	19-495-034-5094-001	114,567	07/01/18	06/30/19	-	-	114,567	114,567	-	-	-	-	-	114,567
Total general fund					(147,751)	-	1,406,645	1,582,925	-	(232,292)	-	-	91,739	1,730,120
Debt service fund														
Debt service aid - state support	19-495-034-5120-017	100,031	7/1/2018	6/30/2019	-	-	100,031	100,031	-	-	-	-	-	100,031
Total debt service fund					-	-	100,031	100,031	-	-	-	-	-	100,031
State Department of Agriculture														
Enterprise fund														
National school lunch program	18-100-010-3350-023	515	07/01/17	06/30/18	(38)	-	38	-	-	-	-	-	-	515
National school lunch program	19-100-010-3350-023	394	07/01/18	06/30/19	-	-	375	394	-	(19)	-	-	-	394
Total enterprise fund					(38)	-	413	394	-	(19)	-	-	-	909
Total state financial assistance					\$ (147,789)	\$ -	\$ 1,507,089	1,683,350	\$ -	\$ (232,311)	\$ -	\$ -	\$ 91,739	\$ 1,831,060
Less: On-behalf TPAF Pension system contributions								(367,591)						
Total for state financial assistance - major program determination								\$ 1,315,759						

See independent auditors' report.

HAMPTON BOROUGH SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2019

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. This basis of accounting is 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 (\$151) for the general fund and (\$500) 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 Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2019

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:

	Federal	State	Total
General fund	\$ -	\$ 1,582,774	\$ 1,582,774
Special revenue fund	96,117	-	96,117
Debt service fund	-	100,031	100,031
Food service fund	21,825	394	22,219
Total awards and financial assistance	\$ 117,942	\$ 1,683,199	\$ 1,801,141

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, 2019. 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, 2019.

HAMPTON BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2019

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, 2019

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? X 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 NJ OMB Circular Letter 15-08 as applicable? X Yes ___ No

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
<i>19-495-034-5120-089</i>	<i>State Aid Public Cluster:</i>
<i>19-495-034-5120-078</i>	<i>Special Education Categorical Aid</i>
<i>19-495-034-5120-084</i>	<i>Equalization Aid</i>
<i>19-495-034-5120-085</i>	<i>Security 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, 2019

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 2019-001

Criteria

Adequate segregation of duties should be maintained or compensating controls to mitigate risks of fraud and errors.

Condition

Limited number of personnel are responsible for and performing substantially all of the bookkeeping and accounting duties.

Context

As part of our audit procedures it was noted there was a limited number of personnel responsible and performing substantially all of the bookkeeping and accounting duties.

Cause

Limited staffing.

Effect

Lack of segregation of duties increases the risk that internal controls will not prevent or reduce the occurrence of omissive errors or fraud.

Recommendation

The District should implement procedures to reduce the risk in connection with a lack of segregation of duties.

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, 2019

Finding 2019-002

Criteria

The food service fund intent is that the costs of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

Condition

The food service fund ended the year with a deficit cash balance, deficit unrestricted net position, and contains an increased balance of money due from students.

Context

The food service fund ended the year with a deficit cash balance, deficit unrestricted net position, and contains an increased balance of money due from students.

Cause

Costs of providing goods or services to the students exceeded cash receipts and revenues from user charges and board contributions.

Effect

The District had a deficit cash balance and deficit unrestricted net position as of June 30, 2019.

Recommendation

Continued efforts should be made to eliminate the deficit cash balance and unrestricted net position in the food service fund. The Board should consider making a contribution to transfer from the general fund to the food service fund to cover the deficit and improve cash flows. Additionally, continuing efforts should be made to collect outstanding student balances prior to year-end.

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, 2019

Finding 2019-003

Criteria

Blanket purchase orders should not be issued per N.J.S.A. 18A:19-1 N.J.S.A.18A:2e; N.J.A.C.5:30-11.2 and N.J.A.C.5:30-11.10.

Condition

Individual payments were not approved.

Context

An examination of claims paid during the period under review indicated discrepancies with respect to approval signatures.

Cause

Blanket purchase orders were issued.

Effect

Required approval signatures on all payments were not evident.

Recommendation

Approval signatures for goods or services are to be obtained for all payments.

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, 2019

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, 2019.

**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, 2019**

Status of Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings.