

HAMBURG BOROUGH SCHOOL DISTRICT

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021**

**Comprehensive Annual
Financial Report**

of the

HAMBURG BOROUGH SCHOOL DISTRICT

Hamburg, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**Hamburg Borough Board of Education
Business Office**

HAMBURG BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2021

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal	1
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors.....	8
 FINANCIAL SECTION.....	 9
Independent Auditors' Report	10
Required Supplementary Information	13
Management's Discussion and Analysis	14
Basic Financial Statements (Sections A. and B.).....	22
A. District-Wide Financial Statements	23
A-1 Statement of Net Position	24
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
B-4 Statement of Net Position – Proprietary Funds.....	33
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds	34
B-6 Statement of Cash Flows – Proprietary Funds.....	35
Notes to the Basic Financial Statements.....	36
Required Supplementary Information	73
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions	74
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System	74
L-2 Schedule of District Contributions – Public Employees Retirement System	75
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Attributable to the District Teachers' Pension and Annuity Fund	76
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund	77
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District and Related Ratios.....	78
Notes to Required Supplementary Information	79

HAMBURG BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

FINANCIAL SECTION (Cont'd)

C. Budgetary Comparison Schedules	81
C-1 Budgetary Comparison Schedule – Budgetary Basis – General Fund.....	82
C-2 Budgetary Comparison Schedule – Budgetary Basis – Special Revenue Fund.....	92
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information	93

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable).....	94
E. Special Revenue Fund	95
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	96
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund (Not Applicable).....	98
G. Proprietary Funds.....	99
Enterprise Fund:	
G-1 Statement of Net Position	100
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position.....	101
G-3 Statement of Cash Flows	102
H. Fiduciary Activities (Not Applicable)	103
I. Long-Term Debt	104
I-1 Schedule of Serial Bonds	105
I-2 Schedule of Obligations Under Capital Leases (Not Applicable)	106
I-3 Debt Service Fund Budgetary Comparison Schedule.....	107
J. STATISTICAL SECTION (Unaudited).....	108
J-1 Net Position by Component.....	109
J-2 Changes in Net Position.....	110
J-3 Fund Balances - Governmental Funds	112
J-4 Changes in Fund Balances - Governmental Funds	113
J-5 General Fund - Other Local Revenue by Source	115
J-6 Assessed Value and Actual Value of Taxable Property	116
J-7 Direct and Overlapping Property Tax Rates	117
J-8 Principal Property Tax Payers	118
J-9 Property Tax Levies and Collections	119
J-10 Ratios of Outstanding Debt by Type	120
J-11 Ratios of Net General Bonded Debt Outstanding.....	121
J-12 Ratios of Overlapping Governmental Activities Debt.....	122
J-13 Legal Debt Margin Information.....	123
J-14 Demographic and Economic Statistics	124

HAMBURG BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

J. STATISTICAL SECTION (Unaudited)	
J-15 Principal Employers.....	125
J-16 Full-Time Equivalent District Employees by Function/Program	126
J-17 Operating Statistics	127
J-18 School Building Information	128
J-19 Schedule of Required Maintenance for School Facilities	129
J-20 Insurance Schedule	130
K. SINGLE AUDIT SECTION.....	131
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	132
K-2 Report on Compliance For Each Major State Program; Report on Internal Control over Compliance.....	134
K-3 Schedule of Expenditures of Federal Awards.....	136
K-4 Schedule of Expenditures of State Awards.....	137
K-5 Notes to the Schedules of Expenditures of Federal and State Awards	139
K-6 Schedule of Findings and Questioned Costs.....	141
K-7 Summary Schedule of Prior Audit Findings	143

INTRODUCTORY SECTION
(UNAUDITED)

Mrs. Kimberly Sigman*Chief School Administrator***Mr. William Sabo***Interim Business Administrator***Mr. RJ Baumgartner***Vice Principal*

October 1, 2021

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

Dear Honorable President and Board Members:

The comprehensive annual financial report of the Hamburg Borough School District (the "District") for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statement and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels Preschool through 8 as well as special education for handicapped students. The District completed the fiscal year with an average daily enrollment of 211 students compared to 254 students in 2019-20. Over the last several years, the student enrollment has been declining mainly due to the loss of students to the local charter and choice schools.

2) ECONOMIC CONDITION AND OUTLOOK:

The Hamburg Public School District, a preschool through grade eight elementary school, is located in the north central portion of scenic Sussex County, in the State of New Jersey. It is bounded on the west, north, and east by Hardyston Township and on the south by Franklin Borough. Hamburg Borough, first settled in the early 18th century, was formed March 19, 1920 from Hardyston Township. Hamburg Borough is a community of single frame homes situated nicely on shady lanes with a downtown main street and two major routes (94 and 23) intersecting at its center. In recent years, very little construction of new homes has occurred and a number of homes have been foreclosed upon or are currently in foreclosure. Recent enrollment trends continue to show a decline in enrollment to around 250 students over the past five school years which mirrors the decrease of residents in Hamburg Borough from 3,300 residents as of the 2010 Census to 3,132 according to Sussex County population estimates. This is consistent with the trend that the majority of municipalities in Sussex County currently face - a declining population, a decrease in the birth rate and the average age of residents increasing.

With the opening of the school in September 2020, the District had a student population of 211 students in grades preschool through eight. These numbers do not include the population of special needs students that the District must place out-of-district due to the lack of adequate special needs programs. Nor do the numbers include homeless students for which Hamburg School must pay tuition to other districts for the children to attend. These numbers also do not include the population of students who attend charter schools or the students who are attending choice districts in Sussex County. In addition to the rising costs for special needs, charter school students, students in out-of-district placements and transporting students to choice districts are growing concerns. An additional concern that financially impacts the District is the increase in the number of students receiving services as required by the students' IEPs (Individualized Education Plans). These services include, but are not limited to, occupational therapy, physical therapy, and ABA therapy. Finally, the District continues to expend significant money to ensure students are prepared for the PARCC assessments which will again be implemented in this coming school year. The costs include updating the District's network infrastructure, purchasing computers which will be compatible with the test, providing professional development for staff and updating all curricular materials to comply with the New Jersey Student Learning Standards.

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



3) MAJOR INITIATIVES:

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

As in the past years, goals and objectives are always set to challenge students to do their best. Goals and objectives have included the areas of Mathematics, Reading, Writing, Science, Social Studies, Physical Education/Health, World Language, Visual and Performing Arts, Computer Science, and 21st Century Skills. Our goals for the 2021-2022 academic year are to remain focused on enhanced Language Arts and Mathematics achievement with special attention given to addressing areas of regression due to remote and abbreviated learning schedules during a pandemic. This includes the administration of benchmark assessments, review of data, and the development of strong instructional initiatives to address areas of weakness. In addition, major initiatives in curriculum and technology updates are taking place to ensure that Hamburg School students are being prepared with 21st Century skills to ready them for high school and college.

In support of our academic programs, we constantly review our textbooks and curriculum for possible revisions and improvements. During the 2020-2021 school year, all curricular areas were implemented utilizing the school's update curriculum documentation. The school year 2021-2022 is our second year of implementation for all curricular areas; whereas, staff are integrating curriculum into instructional practices.

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

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

It is to be noted that Hamburg School will bring a \$4.2 million referendum to our community voters in November 2021. A needs assessment has been completed which identified facility updates needed. These updates are inclusive of four (4) updated student restroom facilities, a new roof for our school, upgrade unit ventilators throughout our building, and door/window replacements, as well as masonry work for our 1900 building. Due to increased student enrollment at the beginning of our 2021-2022 school year, the 1900 building is currently being utilized as instructional spaces. In support of this referendum initiative, school personnel have scheduled six (6) informational meetings as means of transparent needs and next steps.

Finally, it must be noted that the District is experiencing state aid reductions that is expected to continue over the next several fiscal years. Almost all of the school districts in Sussex County are wrestling with flat or declining enrollment, a reduction of state aid, a two (2) percent tax levy cap and the impact of the programmatic changes/costs associated with the COVID-19 pandemic that hit the United States in the first quarter of 2020.



4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2021.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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



8) RISK MANAGEMENT:

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

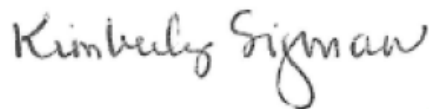
9) OTHER INFORMATION:

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

11) ACKNOWLEDGMENTS:

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

Respectfully submitted,



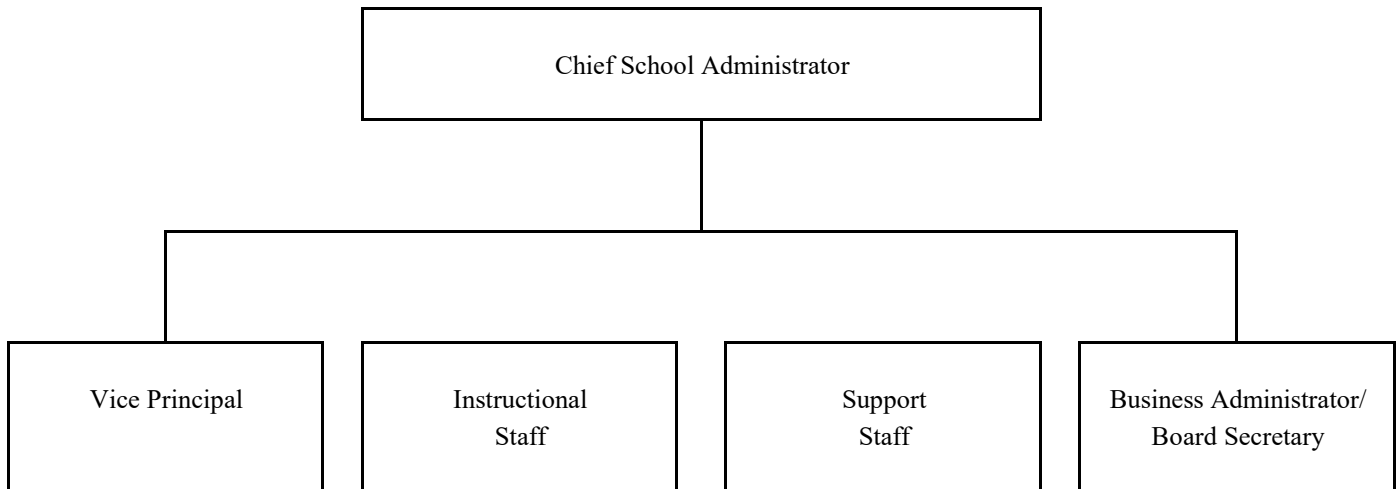
Kimberly Sigman
Chief School Administrator



William J. Sabo
Interim Business Administrator/
Board Secretary



HAMBURG BOROUGH SCHOOL DISTRICT 2021 ORGANIZATIONAL CHART



**HAMBURG BOROUGH SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Expiration of Term</u>
Robert Jones, President	2023
Sheila Frayko, Vice President	2022
Brianne Perrotto-Zicarelli	2022
Tricia Schels	2023
Timothy Gillen	2022
Michael Frangipane	2021
Francis Brunke	2021
John Conklin	2021
David Dreifus	2023

<u>Other Officials</u>	<u>Title</u>
Kimberly Sigman	Chief School Administrator
William J. Sabo	Interim Business Administrator/Board Secretary
Christine Licata	Treasurer

**HAMBURG BOROUGH SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Nisivoccia LLP, CPAs
200 Valley Road, Suite 300
Mount Arlington, New Jersey, 07856
and
11 Lawrence Road
Newton, New Jersey 07860

Attorney

Matthew J. Giacobbe, Esq.
Cleary Giacobbe Alfieri & Jacobs
955 State Route 34
Matawan, New Jersey 07747

Bond Counsel

Andrea Kahn
McManimon, Scotland & Baumann, LLC
75 Livingston Avenue
Roseland, NJ 07068

Architect

Parette Somjen Architects, LLC
439 Route 46 East
Rockaway, New Jersey 07866

Insurance Agent

The Morville Agency
Arthur J. Gallagher Risk Management Services Inc.
55 Newton Sparta Road
Newton, New Jersey 07860

Fortitude Insurance Group
325 Columbia Turnpike Suite 106
Florham Park, NJ 07932

Municipal Advisor

Phoenix Advisors, LLC
625 Farnsworth Avenue
Bordentown, NJ 08505

Official Depository

Lakeland Bank
Administration Center
250 Oak Ridge Road
Oak Ridge, New Jersey 07438

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hamburg Borough School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Hamburg Borough School District, in the County of Sussex, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, Fiduciary Activities, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and postemployment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s 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.

October 1, 2021
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Hamburg Borough School District Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

This section of Hamburg Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

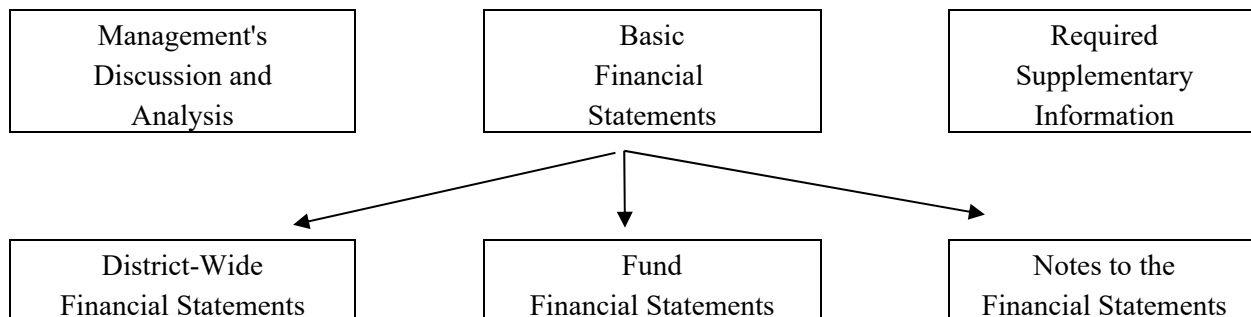
Overview of the Financial Statements

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

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Notes to Basic Financial Statements*: Provide additional information essential to a full understanding of the district-wide and fund financial statements.

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

**Figure A-1
Organization of K-8 School District's Financial Report**



**Hamburg Borough School District
Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

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

Figure A-2
Major Features of the District-Wide and Fund Financial Statements

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

Hamburg Borough School District Management's Discussion and Analysis For Fiscal Year Ended June 30, 2021

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

**Hamburg Borough School District
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Fund Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased \$359,566. Net position from governmental activities increased \$315,737 and net position from business-type activities increased \$43,829. Net investment in capital assets decreased \$234,334, restricted net position increased \$34,151, and unrestricted net position increased \$91,081.

Changes in Net Position. The District's combined net position was \$5,910,940 on June 30, 2021, \$359,566 or 6.48% higher than the year before. (See Figure A-3).

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change 2020-2021
	2021	Restated 2020	2021	2020	2021	Restated 2020	
Current/Other Assets	\$ 2,713,784	\$2,655,675	\$ 46,997	\$74,199	\$2,760,781	\$2,729,874	
Capital Assets, Net	4,736,302	4,731,196	48,783	21,060	4,785,085	4,752,256	
Total Assets	7,450,086	7,386,871	95,780	95,259	7,545,866	7,482,130	0.85%
Deferred Outflows of Resources	195,545	245,270			195,545	245,270	-20.27%
Other Liabilities	164,231	174,522	1,565	2,753	165,796	177,275	
Long-term Liabilities Outstanding	1,288,341	1,573,315			1,288,341	1,573,315	
Total Liabilities	1,452,572	1,747,837	1,565	2,753	1,454,137	1,750,590	-16.93%
Deferred Inflows of Resources	376,334	383,316			376,334	383,316	-1.82%
Net Position:							
Net Investment in Capital Assets	4,516,302	4,309,691	48,783	21,060	4,565,085	4,330,751	
Restricted	2,397,634	2,363,483			2,397,634	2,363,483	
Unrestricted/(Deficit)	(1,097,211)	(1,172,186)	45,432	29,326	(1,051,779)	(1,142,860)	
Total Net Position	\$ 5,816,725	\$5,500,988	\$ 94,215	\$50,386	\$5,910,940	\$5,551,374	6.48%

**Hamburg Borough School District
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Financial Analysis of the District as a Whole

The increase in net position from District-wide activities is due to several factors. Net investment in capital assets increased \$234,334 due primarily to a \$210,000 reduction in debt and capital asset additions of \$297,121 in additions offset by current year depreciation expense of \$264,292 (\$257,848 from its governmental and \$6,444 from its business-type activities) and the final amortization of the deferred amount on the refunding of \$8,495. Restricted net position increased \$34,151 as a result of increases in Excess Surplus of \$76,008 and Student Activities of \$1,686 offset by a decrease of \$43,543 in Capital Reserve. The increase in unrestricted net position of \$91,081 was due primarily to the increase in assigned fund balance and changes in net pension liability and the related deferred inflows and outflows.

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2020-2021
	2021	2020	2021	2020	2021	2020	
Revenue:							
Program Revenue:							
Fees for Services	\$ 47,105	\$ 51,966	\$ 266	\$ 37,623	\$ 47,371	\$ 89,589	
Operating Grants/ Contributions	1,907,488	1,630,458	185,179	39,285	2,092,667	1,669,743	
General Revenue:							
Property Taxes	5,157,817	4,856,078			5,157,817	4,856,078	
Unrestricted Federal/State Aid	1,158,041	1,237,319			1,158,041	1,237,319	
Other	7,349	8,077	50	52	7,399	8,129	
Total Revenue	<u>8,277,800</u>	<u>7,783,898</u>	<u>185,495</u>	<u>76,960</u>	<u>8,463,295</u>	<u>7,860,858</u>	7.66%
Expenses:							
Instruction	4,762,444	4,347,127			4,762,444	4,347,127	
Pupil/Instruction Services	911,730	941,797			911,730	941,797	
Administration/ Business	575,447	543,727			575,447	543,727	
Maintenance and Operations	661,562	757,279			661,562	757,279	
Transportation	167,853	144,895			167,853	144,895	
Other	883,027	584,869	141,666	90,787	1,024,693	675,656	
Total Expenses	<u>7,962,063</u>	<u>7,319,694</u>	<u>141,666</u>	<u>90,787</u>	<u>8,103,729</u>	<u>7,410,481</u>	9.35%
Cancellation of Accounts Payable		38,803				38,803	
Transfer		(17,000)		17,000		38,803	-100.00%
		<u>21,803</u>		<u>17,000</u>		<u>38,803</u>	
Increase/(Decrease) in Net Position	<u>\$ 315,737</u>	<u>\$ 486,007</u>	<u>\$ 43,829</u>	<u>\$ 3,173</u>	<u>\$ 359,566</u>	<u>\$ 489,180</u>	-26.50%

**Hamburg Borough School District
Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Governmental Activities

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

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

Figure A-5 presents the cost of six major District activities: instruction, pupil and instruction services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

**Figure A-5
Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction	\$ 4,762,444	\$ 4,347,127	\$ 3,008,345	\$ 2,809,765
Pupil and Instruction Services	911,730	941,797	797,742	866,339
Administration and Business	575,447	543,727	532,487	518,710
Maintenance and Operations	661,562	757,279	662,999	757,279
Transportation	167,853	144,895	122,870	100,308
Other	883,027	584,869	883,027	584,869
 Total	 <u>\$ 7,962,063</u>	 <u>\$ 7,319,694</u>	 <u>\$ 6,007,470</u>	 <u>\$ 5,637,270</u>

Business-Type Activities

Net position increased in the District’s business-type activity by \$43,829. The large increase is attributable to the Covid-19 pandemic in which the Department of Agriculture increased the funding provided to the District. (Refer to Figure A-4).

Financial Analysis of the District’s Funds

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

**Hamburg Borough School District
Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Financial Analysis of the District’s Funds

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

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

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

General Fund Budgetary Highlights

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

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

Capital Assets

The District’s capital assets increased \$32,829, or .69% – the result of \$297,121 in additions offset by current year depreciation expense of \$264,292 (\$257,848 from its governmental and \$6,444 from its business-type activities).

**Figure A-6
Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Percent Change 2020-2021</u>
	<u>2021</u>	<u>Restated 2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>Restated 2020</u>	
Sites (Land)	\$ 409,905	\$ 409,905			\$ 409,905	\$ 409,905	
Construction in Progress	27,723				27,723		
Buildings/Bldg. Improvements	4,071,969	4,091,671			4,071,969	4,091,671	
Furniture, Machinery & Equipment	226,705	229,620	\$ 48,783	\$ 21,060	275,488	250,680	
Total	\$ 4,736,302	\$ 4,731,196	\$ 48,783	\$ 21,060	\$ 4,785,085	\$ 4,752,256	0.69%

**Hamburg Borough School District
Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2021**

Long Term Liabilities

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

**Figure A-7
Outstanding Long-Term Liabilities**

	Total School District		Percentage
	2021	2020	Change 2020-2021
General Obligation Bonds (Financed with Property Taxes)	\$ 220,000	\$ 430,000	
Net Pension Liability	891,268	970,866	
Unamortized Bond Premium		10,040	
Compensated Absences Payable	177,073	162,409	
	<u>\$ 1,288,341</u>	<u>\$ 1,573,315</u>	-18.11%

- The District continued to pay down its debt, reducing its liability for bonds payable by \$210,000.
- The liability for compensated absences increased by \$14,664.
- The net pension liability decreased \$79,598.

Factors Bearing on the District’s Future

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

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

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,654,707	\$ 32,220	\$ 1,686,927
Receivable from Federal Government	10,513	9,901	20,414
Receivable from State Government	650	461	1,111
Other Accounts Receivable	10,370		10,370
Inventories		4,415	4,415
Restricted Assets:			
Cash and Cash Equivalents	1,037,544		1,037,544
Capital Assets, Net:			
Sites (Land) and Construction in Progress	437,628		437,628
Depreciable Buildings, Building Improvements and Furniture, Machinery & Equipment	4,298,674	48,783	4,347,457
Total Assets	<u>7,450,086</u>	<u>95,780</u>	<u>7,545,866</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	195,545		195,545
Total Deferred Outflows of Resources	<u>195,545</u>		<u>195,545</u>
LIABILITIES			
Accrued Interest Payable	2,933		2,933
Accounts Payable	157,598		157,598
Unearned Revenue	3,700	1,565	5,265
Noncurrent Liabilities:			
Due Within One Year	220,000		220,000
Due Beyond One Year	1,068,341		1,068,341
Total Liabilities	<u>1,452,572</u>	<u>1,565</u>	<u>1,454,137</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	376,334		376,334
Total Deferred Inflows of Resources	<u>376,334</u>		<u>376,334</u>
NET POSITION			
Net Investment in Capital Assets	4,516,302	48,783	4,565,085
Restricted for:			
Capital Projects	1,028,474		1,028,474
Excess Surplus	1,360,090		1,360,090
Student Activities	9,070		9,070
Unrestricted/(Deficit)	(1,097,211)	45,432	(1,051,779)
Total Net Position	<u>\$ 5,816,725</u>	<u>\$ 94,215</u>	<u>\$ 5,910,940</u>

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

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
Governmental Activities:							
Instruction:							
Regular	\$ 3,511,265	\$ 47,105	\$ 1,107,796		\$ (2,356,364)		\$ (2,356,364)
Special Education	892,236		483,922		(408,314)		(408,314)
Other	317,826		102,305		(215,521)		(215,521)
School Sponsored/Cocurricular	41,117		12,971		(28,146)		(28,146)
Support Services:							
Tuition	137,482		56,022		(81,460)		(81,460)
Student & Instruction Related Services	774,248		57,966		(716,282)		(716,282)
General Administration Services	320,266				(320,266)		(320,266)
School Administration Services	143,787		41,523		(102,264)		(102,264)
Central Services	111,394				(111,394)		(111,394)
Plant Operations and Maintenance	661,562				(661,562)		(661,562)
Pupil Transportation	167,853		44,983		(122,870)		(122,870)
Interest on Long-Term Debt	8,655				(8,655)		(8,655)
Capital Outlay	24,130				(24,130)		(24,130)
Unallocated Depreciation	241,423				(241,423)		(241,423)
Transfer of Funds to Charter Schools	608,819				(608,819)		(608,819)
Total Governmental Activities	7,962,063	47,105	1,907,488		(6,007,470)		(6,007,470)
Business-Type Activities:							
Food Service	141,666	266	185,179			\$ 43,779	43,779
Total Business-Type Activities	141,666	266	185,179			43,779	43,779

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Total Primary Government	<u>\$ 8,103,729</u>	<u>\$ 47,371</u>	<u>\$ 2,092,667</u>	<u>\$ -0-</u>	<u>\$ (6,007,470)</u>	<u>\$ 43,779</u>	<u>\$ (5,963,691)</u>
General Revenue and Other Items:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					4,934,817		4,934,817
Taxes Levied for Debt Service					223,000		223,000
Federal and State Aid not Restricted					1,158,041		1,158,041
Investment Earnings					1,017	50	1,067
Miscellaneous Income					6,332		6,332
Total General Revenue and Other Items					<u>6,323,207</u>	<u>50</u>	<u>6,323,257</u>
Change in Net Position					315,737	43,829	359,566
Net Position - Beginning, Restated					5,500,988	50,386	5,551,374
Net Position - Ending					<u>\$ 5,816,725</u>	<u>\$ 94,215</u>	<u>\$ 5,910,940</u>

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

FUND FINANCIAL STATEMENTS

HAMBURG BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 1,654,707			\$ 1,654,707
Interfund Receivables	4,018			4,018
Receivables from State	650			650
Other Accounts Receivable	10,370			10,370
Receivables from Federal Government		\$ 10,513		10,513
Restricted Cash and Cash Equivalents	1,028,474	9,070		1,037,544
Total Assets	<u>\$ 2,698,219</u>	<u>\$ 19,583</u>	<u>\$ - 0 -</u>	<u>\$ 2,717,802</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 91,803	\$ 2,795		\$ 94,598
Interfund Payable		4,018		4,018
Unearned Revenue		3,700		3,700
Total Liabilities	<u>91,803</u>	<u>10,513</u>		<u>102,316</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	1,028,474			1,028,474
Excess Surplus - 2021-2022	690,465			690,465
Excess Surplus - 2022-2023	669,625			669,625
Student Activities		9,070		9,070
Assigned:				
For Subsequent Year's Expenditures	101,109			101,109
Unassigned	116,743			116,743
Total Fund Balances	<u>2,606,416</u>	<u>9,070</u>		<u>2,615,486</u>
Total Liabilities and Fund Balances	<u>\$ 2,698,219</u>	<u>\$ 19,583</u>	<u>\$ - 0 -</u>	<u>\$ 2,717,802</u>

HAMBURG BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

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

Total Fund Balances - Governmental Funds (Above)	\$ 2,615,486
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	4,736,302
Long-Term Liabilities, including Bonds Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(397,073)
Interest on long-term debt is not accrued in the Governmental Funds, but rather is recognized as an expenditure when due.	(2,933)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(891,268)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	132,545
Deferred Inflows	<u>(376,334)</u>
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 5,816,725</u>

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

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

GOVERNMENTAL FUNDS

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 4,934,817		\$ 223,000	\$ 5,157,817
Tuition from Other LEA's within State	20,105			20,105
Tuition from Individual	27,000			27,000
Interest Earned on Capital Reserve Funds	1,017			1,017
Restricted Miscellaneous Revenue		\$ 56,709		56,709
Unrestricted Miscellaneous Revenue	6,331			6,331
Total - Local Sources	4,989,270	56,709	223,000	5,268,979
State Sources	2,500,092			2,500,092
Federal Sources		188,753		188,753
Total Revenue	7,489,362	245,462	223,000	7,957,824

EXPENDITURES:

Instruction:				
Regular Instruction	1,892,699	100,953		1,993,652
Special Education Instruction	480,951	25,329		506,280
Other Instruction	166,304			166,304
School Sponsored/Cocurricular Instruction	21,906			21,906
Support Services and Undistributed Costs:				
Tuition	81,571	55,911		137,482
Student & Instruction Related Services	585,916	61,583		647,499
General Administration Services	277,053			277,053
School Administration Services	75,936			75,936

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

GOVERNMENTAL FUNDS

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:				
Central Services	\$ 86,148			\$ 86,148
Plant Operations and Maintenance	545,438			545,438
Pupil Transportation	154,129			154,129
Unallocated Benefits	2,119,243			2,119,243
Capital Outlay	324,335			324,335
Debt Service:				
Principal			210,000	210,000
Interest and Other Charges			13,000	13,000
Transfer of Funds to Charter Schools	608,819			608,819
Total Expenditures	<u>7,420,448</u>	<u>\$ 243,776</u>	<u>223,000</u>	<u>7,887,224</u>
Net Change in Fund Balances	68,914	1,686		70,600
Fund Balance—July 1, Restated	<u>2,537,502</u>	<u>7,384</u>		<u>2,544,886</u>
Fund Balance—June 30	<u>\$ 2,606,416</u>	<u>\$ 9,070</u>	<u>\$ - 0 -</u>	<u>\$ 2,615,486</u>

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

HAMBURG BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	70,600
Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation in the period.		
Depreciation Expense	\$	(257,848)
Capital Outlays		<u>262,954</u>
		5,106

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

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

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

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

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

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

Change in Net Pension Liability	79,598
Change in Deferred Outflows	(46,230)
Change in Deferred Inflows	<u>6,982</u>

Change in Net Position - Governmental Activities (from Exhibit A-2)

	\$	<u><u>315,737</u></u>
--	----	-----------------------

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

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$	32,220
Intergovernmental Accounts Receivable:		
Federal		9,901
State		461
Inventories		4,415
		4,415

Total Current Assets		46,997
----------------------	--	--------

Non-Current Assets:

Capital Assets:

Depreciable Furniture and Equipment, Net		48,783
		48,783

Total Non-Current Assets		48,783
--------------------------	--	--------

Total Assets		95,780
--------------	--	--------

LIABILITIES:

Current Liabilities:

Unearned Revenue - Prepaid Sales		1,134
Unearned Revenue - Donated Commodities		431
		431

Total Liabilities		1,565
-------------------	--	-------

NET POSITION:

Investment in Capital Assets		48,783
Unrestricted		45,432
		45,432

Total Net Position	\$	94,215
--------------------	----	--------

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

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ <u>266</u>
Total Operating Revenue	<u>266</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	88,451
Salaries, Benefits & Payroll Taxes	34,404
Supplies, Insurance & Other Costs	3,987
Management Fee	8,380
Depreciation Expense	<u>6,444</u>
Total Operating Expenses	<u>141,666</u>
Operating Loss	(141,400)
Non-Operating Revenue:	
Local Sources:	
Interest Income	50
State Sources:	
State School Lunch Program - Seamless Summer Option	5,230
Federal Sources:	
National School Lunch Program - Seamless Summer Option	113,270
School Breakfast Program - Seamless Summer Option	59,656
Food Distribution Program	<u>7,023</u>
Total Non-Operating Revenue	<u>185,229</u>
Change in Net Position	43,829
Net Position - Beginning of Year	<u>50,386</u>
Net Position - End of Year	<u>\$ 94,215</u>

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

HAMBURG BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 266
Payments to Employees	(34,404)
Payments to Food Service Vendor	(90,316)
Payments to Suppliers	(3,987)
	<hr/>
Net Cash (Used for) Operating Activities	(128,441)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(34,167)
	<hr/>
Net Cash (Used for) Capital and Related Financing Activities	(34,167)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Revenue	50
State Sources:	
State School Lunch Program	5,040
Federal Sources:	
National School Lunch Program	109,498
School Breakfast Program	57,678
General Fund - Prior Year Interfund Received	17,000
	<hr/>
Net Cash Provided by Noncapital Financing Activities	189,266
	<hr/>
Net Increase in Cash and Cash Equivalents	26,658
Cash and Cash Equivalents, July 1	5,562
	<hr/>
Cash and Cash Equivalents, June 30	\$ 32,220
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (141,400)
Adjustment to Reconcile Operating Loss to Cash (Used for) Operating Activities:	
Depreciation	6,444
Food Distribution Program	7,023
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	681
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(162)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(1,027)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (128,441)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$5,996 and used \$7,023 of those commodities during the fiscal year.

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

B. Basis of Presentation: (Cont'd)

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

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and proprietary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

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

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

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

B. Basis of Presentation: (Cont'd)

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

The District reports the following proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by school board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 7,481,557	\$ 245,462
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements	144,706	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(136,901)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 7,489,362	\$ 245,462
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 7,420,448	\$ 243,776
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 7,420,448	\$ 243,776

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

K. Capital Assets:

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

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2021.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

O. Unearned Revenue:

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$2,606,416 General Fund Balance at June 30, 2021, \$1,028,474 is restricted in the capital reserve account; \$669,625 is restricted for current fiscal year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2023; \$690,465 is restricted for the prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2022; \$101,109 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022 and \$116,743 is unassigned (which is \$136,901 less than the budgetary basis due to the non-recognition of the last two state aid payments).

Debt Service Fund: The Debt Service Fund has \$-0- fund balance at June 30, 2021.

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$136,901 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

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

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

Q. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources at June 30, 2021 for Pensions.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

Q. Net Position: (Cont'd)

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

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

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

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

R. Deficit Net Position

The District has a deficit in unrestricted net position of \$1,097,211 in governmental activities, which is primarily due to accrued interest payable, compensated absences payable, the net pension liability and related deferred inflows and outflows net of fund balance assigned for subsequent year's expenditures, and unassigned fund balance. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2021.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$101,109 of assigned resources for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2021.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned.

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

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

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

Deposits:

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.; 1977,c.281 (C.52:18A-90.4); or

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L.1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

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

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash Cash Equivalents		Total
		Capital Reserve	Student Activities	
Checking & Savings Accounts	\$ 1,686,927	\$ 1,028,474	\$ 9,070	\$ 2,724,471
	\$ 1,686,927	\$ 1,028,474	\$ 9,070	\$ 2,724,471

During the period ended June 30, 2021, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$2,724,471 and the bank balance was \$2,886,164.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Hamburg Board of Education by inclusion of \$200,000 on July 1, 1991 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Balance at June 30, 2020		\$ 1,072,017
Increased by:		
Board Resolution (June 22, 2021)	\$ 200,000	
Unexpended Balance Returned to Capital Reserve	386,048	
Cancellation of Prior Year Accounts Payable	392	
Interest	1,017	
		587,457
		1,659,474
Decreased by:		
Budgeted Withdrawals		631,000
Balance at June 30, 2021		\$ 1,028,474

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The balance in the capital reserve account at June 30, 2021 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). The withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Restated Balance 6/30/2020	Increases	Decreases/ Adjustments	Balance 6/30/2021
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 409,905			\$ 409,905
Construction in Progress		\$ 27,723		27,723
Total Capital Assets not Being Depreciated	<u>409,905</u>	<u>27,723</u>		<u>437,628</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	7,446,793	174,503		7,621,296
Machinery and Equipment	1,249,803	60,728		1,310,531
Total Capital Assets Being Depreciated	<u>8,696,596</u>	<u>235,231</u>		<u>8,931,827</u>
Governmental Activities Capital Assets	<u>9,106,501</u>	<u>262,954</u>		<u>9,369,455</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(3,355,122)	(194,205)		(3,549,327)
Machinery and Equipment	(1,020,183)	(63,643)		(1,083,826)
Total Accumulated Depreciation	<u>(4,375,305)</u>	<u>(257,848)</u>		<u>(4,633,153)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,731,196</u>	<u>\$ 5,106</u>	<u>\$ - 0 -</u>	<u>\$ 4,736,302</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 117,059	\$ 34,167	\$ (25,464)	\$ 176,690
Less Accumulated Depreciation	(95,999)	(6,444)	25,464	(127,907)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,060</u>	<u>\$ 27,723</u>	<u>\$ - 0 -</u>	<u>\$ 48,783</u>
GRAND TOTAL	<u>\$ 4,752,256</u>	<u>\$ 32,829</u>	<u>\$ - 0 -</u>	<u>\$ 4,785,085</u>

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$	9,824
Support/Administration		5,956
Operations and Maintenance of Plant		645
General/Unallocated		<u>241,423</u>
Total Governmental Activities	\$	<u><u>257,848</u></u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2021, the District transferred \$55,500 to capital outlay accounts for equipment, for which County Superintendent approval was not required. The District also transferred \$2,000 into the facilities and acquisition and construction services accounts for which County Superintendent approval was required and obtained.

NOTE 7. LONG-TERM LIABILITIES:

During the fiscal year ended June 30, 2021, the following changes occurred in long-term liabilities reported in the district-wide financial statements:

	Balance <u>6/30/2020</u>	Accrued	Retired	Balance <u>6/30/2021</u>
Serial Bonds Payable	\$ 430,000		\$ 210,000	\$ 220,000
Compensated Absences Payable	162,409	\$ 20,184	5,520	177,073
Unamortized Bond Issuance Premium	10,040		10,040	
Net Pension Liability	<u>970,866</u>		<u>79,598</u>	<u>891,268</u>
	<u>\$ 1,573,315</u>	<u>\$ 20,184</u>	<u>\$ 305,158</u>	<u>\$ 1,288,341</u>

A. Bonds Payable:

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

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

A. Bonds Payable: (Cont'd)

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

The District has bonds outstanding as of June 30, 2021 as follows:

Purpose	Maturity Date	Interest Rate	Amount
Refunding Bonds	9/1/2021	4.00%	\$ 220,000

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

Fiscal Year Ending June 30,	Bonds		Total
	Principal	Interest	
2022	\$ 220,000	\$ 4,400	\$ 224,400

B. Bonds Authorized But Not Issued:

As of June 30, 2021, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

The District had no capital leases as of June 30, 2021.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. There is no current portion of the compensated absences balance of the governmental funds in the current fiscal year; therefore, the entire \$177,073 represents the long-term liability balance of compensated absences.

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2021 is \$-0- and the long-term portion is \$891,268 See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$59,789 for fiscal year 2021.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2021, the District reported a liability of \$891,268 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.0055%, which was an increase of 0.0001% from its proportion measured as of June 30, 2019.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2021, the District recognized actual pension expense in the amount of \$19,439. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2016	5.57	\$ 28,914	
	2017	5.48		\$ 84,366
	2018	5.63		82,768
	2019	5.21		65,730
	2020	5.16		140,318
			<u>28,914</u>	<u>373,182</u>
Difference in Expected and Actual Experience	2016	5.57	877	
	2017	5.48	2,510	
	2018	5.63		3,152
	2019	5.21	5,024	
	2020	5.16	7,818	
			<u>16,229</u>	<u>3,152</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		
	2017	5.00	(10,907)	
	2018	5.00	(10,115)	
	2018	5.00	2,448	
	2020	5.00	49,038	
			<u>30,464</u>	
Changes in Proportion	2016	5.57	3,874	
	2017	5.48	1,271	
	2018	5.63	30,172	
	2019	5.21	7,602	
	2020	5.16	14,023	
			<u>56,942</u>	
District Contribution Subsequent to the Measurement Date	2020	1	63,000	
			<u>\$ 195,549</u>	<u>\$ 376,334</u>

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (111,837)
2022	(101,962)
2023	(58,269)
2024	(23,563)
2025	(5,096)
	\$ (300,727)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployers contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to the total pension liability.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 1,119,472	\$ 891,268	\$ 693,981

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$681,510 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$987,980.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$15,887,945. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.0241%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2019.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		15,887,945
Total	\$	15,887,945

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$987,980 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	1,411,170,422	
			7,815,939,253	14,241,964,752
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020			7,520,890
			986,767,511	182,357,860
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	965,582,162	
			656,175,235	
		\$ 9,458,881,999	\$ 14,424,322,612	

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement which was rolled forward to June 30, 2020.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the net pension liability of the State as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 18,662,252	\$ 15,887,945	\$ 12,605,695

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$5,220 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$14,005 for the fiscal year ended June 30, 2021.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 9. ECONOMIC DEPENDENCY

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

NOTE 10. DEFERRED COMPENSATION

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

AXA Equitable

Lincoln National Life Insurance

Lincoln Investment Planning

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through New Jersey Employee Health Benefits Program.

Property and Liability

The District maintains insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with GASB, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

The June 30, 2021 audit was not available as of the date of this report; however, selected, summarized financial information for the Fund as of June 30, 2020 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 384,022,002
Net Position	\$ 142,512,304
Total Revenue	\$ 144,445,665
Total Expenditures	\$ 113,037,156
Change in Net Position	\$ 31,408,509
Member Dividends	\$ 3,279,199

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

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

New Jersey Unemployment Compensation Insurance

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

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2021.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 4,018	
Special Revenue Fund		\$ 4,018
	\$ 4,018	\$ 4,018

The interfund between the General Fund and Special Revenue Fund represents the advance for grant expenditures while awaiting the receipt of federal grant awards. repla

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 13. CONTINGENT LIABILITIES

Litigation

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

Grant Programs

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

Arbitrage

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

NOTE 14. TAX CALENDAR

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

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

NOTE 15. ACCOUNTS PAYABLE

	General Fund	Special Revenue Fund	District Contribution Subsequent to Measurement Date	Total Governmental Activities
Salaries	\$ 18,315			\$ 18,315
Vendors	73,488	\$ 2,795		76,283
Due to State of New Jersey			\$ 63,000	63,000
	<u>\$ 91,803</u>	<u>\$ 2,795</u>	<u>\$ 63,000</u>	<u>\$ 157,598</u>

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer 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.

Actuarial Assumptions and Other Inputs

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/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service	3.00 - 7.00% based on service

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 11,512,073
Changes for Year:	
Service Cost	374,498
Interest on the Total OPEB Liability	454,097
Changes of Assumptions	154,424
Differences between Expected and Actual Experience	(1,829,535)
Gross Benefit Payments by the State	(317,931)
Contributions from Members	9,424
Net Changes	(1,155,023)
Balance at June 30, 2019	\$ 10,357,050

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 12,235,769	\$ 10,357,050	\$ 8,864,699

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 8,533,748	\$ 10,357,050	\$ 12,770,728

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$178,842 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,205,770
	2018	9.51		1,037,125
	2019	9.29	\$ 137,802	
			137,802	2,242,895
Differences Between Expected and Actual Experience	2018	9.51		980,406
	2019	9.29		1,621,935
				2,602,341
Changes in Proportion	N/A	N/A		134,345
			\$ 137,802	\$ 4,979,582

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (632,042)
2021	(632,042)
2022	(632,041)
2023	(632,041)
2024	(632,041)
Thereafter	(1,547,228)
	\$ (4,707,435)

NOTE 17: PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. The Student Activities Fund is now reported in the Special Revenue Fund. Additionally, the District completed a reappraisal of the capital assets. The ending balances as of June 30, 2020 were restated as follows:

	Balance 6/30/20 as Previously Reported	Retroactive Adjustments	Balance 6/30/20 as Restated
<u>Statement of Net Position - Government Activities:</u>			
Capital Assets, Net:			
Depreciable Buildings, Building Improvements, and Furniture, Machinery & Equipment	\$ 4,198,539	\$ 122,752	\$ 4,321,291
Net Position:			
Net Investment in Capital Assets	\$ 4,186,939	\$ 122,752	\$ 4,309,691
Restricted	\$ 2,356,099	\$ 7,384	\$ 2,363,483
Total Net Position	\$ 5,370,852	\$ 130,136	\$ 5,500,988
<u>Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds:</u>			
Special Revenue Fund:			
Fund Balance June 30	\$ -0-	\$ 7,384	\$ 7,384

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18: SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey continues to cause disruption of the District's financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to offer free lunch to all students under the Seamless Summer Option.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.0049344628%	0.0048353451%	0.0050257449%	0.0050473168%	0.0053336900%	0.0053881677%	0.0054654256%
District's proportionate share of the net pension liability	\$ 923,866	\$ 1,085,438	\$ 1,488,481	\$ 1,174,935	\$ 1,050,177	\$ 970,866	\$ 891,268
District's covered employee payroll	\$ 334,748	\$ 341,334	\$ 355,447	\$ 378,063	\$ 382,890	\$ 394,744	\$ 406,927
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	275.99%	318.00%	418.76%	310.78%	274.28%	245.95%	219.02%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 40,679	\$ 41,571	\$ 47,113	\$ 46,758	\$ 53,132	\$ 52,475	\$ 59,789
Contributions in relation to the contractually required contribution	<u>(40,679)</u>	<u>(41,571)</u>	<u>(47,113)</u>	<u>(46,758)</u>	<u>(53,132)</u>	<u>(52,475)</u>	<u>(59,789)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 341,334	\$ 355,447	\$ 378,063	\$ 382,890	\$ 394,744	\$ 406,927	\$ 395,616
Contributions as a percentage of covered employee payroll	11.44%	11.00%	12.46%	12.21%	13.46%	12.90%	15.11%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.0229156306%	0.0228752548%	0.0231857811%	0.0227600168%	0.0231857811%	0.0245312732%	0.0241279201%
State's proportionate share of the net pension liability attributable to the District	\$ 12,247,659	\$ 14,458,138	\$ 18,239,412	\$ 15,345,624	\$ 14,978,148	\$ 15,055,074	\$ 15,887,945
District's covered employee payroll	\$ 2,265,965	\$ 2,316,228	\$ 2,372,635	\$ 2,549,681	\$ 2,675,170	\$ 2,631,151	\$ 2,488,744
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	5.287760531	609.37%	768.74%	601.86%	559.90%	572.19%	638.39%
Plan fiduciary net position as a percentage of the total pension liability	0.3364	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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

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

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 659,039	\$ 882,799	\$ 1,370,438	\$ 1,063,067	\$ 873,174	\$ 887,989	\$ 987,980
Contributions in relation to the contractually required contribution	<u>(123,672)</u>	<u>(185,634)</u>	<u>(247,054)</u>	<u>(346,719)</u>	<u>(482,471)</u>	<u>(529,217)</u>	<u>(681,510)</u>
Contribution deficiency/(excess)	<u>\$ 535,367</u>	<u>\$ 697,165</u>	<u>\$ 1,123,384</u>	<u>\$ 716,348</u>	<u>\$ 390,703</u>	<u>\$ 358,772</u>	<u>\$ 306,470</u>
District's covered employee payroll	\$ 2,316,228	\$ 2,372,635	\$ 2,549,681	\$ 2,675,170	\$ 2,631,151	\$ 2,488,744	\$ 2,565,336
Contributions as a percentage of covered employee payroll	5.34%	7.82%	9.69%	12.96%	18.34%	21.26%	26.57%

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

HAMBURG BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 492,168	\$ 408,357	\$ 374,498
Interest Cost	423,419	490,223	454,097
Changes in Assumptions	(1,697,017)		154,424
Member Contributions	11,456	(1,618,258)	9,424
Differences between Expected and Actual Experiences			(1,829,535)
Gross Benefit Payments	<u>(311,121)</u>	<u>(1,200,564)</u>	<u>(317,931)</u>
Net Change in Total OPEB Liability	(1,081,095)	(1,920,242)	(1,155,023)
Total OPEB Liability - Beginning	<u>14,513,410</u>	<u>13,432,315</u>	<u>11,512,073</u>
Total OPEB Liability - Ending	<u>\$ 13,432,315</u>	<u>\$ 11,512,073</u>	<u>\$ 10,357,050</u>
District's Covered Employee Payroll *	\$ 2,728,082	\$ 3,058,060	\$ 3,025,895
Total OPEB Liability as a Percentage of Covered Employee Payroll	492.37%	376.45%	342.28%

* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 and June 30, 2019 are based on the payroll on the June 30, 2016, June 30, 2017 and June 30, 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement 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. Post-retirement 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 MP-2017 scale.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, 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 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.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 4,934,817		\$ 4,934,817	\$ 4,934,817	
Tuition from Other LEA's within the State				20,105	\$ 20,105
Tuition from Individuals	1,000		1,000	27,000	27,000
Interest on Capital Reserve	1,000		1,000	1,017	17
Miscellaneous				6,331	5,331
Total - Local Sources	<u>4,936,817</u>		<u>4,936,817</u>	<u>4,989,270</u>	<u>52,453</u>
State Sources:					
Equalization Aid	750,879		750,879	750,879	
Transportation Aid	44,903		44,903	44,903	
Special Education Aid	197,985		197,985	197,985	
Security Aid	30,047		30,047	30,047	
Adjustment Aid	369,333		369,333	369,333	
Extraordinary Aid				111	111
Non Public Transportation				650	650
On-Behalf TPAF Pension Contribution (Non-Budgeted)				681,510	681,510
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				12,967	12,967
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				217,638	217,638
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				379	379
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				185,885	185,885
Total State Sources	<u>1,393,147</u>		<u>1,393,147</u>	<u>2,492,287</u>	<u>1,099,140</u>
TOTAL REVENUE	<u>6,329,964</u>		<u>6,329,964</u>	<u>7,481,557</u>	<u>1,151,593</u>

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 64,450	\$ 5,000	\$ 69,450	\$ 67,770	\$ 1,680
Kindergarten - Salaries of Teachers	144,000		144,000	142,700	1,300
Grades 1-5 - Salaries of Teachers	867,102	172,000	1,039,102	1,026,737	12,365
Grades 6-8 - Salaries of Teachers	400,485	(6,000)	394,485	387,783	6,702
Regular Programs - Home Instruction:					
Salaries of Teachers	1,500		1,500		1,500
Purchased Professional - Educational Services	2,000		2,000		2,000
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	25,614	(4,000)	21,614	11,711	9,903
Purchased Professional - Educational Services	28,000		28,000	22,432	5,568
Other Purchased Services (400-500 series)	28,000	(6,500)	21,500	9,786	11,714
General Supplies	91,555	145,000	236,555	223,780	12,775
Textbooks	26,707	(10,000)	16,707		16,707
Other Objects	1,000		1,000		1,000
Total Regular Programs - Instruction	1,680,413	295,500	1,975,913	1,892,699	83,214
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	419,080	(64,000)	355,080	345,352	9,728
Other Salaries for Instruction	41,203	9,000	50,203	49,093	1,110
General Supplies	2,600		2,600	1,742	858
Total Resource Room/Resource Center	462,883	(55,000)	407,883	396,187	11,696
Preschool Disabilities - Full-Time:					
Salaries of Teachers	79,630		79,630	77,293	2,337
Other Salaries for Instruction	19,988		19,988	7,250	12,738
General Supplies	600		600	221	379
Total Preschool Disabilities - Full-Time	100,218		100,218	84,764	15,454

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction (Cont'd):					
Home Instruction:					
Salaries of Teachers	\$ 2,000		\$ 2,000		\$ 2,000
Purchased Professional - Educational Services	500		500		500
Total Home Instruction	2,500		2,500		2,500
Total Special Education - Instruction	565,601	\$ (55,000)	510,601	\$ 480,951	29,650
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	227,595	(55,000)	172,595	159,830	12,765
Other Salaries for Instruction	31,788	(10,000)	21,788	6,097	15,691
General Supplies	600		600	377	223
Total Basic Skills/Remedial - Instruction	259,983	(65,000)	194,983	166,304	28,679
School-Sponsored Cocurricular/Extracurricular - Instruction:					
Salaries	25,000		25,000	18,696	6,304
Supplies and Materials	500		500		500
Transfer to Cover Deficit (Agency Funds) - Board Subsidy	7,000		7,000		7,000
Total School-Sponsored Cocurricular/Extracurricular - Instruction	32,500		32,500	18,696	13,804
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	20,000	(1,000)	19,000	2,341	16,659
Supplies and Materials	500	1,000	1,500	869	631
Transfer to Cover Deficit (Agency Funds) - Board Subsidy	2,000		2,000		2,000
Total School-Sponsored Cocurricular Athletics - Instruction	22,500		22,500	3,210	19,290
Total Instruction	2,560,997	175,500	2,736,497	2,561,860	174,637

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 134,223	\$ (65,000)	\$ 69,223	\$ 38,628	\$ 30,595
Tuition to Private Schools for the Handicapped - Within State	67,815	(19,000)	48,815	42,943	5,872
Total Undistributed Expenditures - Instruction	<u>202,038</u>	<u>(84,000)</u>	<u>118,038</u>	<u>81,571</u>	<u>36,467</u>
Attendance & Social Work:					
Salaries	33,007		33,007	29,007	4,000
Total Attendance & Social Work	<u>33,007</u>		<u>33,007</u>	<u>29,007</u>	<u>4,000</u>
Guidance:					
Salaries of Other Professional Staff	69,085		69,085	64,020	5,065
Salaries of Secretarial and Clerical Assistants	29,847		29,847	25,847	4,000
Supplies and Materials	1,000		1,000	199	801
Total Guidance	<u>99,932</u>		<u>99,932</u>	<u>90,066</u>	<u>9,866</u>
Health Services:					
Salaries	88,635	100	88,735	88,697	38
Purchased Professional and Technical Services	2,000	(100)	1,900		1,900
Other Purchased Services (400-500 series)	4,200		4,200	3,131	1,069
Supplies and Materials	3,000		3,000	2,487	513
Total Health Services	<u>97,835</u>		<u>97,835</u>	<u>94,315</u>	<u>3,520</u>
Speech, OT, PT and Related Services:					
Salaries	70,585		70,585	46,705	23,880
Purchased Professional - Educational Services	80,000		80,000	52,367	27,633
Supplies and Materials	3,000		3,000	200	2,800
Total Speech, OT, PT and Related Services	<u>153,585</u>		<u>153,585</u>	<u>99,272</u>	<u>54,313</u>

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Child Study Team:					
Salaries of Other Professional Staff	\$ 149,349	\$ (33,000)	\$ 116,349	\$ 114,593	\$ 1,756
Salaries of Secretarial and Clerical Assistants	57,915		57,915	57,915	
Purchased Professional - Educational Services	4,000	6,000	10,000	7,265	2,735
Other Purchased Professional-Technical Services	56,000	33,000	89,000	55,761	33,239
Supplies and Materials	4,500		4,500	1,450	3,050
Other Objects	200		200	75	125
Total Child Study Team	271,964	6,000	277,964	237,059	40,905
Educational Media Services/School Library:					
Salaries	24,385	3,900	28,285	28,260	25
Supplies and Materials	5,000	100	5,100	5,072	28
Total Educational Media Services/School Library	29,385	4,000	33,385	33,332	53
Instructional Staff Training Services:					
Purchased Professional - Educational Services	4,000		4,000	637	3,363
Other Purchased Services (400-500 series)	8,000		8,000	2,228	5,772
Total Instructional Staff Training Services	12,000		12,000	2,865	9,135
Support Services - General Administration:					
Salaries	151,139	4,200	155,339	155,139	200
Legal Services	6,800	14,000	20,800	15,029	5,771
Audit Fees	28,500	4,000	32,500	32,468	32
Architectural/Engineering Services		1,000	1,000	216	784
Other Purchased Professional Services	9,000	2,000	11,000	10,098	902
Purchased Technical Services	8,000	(3,000)	5,000	4,593	407
Communications/Telephone	17,000	4,600	21,600	20,606	994

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration (Cont'd):					
BOE Other Purchased Services	\$ 5,000	\$ (4,100)	\$ 900	\$ 900	\$ 2,589
Other Purchased Services (400-500 series)	23,000	3,300	26,300	23,711	23
General Supplies - Board	2,900	(1,000)	1,900	1,877	100
BOE In-House Training/ Meeting Supplies	100		100		262
Miscellaneous Expenditures	5,800	1,000	6,800	6,538	322
BOE Membership Dues and Fees	6,200		6,200	5,878	
Total Support Services - General Administration	263,439	26,000	289,439	277,053	12,386
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	73,180	100	73,280	73,180	100
Other Purchased Services (400-500 series)	1,000	(100)	900	546	354
Supplies and Materials	9,700	8,000	17,700	1,095	16,605
Other Objects	3,300		3,300	1,115	2,185
Total Support Services - School Administration	87,180	8,000	95,180	75,936	19,244
Central Services:					
Salaries	62,400	7,000	69,400	69,256	144
Purchased Technical Services	14,000		14,000	12,254	1,746
Miscellaneous Purchased Services (400-500 series)	900		900		900
Supplies and Materials	4,000		4,000	3,564	436
Miscellaneous Expenditures	1,000	1,000	2,000	1,074	926
Total Central Services	82,300	8,000	90,300	86,148	4,152
Required Maintenance of School Facilities:					
Cleaning, Repair and Maintenance Services	98,000	(10,000)	88,000	39,551	48,449
Lead Testing of Drinking Water	2,000		2,000		2,000
Total Required Maintenance of School Facilities	100,000	(10,000)	90,000	39,551	50,449

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	\$ 271,747	\$ (6,000)	\$ 265,747	\$ 244,667	\$ 21,080
Purchased Professional and Technical Services	48,084	(43,000)	5,084	2,402	2,682
Cleaning, Repair and Maintenance Services	23,000	2,000	25,000	20,089	4,911
Other Purchased Property Services	13,172	2,000	15,172	13,057	2,115
Insurance	32,000		32,000	26,706	5,294
Miscellaneous Purchased Services	2,000	(1,000)	1,000	495	505
General Supplies	47,000	6,000	53,000	51,690	1,310
Energy (Gasoline)	800	41,200	42,000	39,928	2,072
Energy (Electricity)	55,000	(2,000)	53,000	42,857	10,143
Energy (Natural Gas)	35,000	(34,200)	800	800	
Total Custodial Services	527,803	(35,000)	492,803	442,691	50,112
Care & Upkeep of Grounds:					
Salaries	32,180	4,000	36,180	36,180	
Cleaning, Repair and Maintenance Services	20,000	1,000	21,000	20,666	334
General Supplies	10,500		10,500	6,350	4,150
Total Care & Upkeep of Grounds	62,680	5,000	67,680	63,196	4,484
Security:					
Cleaning, Repair and Maintenance Services	4,000		4,000		4,000
Total Security	4,000		4,000		4,000
Student Transportation Services:					
Salaries:					
Between Home and School- Special Education	21,075		21,075	21,074	1
Between Home and School- Nonpublic Schools	13,007	100	13,107	13,007	100
Other than Between Home and School	17,190		17,190	15,190	2,000
Management Fee - ESC & CTSA Transportation Program	8,000		8,000	3,414	4,586

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services (Cont'd):					
Contracted Services: Other Between Home and School - Vendors	\$ 20,900		\$ 20,900	\$ 774	\$ 20,126
Contracted Services: Aid in Lieu Payments - Choice School	8,000		8,000	4,688	3,312
Contracted Services: Regular Students - ESC and CTSA	40,000		40,000	29,913	10,087
Contracted Services: Special Education Students - ESC and CTSA	97,000		97,000	66,069	30,931
Contracted Services: Aid in Lieu Payments - Nonpublic Students	2,800	\$ (100)	2,700		2,700
Total Student Transportation Services	227,972		227,972	154,129	73,843
Unallocated Benefits:					
Group Insurance	51,348	(5,000)	46,348	33,776	12,572
Social Security Contributions	77,000		77,000	68,143	8,857
Other Retirement Contributions - PERS	58,000	2,000	60,000	59,789	211
Other Retirement Contributions - Regular	14,175		14,175	8,503	5,672
Unemployment Compensation	26,275		26,275	11,176	15,099
Workmen's Compensation	48,150	(12,000)	36,150	35,417	733
Health Benefits	1,180,386	(136,000)	1,044,386	736,261	308,125
Tuition Reimbursement	12,000	3,000	15,000	14,440	560
Other Employee Benefits	30,000	27,000	57,000	53,359	3,641
Total Unallocated Benefits	1,497,334	(121,000)	1,376,334	1,020,864	355,470
On-Behalf Payments:					
On-Behalf TPAF Pension Contribution (Non-Budgeted)				681,510	(681,510)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				12,967	(12,967)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				217,638	(217,638)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				379	(379)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				185,885	(185,885)
Total On-Behalf Payments				1,098,379	(1,098,379)
Total Undistributed Expenditures	3,752,454	(193,000)	3,559,454	3,925,434	(365,980)
TOTAL CURRENT EXPENSE	6,313,451	(17,500)	6,295,951	6,487,294	(191,343)

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures - Instruction		\$ 37,500	\$ 37,500	\$ 36,755	\$ 745
Undistributed Expenditures - Required Maint for School Facilities		6,000	6,000	5,451	549
Undistributed Expenditures - Care and Upkeep of Grounds		3,000	3,000	2,599	401
Undistributed Expenditures - Non - Instructional Services		9,000	9,000	8,448	552
Total Equipment		55,500	55,500	53,253	2,247
Facilities Acquisition and Construction Services:					
Legal Services	\$ 10,000.00		10,000	8,293	1,707
Architectural Services	40,250		40,250	16,500	23,750
Other Purchased Professional and Technical Services		2,000	2,000	1,888	112
Construction Services	580,750		580,750	220,271	360,479
Assessment for Debt Service on SDA Funding	24,130		24,130	24,130	
Total Facilities Acquisition and Construction Services	655,130	2,000	657,130	271,082	386,048
Total Capital Outlay	655,130	57,500	712,630	324,335	388,295
Transfer of Funds to Charter Schools	660,000	(40,000)	620,000	608,819	11,181
TOTAL EXPENDITURES	7,628,581		7,628,581	7,420,448	208,133
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(1,298,617)		(1,298,617)	61,109	1,359,726
Fund Balance, July 1	2,682,208		2,682,208	2,682,208	
Fund Balance, June 30	\$ 1,383,591	\$ -0-	\$ 1,383,591	\$ 2,743,317	\$ 1,359,726

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Recapitulation:</u>	
Restricted Fund Balances:	
Capital Reserve	\$ 1,028,474
Excess Surplus - 2021-2022	690,465
Excess Surplus - 2022-2023	669,625
Assigned Fund Balance:	
For Subsequent Year's Expenditures	101,109
Unassigned	253,644
	2,743,317
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments not Recognized on GAAP Basis	(136,901)
Fund Balance per Governmental Funds (GAAP)	\$ 2,606,416

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Local Sources		\$ 60,409	\$ 60,409	\$ 56,709	\$ 3,700
Federal Sources	\$ 63,380	127,856	191,236	188,753	(2,483)
Total Revenue	63,380	188,265	251,645	245,462	1,217
Expenditures:					
Instruction:					
Other Salaries for Instruction	54,842	4,227	59,069	59,069	
Tuition		55,911	55,911	55,911	
General Supplies		39,226	39,226	39,226	
Other Objects		18,700	18,700	15,000	3,700
Total Instruction	54,842	118,064	172,906	169,206	3,700
Support Services:					
Purchased Professional/Educational Services		2,400	2,400	2,400	
Other Purchased Services (400-500 Series)	8,538	(395)	8,143	8,143	
Supplies and Materials		26,487	26,487	24,004	2,483
Student Activities		41,709	41,709	40,023	1,686
Total Support Services	8,538	70,201	78,739	74,570	4,169
Total Expenditures	\$ 63,380	\$ 188,265	\$ 251,645	\$ 243,776	\$ 7,869

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 7,481,557	\$ 245,462
Differences - Budget to GAAP:		
Prior Year State Aid Payment Recognized for GAAP Statements	144,706	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(136,901)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 7,489,362	\$ 245,462
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 7,420,448	\$ 243,776
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 7,420,448	\$ 243,776

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C.6:20-2A.2(m)l. Transfers of appropriations may be made by school board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

HAMBURG BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Elementary and Secondary Education Act		IDEA Part B		Coronavirus Relief Fund (CRF)	
	Title I	Title II A	Title IV	Basic	Preschool	
REVENUE:						
Local Sources						
Federal Sources	\$ 33,740	\$ 5,543	\$ 10,000	\$ 76,911	\$ 4,329	\$ 12,987
Total Revenue	33,740	5,543	10,000	76,911	4,329	12,987
EXPENDITURES:						
Instruction:						
Other Salaries for Instruction	33,740			21,000	4,329	
Tuition				55,911		
General Supplies			5,000			
Other Objects						
Total Instruction	33,740		5,000	76,911	4,329	
Support Services:						
Purchased Professional/Educational Services			2,400			
Other Purchased Services (400-500 Series)		5,543	2,600			12,987
Supplies and Materials						
Student Activities						
Total Support Services		5,543	5,000			12,987
Total Expenditures	\$ 33,740	\$ 5,543	\$ 10,000	\$ 76,911	\$ 4,329	\$ 12,987

HAMBURG BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>CARES</u>	<u>CARES -</u>	<u>Local</u>	<u>Student</u>	<u>Totals</u>
	<u>Emergency</u>	<u>Digital</u>	<u>Grants</u>	<u>Activities</u>	<u>June 30, 2021</u>
	<u>Relief Grant</u>	<u>Divide Grant</u>	<u>Fund</u>	<u>Fund</u>	<u>June 30, 2021</u>
REVENUE:					
Local Sources			\$ 15,000	\$ 41,709	\$ 56,709
Federal Sources	\$ 25,993	\$ 19,250			188,753
Total Revenue	<u>25,993</u>	<u>19,250</u>	<u>15,000</u>	<u>41,709</u>	<u>245,462</u>
EXPENDITURES:					
Instruction:					
Other Salaries for Instruction					59,069
Tuition					55,911
General Supplies	14,976	19,250	15,000		39,226
Other Objects					15,000
Total Instruction	<u>14,976</u>	<u>19,250</u>	<u>15,000</u>		<u>169,206</u>
Support Services:					
Purchased Professional/Educational Services					2,400
Other Purchased Services (400-500 Series)					8,143
Supplies and Materials	11,017			40,023	24,004
Student Activities					40,023
Total Support Services	<u>11,017</u>			<u>40,023</u>	<u>74,570</u>
Total Expenditures	<u>\$ 25,993</u>	<u>\$ 19,250</u>	<u>\$ 15,000</u>	<u>\$ 40,023</u>	<u>\$ 243,776</u>

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

HAMBURG BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 32,220
Intergovernmental Accounts Receivable:	
Federal	9,901
State	461
Inventories	4,415

Total Current Assets	<u>46,997</u>
----------------------	---------------

Non-Current Assets:

Capital Assets:

Depreciable Furniture and Equipment, Net	<u>48,783</u>
--	---------------

Total Non-Current Assets	<u>48,783</u>
--------------------------	---------------

Total Assets	<u>95,780</u>
--------------	---------------

LIABILITIES:

Current Liabilities:

Unearned Revenue - Prepaid Sales	1,134
Unearned Revenue - Donated Commodities	431

Total Liabilities	<u>1,565</u>
-------------------	--------------

NET POSITION:

Investment in Capital Assets	48,783
Unrestricted	<u>45,432</u>

Total Net Position	<u><u>\$ 94,215</u></u>
--------------------	-------------------------

HAMBURG BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 266
Total Operating Revenue	<u>266</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	88,451
Salaries, Benefits & Payroll Taxes	34,404
Supplies, Insurance & Other Costs	3,987
Management Fee	8,380
Depreciation Expense	6,444
Total Operating Expenses	<u>141,666</u>
Operating Loss	(141,400)
Non-Operating Revenue:	
Local Sources:	
Interest Income	50
State Sources:	
State School Lunch Program -Seamless Summer Option	5,230
Federal Sources:	
National School Lunch Program -Seamless Summer Option	113,270
School Breakfast Program - Seamless Summer Option	59,656
Food Distribution Program	7,023
Total Non-Operating Revenue	<u>185,229</u>
Change in Net Position	43,829
Net Position - Beginning of Year	<u>50,386</u>
Net Position - End of Year	<u>\$ 94,215</u>

HAMBURG BOROUGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 266
Payments to Employees	(34,404)
Payments to Food Service Vendor	(90,316)
Payments to Suppliers	(3,987)
	<hr/>
Net Cash (Used for) Operating Activities	(128,441)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Equipment	(34,167)
	<hr/>
Net Cash (Used for) Capital and Related Financing Activities	(34,167)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interest Revenue	50
State Sources:	
State School Lunch Program	5,040
Federal Sources:	
National School Lunch Program - Seamless Summer Option	109,498
School Breakfast Program - Seamless Summer Option	57,678
General Fund - Prior Year Interfund Received	17,000
	<hr/>
Net Cash Provided by Noncapital Financing Activities	189,266
	<hr/>
Net Increase in Cash and Cash Equivalents	26,658
Cash and Cash Equivalents, July 1	5,562
	<hr/>
Cash and Cash Equivalents, June 30	\$ 32,220
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash (Used for) Operating Activities:	
Operating Loss	\$ (141,400)
Adjustment to Reconcile Operating Loss to Cash (Used for) Operating Activities:	
Depreciation	6,444
Food Distribution Program	7,023
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventory	681
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(162)
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(1,027)
	<hr/>
Net Cash (Used for) Operating Activities	\$ (128,441)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The District received USDA donated commodities valued at \$5,996 and used \$7,023 of those commodities during the fiscal year.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2020	Retired or Matured	Balance June 30, 2021
			Date	Amount				
School Refunding Bonds	11/16/10	\$ 1,885,000	09/01/21	\$ 220,000	4.00%	\$ 430,000	\$ 210,000	\$ 220,000
						<u>\$ 430,000</u>	<u>\$ 210,000</u>	<u>\$ 220,000</u>

HAMBURG BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOT APPLICABLE

HAMBURG BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 223,000		\$ 223,000	\$ 223,000	
Total Revenues	223,000		223,000	223,000	
EXPENDITURES:					
Regular Debt Service:					
Interest	13,000		13,000	13,000	
Redemption of Principal	210,000		210,000	210,000	
Total Regular Debt Service	223,000		223,000	223,000	
Total Expenditures	223,000		223,000	223,000	
Excess/(Deficit) of Revenues Over/(Under) Expenditures	-0-	-0-	-0-	-0-	\$ -0-
Fund Balance, July 1	-0-	-0-	-0-	-0-	-0-
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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

June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	Restated 2020	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 2,892,415	\$ 3,096,442	\$ 3,397,933	\$ 3,775,139	\$ 3,665,238	\$ 3,873,421	\$ 3,960,821	\$ 4,240,615	\$ 4,309,691	\$ 4,516,302
Restricted	735,719	1,275,459	1,458,718	1,769,289	2,330,520	2,041,746	1,978,967	1,860,579	2,363,483	2,397,634
Unrestricted/(Deficit)	398,170	(15,128)	(1,233,398)	(1,145,056)	(1,128,593)	(1,134,230)	(1,165,026)	(1,216,349)	(1,172,186)	(1,097,211)
Total Governmental Activities Net Position	\$ 4,026,304	\$ 4,356,773	\$ 3,623,253	\$ 4,399,372	\$ 4,867,165	\$ 4,780,937	\$ 4,774,762	\$ 4,884,845	\$ 5,500,988	\$ 5,816,725
Business-Type Activities:										
Investment in Capital Assets	\$ 23,059	\$ 20,269	\$ 22,771	\$ 21,573	\$ 24,859	\$ 27,627	\$ 24,939	\$ 22,382	\$ 21,060	\$ 48,783
Unrestricted	29,668	20,707	22,179	11,526	29,482	28,253	28,042	24,831	29,326	45,432
Total Business-Type Activities Net Position	\$ 52,727	\$ 40,976	\$ 44,950	\$ 33,099	\$ 54,341	\$ 55,880	\$ 52,981	\$ 47,213	\$ 50,386	\$ 94,215
District-Wide:										
Net Investment in Capital Assets	\$ 2,915,474	\$ 3,116,711	\$ 3,420,704	\$ 3,796,712	\$ 3,690,097	\$ 3,901,048	\$ 3,985,760	\$ 4,262,997	\$ 4,330,751	\$ 4,565,085
Restricted	735,719	1,275,459	1,458,718	1,769,289	2,330,520	2,041,746	1,978,967	1,860,579	2,363,483	2,397,634
Unrestricted/(Deficit)	427,838	5,579	(1,211,219)	(1,133,530)	(1,099,111)	(1,105,977)	(1,136,984)	(1,191,518)	(1,142,860)	(1,051,779)
Total District-Wide Net Position	\$ 4,079,031	\$ 4,397,749	\$ 3,668,203	\$ 4,432,471	\$ 4,921,506	\$ 4,836,817	\$ 4,827,743	\$ 4,932,058	\$ 5,551,374	\$ 5,910,940

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 2,553,699	\$ 2,377,951	\$ 2,522,801	\$ 2,724,403	\$ 3,141,955	\$ 3,627,398	\$ 3,823,021	\$ 3,431,428	\$ 2,860,651	\$ 3,511,265
Special Education	618,629	726,331	712,684	907,684	908,010	1,166,401	1,209,057	1,071,007	1,042,313	892,236
Other Instruction	56,946	56,317	55,523	125,655	159,175	122,985	119,323	158,947	396,995	317,826
School Sponsored/Cocurricular								56,763	47,168	41,117
Support Services:										
Tuition	265,417	198,659	170,750	123,634	60,751	116,358	128,060	114,867	147,152	137,482
Student & Instruction Related Services	634,934	659,176	653,249	637,646	708,460	781,566	802,282	995,957	794,645	774,248
General Administration Services	284,687	297,354	298,296	293,494	292,217	306,422	305,703	256,191	323,148	320,266
School Administration Services	130,216	129,750	118,235	140,201	114,526	124,553	131,504	101,089	106,547	143,787
Central Services	125,859	128,940	137,410	146,292	139,329	82,884	79,419	134,224	114,032	111,394
Plant Operations and Maintenance	677,795	640,188	708,532	653,529	812,391	811,079	770,758	683,823	757,279	661,562
Pupil Transportation	140,986	122,523	122,289	109,551	96,964	130,961	168,907	164,592	144,895	167,853
Interest On Long-Term Debt	65,879	62,072	49,822	46,422	41,480	37,605	32,380	25,122	17,022	8,655
Capital Outlay		29,874						24,130	24,130	24,130
Unallocated Depreciation	155,480	165,812	169,730	227,627	214,765	223,465	218,704	206,743	197,885	241,423
Charter Schools	38,292	130,170	40,815	25,071	151,586	438,927	449,638	429,386	345,832	608,819
Total Governmental Activities Expenses	5,748,819	5,725,117	5,787,287	6,161,210	6,841,609	7,970,604	8,238,756	7,854,269	7,319,694	7,962,063
Business-Type Activities:										
Food Service	111,259	102,433	102,648	108,864	94,337	94,446	95,767	90,480	90,787	141,666
Total Business-Type Activities Expenses	111,259	102,433	102,648	108,864	94,337	94,446	95,767	90,480	90,787	141,666
Total District-Wide Expenses	\$ 5,860,078	\$ 5,827,550	\$ 5,889,935	\$ 6,270,074	\$ 6,935,946	\$ 8,065,050	\$ 8,334,523	\$ 7,944,749	\$ 7,410,481	\$ 8,103,729
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	\$ 59,784	\$ 63,846	\$ 107,106	\$ 78,620	\$ 67,891	\$ 101,590	\$ 158,908	\$ 78,793	\$ 51,966	\$ 47,105
Operating Grants and Contributions	834,291	832,426	760,423	1,345,751	1,609,559	2,090,504	2,309,933	1,899,489	1,630,458	1,907,488
Total Governmental Activities Program Revenues	894,075	896,272	867,529	1,424,371	1,677,450	2,192,094	2,468,841	1,978,282	1,682,424	1,954,593
Business-Type Activities:										
Charges for Services:										
Food Service	57,320	50,225	52,478	49,787	46,624	49,905	51,219	55,019	39,285	266
Operating Grants and Contributions	44,305	40,101	44,090	47,176	39,923	38,032	34,597	29,632	37,623	185,179
Total Business Type Activities Program Revenues	101,625	90,326	96,568	96,963	86,547	87,937	85,816	84,651	76,908	185,445
Total District-Wide Program Revenues	\$ 995,700	\$ 986,598	\$ 964,097	\$ 1,521,334	\$ 1,763,997	\$ 2,280,031	\$ 2,554,657	\$ 2,062,933	\$ 1,759,332	\$ 2,140,038

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total District-Wide Net (Expenses)/Revenue										
Governmental Activities	\$ (4,854,744)	\$ (4,828,845)	\$ (4,919,758)	\$ (4,736,839)	\$ (5,164,159)	\$ (5,778,510)	\$ (5,769,915)	\$ (5,875,987)	\$ (5,637,270)	\$ (6,007,470)
Business-Type Activities	(9,634)	(12,107)	(6,080)	(11,901)	(7,790)	(6,509)	(9,951)	(5,829)	(13,879)	43,779
Total District-Wide Net (Expenses)/Revenue	\$ (4,864,378)	\$ (4,840,952)	\$ (4,925,838)	\$ (4,748,740)	\$ (5,171,949)	\$ (5,785,019)	\$ (5,779,866)	\$ 5,881,816	\$ 5,651,149	\$ (5,963,691)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 3,603,326	\$ 3,675,392	\$ 3,748,900	\$ 3,823,878	\$ 3,900,354	\$ 4,029,360	\$ 4,136,209	\$ 4,423,229	\$ 4,629,778	\$ 4,934,817
Taxes Levied for Capital Projects	27,625									
Taxes Levied for Debt Service	220,497	206,256	222,500	219,100	219,775	207,700	220,775	219,200	226,300	223,000
Unrestricted Grants and Contributions	1,601,678	1,327,142	1,435,187	1,445,473	1,433,766	1,455,114	1,408,037	1,327,080	1,237,319	1,158,041
Investment Earnings	3,461	4,390	5,217	5,837	5,674	5,524	986	974	1,023	1,017
Miscellaneous Income	10,905	16,764	83,425	6,020	11,174	2,584	4,733	15,587	7,054	6,332
Board Contribution/Transfer					(29,000)	(8,000)	(7,000)			
Cancellation of Prior Year Accounts Payable				12,650	90,209				38,803	
Total Governmental Activities General Revenues & Other Changes in Net Position	\$ 5,467,492	\$ 5,229,944	\$ 5,495,229	\$ 5,512,958	\$ 5,631,952	\$ 5,692,282	\$ 5,763,740	\$ 5,986,070	\$ 6,140,277	\$ 6,323,207
Other Financing Sources/(Uses):										
Transfers	(10,023)		(10,000)						(17,000)	
Total Other Financing Sources/(Uses)	(10,023)	- 0 -	(10,000)	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	(17,000)	- 0 -
Business-Type Activities:										
Board Contribution/Transfer	10,000		10,000		29,000	8,000	7,000		17,000	
Miscellaneous & Interest Income	1,812	356	54	50	32	48	52	61	52	50
Total Business-Type Activities General Revenues & Other Changes in Net Position	11,812	356	10,054	50	29,032	8,048	7,052	61	17,052	50
Total District-Wide General Revenues & Other Changes in Net Position	\$ 5,469,281	\$ 5,230,300	\$ 5,495,283	\$ 5,513,008	\$ 5,660,984	\$ 5,700,330	\$ 5,770,792	\$ 5,986,131	\$ 6,140,329	\$ 6,323,257
Change in Net Position:										
Governmental Activities	\$ 602,725	\$ 401,099	\$ 565,471	\$ 776,119	\$ 467,793	\$ (86,228)	\$ (6,175)	\$ 110,083	\$ 486,007	\$ 315,737
Business-Type Activities	2,178	(11,751)	3,974	(11,851)	21,242	1,539	(2,899)	(5,768)	3,173	43,829
Total District-Wide Change in Net Position	\$ 604,903	\$ 389,348	\$ 569,445	\$ 764,268	\$ 489,035	\$ (84,689)	\$ (9,074)	\$ 104,315	\$ 489,180	\$ 359,566

Source: Hamburg Borough School District Financial Reports.

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

	June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	Restated 2020	2021
General Fund:										
Restricted	\$ 726,175	\$ 1,275,459	\$ 1,438,605	\$ 1,756,639	\$ 2,317,870	\$ 2,041,746	\$ 1,978,967	\$ 1,860,579	\$ 1,665,634	\$ 2,388,564
Assigned	365,330	35,000	125,000	152,672	157,077	166,435	180,916	86,066	75,000	101,109
Unassigned	119,242	125,055	114,638	98,440	93,873	93,828	102,244	98,575	106,403	116,743
Total General Fund	\$ 1,210,747	\$ 1,435,514	\$ 1,678,243	\$ 2,007,751	\$ 2,568,820	\$ 2,302,009	\$ 2,262,127	\$ 2,045,220	\$ 1,847,037	\$ 2,606,416
All Other Governmental Funds:										
Restricted	\$ 9,544		\$ 20,113	\$ 12,650	\$ 12,650				7,384	9,070
Total All Other Governmental Funds	\$ 9,544	\$ -0-	\$ 20,113	\$ 12,650	\$ 12,650	\$ -0-	\$ -0-	\$ -0-	\$ 7,384	\$ 9,070
Total Governmental Funds:										
Restricted	\$ 735,719	\$ 1,275,459	\$ 1,458,718	\$ 1,769,289	\$ 2,330,520	\$ 2,041,746	\$ 1,978,967	\$ 1,860,579	\$ 1,673,018	\$ 2,397,634
Assigned	365,330	35,000	125,000	152,672	157,077	166,435	180,916	86,066	75,000	101,109
Unassigned	119,242	125,055	114,638	98,440	93,873	93,828	102,244	98,575	106,403	116,743
Total All Governmental Funds	\$ 1,220,291	\$ 1,435,514	\$ 1,698,356	\$ 2,020,401	\$ 2,581,470	\$ 2,302,009	\$ 2,262,127	\$ 2,045,220	\$ 1,854,421	\$ 2,615,486

Source: Hamburg Borough School District Financial Reports.

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Tax Levy	\$ 3,851,448	\$ 3,881,648	\$ 3,971,400	\$ 4,042,978	\$ 4,120,129	\$ 4,237,060	\$ 4,356,984	\$ 4,642,429	\$ 4,856,078	\$ 5,157,817
Tuition Charges	27,998	63,846	107,106	78,620	67,891	101,590	158,908	78,793	51,966	47,105
Interest on Capital Reserve	655	711	814	926	1,058	1,043	986	974	1,023	1,017
Restricted Miscellaneous	13,689	29,443	87,828	27,981	17,290	9,065	8,483	27,237	10,554	56,709
State Sources	2,271,809	2,014,068	2,067,300	2,119,882	2,204,757	2,283,418	2,372,403	2,484,105	2,399,755	2,500,092
Federal Sources	191,845	136,500	128,310	131,576	140,970	144,750	126,025	126,649	126,758	188,753
Total Revenue	6,357,444	6,126,216	6,362,758	6,401,963	6,552,095	6,776,926	7,023,789	7,360,187	7,446,134	7,957,824
Expenditures:										
Instruction:										
Regular Instruction	1,684,031	1,597,259	1,772,884	1,637,672	1,768,489	1,825,314	1,864,393	1,852,808	1,607,654	1,993,652
Special Education Instruction	457,300	494,254	493,681	538,351	525,280	579,239	582,169	568,123	568,544	506,280
Other	39,184	38,992	39,146	74,883	77,812	83,455	60,736	59,723	210,448	166,304
School Sponsored/Cocurricular Support Services:										
Tuition	265,417	198,659	170,750	123,634	60,751	116,358	128,060	114,867	147,152	137,482
Student & Instruction Related Services	520,286	552,242	533,177	544,135	596,512	618,831	622,988	784,915	623,222	647,499
General Administrative Services	232,889	244,457	254,613	250,954	249,640	258,063	255,660	212,623	279,856	277,053
School Administrative Services	85,436	86,395	81,211	81,967	64,571	64,197	65,867	62,959	52,916	75,936
Central Services	106,664	109,571	112,205	124,013	117,028	72,184	68,795	97,737	87,562	86,148
Plant Operations And Maintenance	621,847	582,344	656,191	672,276	600,670	663,599	655,368	579,727	581,721	545,438
Pupil Transportation	138,403	120,034	119,705	106,944	94,290	121,405	159,211	152,276	129,729	154,129
Unallocated Benefits	1,322,115	1,278,775	1,262,722	1,311,166	1,434,556	1,621,097	1,826,492	2,050,556	1,994,269	2,119,243
Capital Outlay	48,556	262,041	330,316	369,752	91,275	365,368	96,519	335,430	73,282	324,335
Debt Service:										
Principal	160,000	160,000	170,000	170,000	175,000	190,000	185,000	190,000	205,000	210,000
Interest and Other Charges	60,820	55,800	52,500	49,100	44,775	29,200	35,775	29,200	21,300	13,000
Charter Schools	38,292	130,170	40,815	25,071	151,586	438,927	449,638	429,386	345,832	608,819
Total Expenditures	5,781,240	5,910,993	6,089,916	6,079,918	6,052,235	7,047,237	7,056,671	7,577,094	6,975,655	7,887,224
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	576,204	215,223	272,842	322,045	499,860	(270,311)	(32,882)	(216,907)	470,479	70,600

HAMBURG BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED
(Modified Accrual Basis of Accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources/(Uses):										
Cancellation of Prior Year Accounts Payable Transfers Out	\$ (10,023)		\$ (10,000)		\$ 90,209	\$ (8,000)	\$ (7,000)		\$ 38,803	
Total Other Financing Sources/(Uses)	(10,023)		(10,000)		61,209	(8,000)	(7,000)		21,803	
Net Change In Fund Balances	\$ 566,181	\$ 215,223	\$ 262,842	\$ 322,045	\$ 561,069	\$ (278,311)	\$ (39,882)	\$ (216,907)	\$ 492,282	\$ 70,600
Debt Service as a Percentage of Noncapital Expenditures	3.85%	3.82%	3.86%	3.84%	3.69%	3.28%	3.17%	3.03%	3.28%	2.95%

Source: Hamburg Borough School District Financial Reports.

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Prior Year Refunds	Other	Total
2012	\$ 2,806	\$ 27,998	\$ 6,299	\$ 1,116	\$ 38,219
2013	3,679	63,846	15,848	1,627	85,000
2014	4,403	107,106	82,096	2,143	195,748
2015	4,911	78,620	4,837	2,109	90,477
2016	5,675	67,891	9,904	1,269	84,739
2017	5,524	101,590	2,489	95	109,698
2018	5,219	158,908		500	164,627
2019	5,254	78,793	11,202	105	95,354
2020	5,566	51,966	1,863	648	60,043
2021	5,405	47,105	862	1,081	54,453

Source: Hamburg Borough School District Financial Reports.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2011	\$ 5,684,750	\$ 180,074,500	\$ 169,000	\$ 4,500	\$ 17,088,400	\$ 3,921,700	\$ 331,500	\$ 207,274,350	\$ 351,612	\$ 207,625,962	\$ 4,877,700	\$ 1.85	\$ 338,177,465
2012	4,698,150	179,344,400			17,815,200	3,921,700	747,800	206,527,250	402,529	206,929,779	4,906,300	1.86	309,323,203
2013	4,628,150	177,780,200			18,256,200	3,921,700	747,800	205,334,050	406,308	205,740,358	4,838,600	1.91	289,385,794
2014 *	6,038,600	204,017,600			27,961,200	4,988,600	690,600	243,696,600	550,675	244,247,275	19,855,400	1.64	260,636,321
2015	6,019,200	204,491,400			28,067,500	4,988,600	690,600	244,257,300	555,492	244,812,792	19,807,800	1.67	270,300,879
2016	6,032,600	203,919,500			28,121,000	4,988,600	690,600	243,752,300	481,142	244,233,442	20,342,000	1.71	270,607,041
2017	6,151,400	204,493,000			27,672,500	4,988,600	690,600	243,996,100	462,711	244,458,811	20,158,200	1.76	272,188,832
2018	5,777,700	205,901,700			27,171,300	4,988,600	690,600	244,529,900	457,458	244,987,358	20,158,200	1.84	268,222,994
2019	5,427,700	207,891,100			27,179,300	4,988,600	690,600	246,177,300	414,817	246,592,117	20,514,200	1.93	271,409,774
2020	5,227,700	209,840,400			26,418,400	4,988,600	1,455,000	247,930,100	-	247,930,100	20,649,800	2.02	273,796,329

* - Revaluation

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

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

^b Tax rates are per \$100 of assessed value.

Source: Hamburg Borough Tax Assessor.

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

Year Ended December 31,	Hamburg Borough School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Direct Rate			Borough			
	Basic Rate ^a	Obligation Debt ^b	Total Direct	Regional School	of Hamburg	Sussex County	
2011	\$ 1.73	\$ 0.11	\$ 1.85	\$ 0.69	\$ 0.93	\$ 0.70	\$ 4.17
2012	1.76	0.10	1.86	0.72	0.95	0.69	4.22
2013	1.81	0.11	1.91	0.75	0.97	0.69	4.32
2014*	1.55	0.09	1.64	0.61	0.84	0.56	3.64
2015	1.58	0.09	1.67	0.62	0.85	0.57	3.70
2016	1.63	0.08	1.71	0.66	0.88	0.61	3.86
2017	1.67	0.09	1.76	0.65	0.93	0.64	3.98
2018	1.75	0.09	1.84	0.64	0.95	0.64	4.06
2019	1.84	0.09	1.93	0.62	0.97	0.64	4.15
2020	1.93	0.09	2.02	0.62	1.00	0.65	4.28

* - Revaluation

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

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

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

Source: Hamburg Borough Tax Collector and School Business Administrator.

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

	2020		2011		% of Total District Net Assessed Value
	Taxpayer	Taxable Assessed Value	Taxpayer	Taxable Assessed Value	
Ames Rubber Corp		\$ 3,054,600	Ames Rubber Corporation	\$ 2,500,000	1.21%
Governor Haines Realty, LLC		2,019,600	Silver Fox LLC	1,613,800	0.78%
Envision New Jersey, LLC		1,934,000	Kaytes Realty, LLC	1,576,000	0.76%
Springdale Village, LLC		1,869,700	Governor Haines Square Corp	1,488,700	0.72%
Plaza 23, LLC		1,317,900	24 Ames Boulevard, LLC	1,176,000	0.57%
TRB Investments, LLC		1,174,000	Grey Elephant, LLC	1,032,800	0.50%
Individual Taxpayer #1		1,100,000	TRB Investments, LLC	916,000	0.44%
TCAT Properties Hamburg, LLC		1,000,200	Lorterdan Hamburg Development, LLC	700,000	0.34%
Wachovia Bank		978,400	Wachovia Tax Dept	690,900	0.33%
KP Kit & Jay, LLC		913,800	Plaza 23, LLC	678,000	0.33%
Total		\$ 15,362,200	Total	\$ 12,372,200	5.98%

Source: Hamburg Borough Tax Assessor

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy</u> ^a		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2012	\$ 3,851,448	\$ 3,851,448	100.00%	- 0 -
2013	3,881,648	3,881,648	100.00%	- 0 -
2014	3,971,400	3,971,400	100.00%	- 0 -
2015	4,042,978	4,042,978	100.00%	- 0 -
2016	4,120,129	4,120,129	100.00%	- 0 -
2017	4,237,060	4,237,060	100.00%	- 0 -
2018	4,356,984	4,356,984	100.00%	- 0 -
2019	4,642,429	4,642,429	100.00%	- 0 -
2020	4,856,078	4,856,078	100.00%	- 0 -
2021	5,157,817	5,157,817	100.00%	- 0 -

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

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Loans Payable	Capital Leases			
2012	\$ 1,865,000	\$ - 0 -	\$ - 0 -	\$ 1,865,000	1.12%	\$ 569.64
2013	1,705,000	- 0 -	- 0 -	1,705,000	1.05%	531.15
2014	1,535,000	- 0 -	- 0 -	1,535,000	0.89%	477.00
2015	1,365,000	- 0 -	- 0 -	1,365,000	0.77%	428.30
2016	1,190,000	- 0 -	- 0 -	1,190,000	0.66%	376.34
2017	1,010,000	- 0 -	- 0 -	1,010,000	0.55%	320.94
2018	825,000	- 0 -	- 0 -	825,000	0.43%	262.49
2019	635,000	- 0 -	- 0 -	635,000	0.32%	202.29
2020	430,000	- 0 -	- 0 -	430,000	0.22%	137.78
2021	220,000	- 0 -	- 0 -	220,000	0.11%	70.49

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

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

Source: Hamburg Borough School District Financial Reports.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 1,865,000	\$ - 0 -	\$ 1,865,000	0.90%	\$ 569.64
2013	1,705,000	- 0 -	1,705,000	0.82%	531.15
2014	1,535,000	- 0 -	1,535,000	0.75%	477.00
2015	1,365,000	- 0 -	1,365,000	0.56%	428.30
2016	1,190,000	- 0 -	1,190,000	0.49%	376.34
2017	1,010,000	- 0 -	1,010,000	0.41%	320.94
2018	825,000	- 0 -	825,000	0.34%	262.49
2019	635,000	- 0 -	635,000	0.26%	202.29
2020	430,000	- 0 -	430,000	0.17%	137.78
2021	220,000	- 0 -	220,000	0.09%	70.49

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

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

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

Source: Hamburg Borough School District Financial Reports.

HAMBURG BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Wallkill Valley Regional High School	\$ 1,780,000	13.40%	\$ 238,443
Sussex County General Obligation Debt	80,625,409	1.69%	<u>1,358,556</u>
Subtotal, Overlapping Debt			1,596,999
Hamburg Borough School District Direct Debt			<u>220,000</u>
Total Direct And Overlapping Debt			<u><u>\$ 1,816,999</u></u>

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

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

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

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 10,021,150	\$ 9,355,994	\$ 8,703,010	\$ 8,297,699	\$ 8,100,157	\$ 8,079,002	\$ 8,025,750	\$ 8,046,195	\$ 8,051,160	\$ 8,153,130
Total Net Debt Applicable to Limit	1,865,000	1,705,000	1,535,000	1,365,000	1,190,000	1,010,000	825,000	635,000	430,000	220,000
Legal Debt Margin	\$ 8,156,150	\$ 7,650,994	\$ 7,168,010	\$ 6,932,699	\$ 6,932,699	\$ 7,069,002	\$ 7,200,750	\$ 7,411,195	\$ 7,621,160	\$ 7,933,130

Total Net Debt Applicable to the Limit
As a Percentage of Debt Limit

	18.82%	18.61%	18.22%	16.45%	14.69%	12.50%	10.28%	7.89%	5.34%	2.70%
--	--------	--------	--------	--------	--------	--------	--------	-------	-------	-------

Legal Debt Margin Calculation for Fiscal Year 2021	
Equalized Valuation Basis	Hamburg Borough
2020	\$ 276,306,809
2019	270,851,909
2018	268,154,293
	<u>\$ 815,313,011</u>

Average Equalized Valuation of Taxable Property	\$ 271,771,004
Debt Limit (3% of Average Equalization Value) ^a	\$ 8,153,130
Net Bonded School Debt as of June 30, 2021	<u>220,000</u>
Legal Debt Margin	<u>\$ 7,933,130</u>

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

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

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

Year	Borough Population ^a	Sussex County Per Capita Personal Income ^b	Borough Personal Income ^c	Borough Unemployment Rate ^d
2012	3,274	\$ 50,832	\$ 166,423,968	9.60%
2013	3,244	51,457	166,926,508	5.60%
2014	3,218	53,814	173,173,452	6.70%
2015	3,187	55,706	177,535,022	5.60%
2016	3,162	57,006	180,252,972	5.30%
2017	3,147	58,798	185,037,306	4.70%
2018	3,143	61,156	192,213,308	4.80%
2019	3,139	63,784	200,217,976	3.70%
2020	3,121	63,784 *	199,069,864	11.10%
2021	3,121 **	63,784 *	199,069,864 **	N/A

* - Latest Sussex County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

N/A - Information is not available.

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

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

Employer	2020		2011		Percentage of Total Employment
	Employees	Percentage of Total Employment	Employer	Employees	
Selective Insurance Group Inc.	1,000-4,999	1.40%-7.00%	Crystal Springs Golf and Spa Resort	2,000	2.61%
Crystal Springs Resort	1,000-4,999	1.40%-7.00%	Newton Memorial Hospital	1,200	1.56%
Newton Medical Center	500-999	0.70%-1.40%	Selective Insurance	900	1.17%
Sussex County Offices	500-999	0.70%-1.40%	County of Sussex	830	1.08%
Thorlabs	500-999	0.70%-1.40%	Mountain Creek Resort	800	1.04%
Mountain Creek Resort	500-999	0.70%-1.40%	Ames Rubber Corp	445	0.58%
Shop Rite	250-499	0.35%-0.70%	Shop Rite (Ronetco)	301	0.39%
Sussex County Community College	250-499	0.35%-0.70%	Andover Subacute & Rehab Center	300	0.39%
Glen	250-499	0.35%-0.70%	Sussex County Community College	300	0.39%
Andover Subacute & Rehab Center	100-249	0.14%-0.35%	SCARC, Inc.	287	0.37%
	<u>4,850-15,740</u>	<u>4.07%-12.91%</u>		<u>8,174</u>	<u>10.66%</u>
Total Employment - Sussex County	<u>71,425</u>		Total Employment - Sussex County	<u>76,713</u>	

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

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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction:										
Regular	26.3	25.8	26.8	28.2	29.8	29.8	29.8	29.8	28.0	29.2
Special Education	8.2	11.4	9.1	8.8	10.9	12.0	8.0	7.2	7.7	7.9
Support Services:										
Student & Instruction Related Services	5.2	4.8	5.6	5.6	5.4	5.4	5.8	5.4	5.8	5.8
School Administration Services	2.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.3	1.3
General & Business Administration Services	3.4	3.2	3.2	3.2	3.2	3.4	3.4	3.8	3.8	3.8
Plant Operations and Maintenance	3.5	4.3	4.3	4.3	4.5	4.4	4.4	4.4	4.0	4.0
Total	49.1	51.0	50.5	51.6	55.3	56.5	52.9	52.2	50.6	52.0

Source: Hamburg Borough District Personnel Records.

HAMBURG BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change In Average Daily Enrollment	Student Attendance Percentage
						Elementary	Elementary				
2012	280	\$ 5,511,864	\$ 19,685	9.54%	34	8.1:1	276	263	-2.13%	95.29%	
2013	284	5,433,152	19,131	-2.82%	34	8.3:1	278	263	0.72%	94.60%	
2014	285	5,537,100	19,428	1.56%	34	8.3:1	274	255	-1.44%	93.07%	
2015	272	5,491,066	20,188	3.91%	34	8:1	272	258	-0.73%	94.85%	
2016	249	5,741,185	23,057	14.21%	35.2	7.1:1	249	238	-8.46%	95.58%	
2017	250	6,462,669	25,851	12.12%	35.2	7.1:1	250	235	0.40%	94.00%	
2018	234	6,739,377	28,801	11.41%	35.6	6.5:1	234	223	-6.40%	95.30%	
2019	245	7,022,464	28,663	-0.48%	35.2	6.9:1	245	231	4.70%	94.29%	
2020	254	6,676,073	26,284	-8.30%	35.7	7.1:1	255	240	4.08%	94.12%	
2021	212	7,339,889	34,622	31.72%	35.7	5.9:1	211	199	-17.25%	94.31%	

Note: Enrollment based on annual October District count.

- ^a Operating expenditures equal total expenditures less debt service and capital outlay.
- ^b Costs per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other cost per pupil calculations.
- ^c Teaching staff includes only full-time equivalents of certificated staff.
- ^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Hamburg Borough School District records.

HAMBURG BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

<u>District Buildings</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Hamburg Elementary School (1904, 2003)	61,503	61,503	61,503	61,503	61,503	61,503	61,503	61,503	61,503	61,503
Square Feet	546	546	546	546	546	546	546	546	546	546
Capacity (Students)	280	284	285	272	249	250	234	245	254	212
Enrollment										

Number of Schools at June 30, 2021:
Elementary = 1

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

Source: Hamburg Borough School District Facilities Office.

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

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

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
School Facilities										
Hamburg Elementary	\$ 127,888	\$ 64,684	\$ 114,099	\$ 187,997	\$ 108,393	\$ 111,466	\$ 91,798	\$ 74,548	\$ 103,717	\$ 39,551

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

Source: Hamburg Borough School District Reports.

HAMBURG BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

	Coverage	Deductible
NJSIG:		
Commercial Package Policy:		
Blanket Building & Contents	\$ 16,230,100	\$ 1,000
Blanket Hardware/Software	435,000	1,000
Boiler & Machinery	100,000,000	1,000
Crime/Faithful Performance	100,000	500
Comprehensive General Liability	11,000,000	N/A
Automobile Coverage	11,000,000	N/A
Employee Benefits Program Liability	Included	N/A
Auto Physical Damage	ACV	1,000
School Board Legal Liability:		
Coverage A	11,000,000	5,000
Coverage B	100,000 / 300,000	5,000
Workers Compensation	Part 1 Statutory, Part 2: \$3,000,000	
Environmental Impairment Liability	1,000,000	50,000
Student Accident	1,000,000	
Surety Bonds:		
Treasurer	185,000	
Board Secretary	185,000	

Source: Hamburg Borough School District Records.

SINGLE AUDIT SECTION



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

Independent Member
BKR International

Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the Board of Education of the Hamburg Borough School District, in the County of Sussex (the "District") as of, and for the fiscal year ended, June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 1, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 1, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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



200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973.298.8500

11 Lawrence Road
Newton, NJ 07860
973.383.6699

nisivoccia.com

Independent Member
BKR International

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Hamburg Borough School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2021. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

October 1, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

HAMBURG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2020		Cash Received	Budgetary Expenditures	Balance at June 30, 2021	
					Budgetary Unearned Revenue/Due to Grantor	Budgetary Accounts Receivable			Budgetary Unearned Revenue	Amount Provided to Subrecipients
U.S. Department of Treasury:										
Passed-through State Department of Education:										
COVID 19 - Coronavirus Relief Fund	21.019	N/A	3/1/20-12/31/20	\$ 12,987			\$ 12,987	\$ (12,987)		
Total U.S. Department of Treasury							12,987	(12,987)		
U.S. Department of Education:										
Passed-through State Department of Education:										
Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027	IDEA193021	7/1/20 - 9/30/21	76,911			74,811	(76,911)	2,100	
I.D.E.A. Part B, Basic	84.027	IDEA193020	7/1/19 - 9/30/20	71,805	\$ 12,216		12,216			
I.D.E.A. Part B, Preschool	84.173	IDEA193021	7/1/20 - 9/30/21	4,329			3,895	(4,329)	434	
I.D.E.A. Part B, Preschool	84.173	IDEA193020	7/1/19 - 9/30/20	4,295	865		865			
Total Special Education Cluster					13,081		91,787	(81,240)	2,534	
Elementary and Secondary Education Act:										
Title I	84.010A	ESEA193021	7/1/20 - 9/30/21	33,740			29,329	(33,740)	4,411	
Title I	84.010A	ESEA193020	7/1/19 - 9/30/20	33,582	7,390		7,390			
Title II, Part A	84.367A	ESEA193021	7/1/19 - 9/30/21	5,543			5,254	(5,543)	289	
Title II, Part A	84.367A	ESEA193020	7/1/19 - 9/30/20	5,605	1		1			
Title IV, Part A	84.424A	ESEA193021	7/1/19 - 9/30/21	10,000			8,196	(10,000)	1,804	
Title IV, Part A	84.424A	ESEA193020	7/1/19 - 9/30/20	11,471	748		748			
CARES (COVID 19) Cluster :										
CARES - Digital Divide Discretionary Grant	84.425D	S425D200027	7/1/20-10/31/20	19,250			19,250	(19,250)		
CARES Emergency Relief Grant	84.425D	S425D210027	3/13/20-9/30/23	28,476			24,518	(25,993)	1,475	
Total CARES Cluster							43,768	(45,243)	1,475	
Total U.S. Department of Education							186,473	(175,766)	10,513	
Total Special Revenue Fund							199,460	(188,753)	10,513	
U.S. Department of Agriculture:										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Food Distribution Program	10.555	N/A	7/1/19 - 6/30/20	6,081				(1,457)		
Food Distribution Program	10.555	N/A	7/1/20 - 6/30/21	5,997	\$ 1,457		5,997	(5,566)	431	
COVID - 19 Seamless Summer Option	10.553	N/A	3/18/20 - 6/30/20	1,977	1,443		1,443			
COVID - 19 Seamless Summer Option	10.555	N/A	3/18/20 - 6/30/20	7,352	2,707		2,707			
COVID - 19 Seamless Summer Option	10.555	N/A	7/1/20 - 6/30/21	172,926			163,025	(172,926)	9,901	
Total Child Nutrition Cluster - Total U.S. Department of Agriculture					4,150		173,172	(179,949)	9,901	431
Total Federal Awards					\$ 25,370		\$ 372,632	\$ (368,702)	\$ 20,414	\$ 431
										\$ -0-

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

N/A - Information is not available/applicable.

HAMBURG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2020		Cash Received	Budgetary Expenditures	Balance June 30, 2021		MEMO	
				Budgetary Accounts Receivable	GAAP Accounts Receivable			Budgetary Accounts Receivable	Cumulative Total Expenditures		
New Jersey Department of Education											
General Fund:											
Equalization Aid	20-495-034-5120-078	7/1/19 - 6/30/20	\$ 750,879	\$ 73,856	\$	73,856	\$	\$		\$	750,879
Special Education Aid	20-495-034-5120-089	7/1/19 - 6/30/20	197,985	19,474		19,474					197,985
Security Aid	20-495-034-5120-084	7/1/19 - 6/30/20	30,047	2,955		2,955					30,047
Adjustment Aid	20-495-034-5120-085	7/1/19 - 6/30/20	447,376	44,004		44,004					447,376
Extraordinary Aid	20-495-034-5120-044	7/1/19 - 6/30/20	1,109	1,109		1,109					1,109
Transportation Aid	20-495-034-5120-014	7/1/19 - 6/30/20	44,903	4,417		4,417					44,903
Equalization Aid	21-495-034-5120-078	7/1/20 - 6/30/21	750,879			677,092	\$ (750,879)	\$	73,787		750,879
Special Education Aid	21-495-034-5120-089	7/1/20 - 6/30/21	197,985			178,530	(197,985)		19,455		197,985
Security Aid	21-495-034-5120-084	7/1/20 - 6/30/21	30,047			27,094	(30,047)		2,953		30,047
Adjustment Aid	21-495-034-5120-085	7/1/20 - 6/30/21	369,333			333,040	(369,333)		36,293		369,333
Extraordinary Aid	21-495-034-5120-044	7/1/20 - 6/30/21	111			111	(111)				111
Transportation Aid	21-495-034-5120-014	7/1/20 - 6/30/21	44,903			40,490	(44,903)		4,413		44,903
Non Public Transportation	21-495-034-5120-014	7/1/20 - 6/30/21	650				(650)	\$	650		650
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20 - 6/30/21	185,885			185,885	(185,885)				185,885
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20 - 6/30/21	217,638			217,638	(217,638)				217,638
On-Behalf TPAF Long Term Disability Insurance Contributions	21-495-034-5094-004	7/1/20 - 6/30/21	379			379	(379)				379
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20 - 6/30/21	681,510			681,510	(681,510)				681,510
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-003	7/1/20 - 6/30/21	12,967			12,967	(12,967)				12,967
Total General Fund State Aid				145,815		2,500,551	(2,492,287)	650	137,551		3,964,586
Enterprise Fund:											
COVID - 19 Seamless Summer Option	21-100-010-3350-023	7/21/20 - 6/30/21	5,230			4,769	(5,230)		461		5,230
COVID - 19 Seamless Summer Option	20-100-010-3350-023	3/18/20 - 6/30/20	118	43		43					118
State School Lunch Program	20-100-010-3350-023	9/1/19 - 6/30/20	883	228		228					883
Total Enterprise Fund				271		5,040	(5,230)	461	461		6,231
Total State Awards				\$ 146,086		\$ 2,505,591	\$ (2,497,517)	\$ 1,111	\$ 138,012		\$ 3,970,817

HAMBURG BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance		MEMO		
				June 30, 2020		June 30, 2021		
				Budgetary Accounts Receivable	Cash Received	GAAP Accounts Receivable	Budgetary Accounts Receivable	Cumulative Total Expenditures
Less: On-Behalf TPAF Pension System Contributions:								
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001	7/1/20 - 6/30/21	\$ (217,638)		\$ 217,638			
On-Behalf Long Term Disability Insurance Contributions	21-495-034-5094-004	7/1/20 - 6/30/21	(379)		379			
On-Behalf TPAF Pension Contributions	21-495-034-5094-002	7/1/20 - 6/30/21	(681,510)		681,510			
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-003	7/1/20 - 6/30/21	(12,967)		12,967			
Subtotal - On-Behalf TPAF Pension System Contributions					912,494			
Total State Awards (Net of On-Behalf TPAF Pension System Contributions)								\$ (1,585,023)

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

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Hamburg Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,805 for the General Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds.

HAMBURG BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

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

	Federal	State	Total
General Fund		\$ 2,500,092	\$ 2,500,092
Special Revenue Fund	\$ 188,753		188,753
Food Service Fund	179,949	5,230	185,179
	\$ 368,702	\$ 2,505,322	\$ 2,874,024

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. Revenue and expenditures reported under the Federal Food Distribution Program represent current fiscal year value received and current fiscal year distributions, respectively.

HAMBURG BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2021 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

<u>State Aid - Public</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	21-495-034-5120-078	7/1/20 - 6/30/21	\$ 750,879	\$ 750,879
Special Education Aid	21-495-034-5120-089	7/1/20 - 6/30/21	197,985	197,985
Security Aid	21-495-034-5120-084	7/1/20 - 6/30/21	30,047	30,047
Adjustment Aid	21-495-034-5120-085	7/1/20 - 6/30/21	369,333	369,333

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

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

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

HAMBURG BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

HAMBURG BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Status of Prior Year Findings:

There were no prior year audit findings.