

**HAMPTON BOROUGH SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2023**

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



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2023**

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# Hampton Public School

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

**Mr. Daniel Kerr**  
*Superintendent*

**Mr. James Schlessinger**  
*Business Administrator/Board Secretary*

December 5, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Hampton Borough School District for the fiscal year ended June 30, 2023 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introduction, financial, statistical and single audit. The introduction section includes this transmittal letter, the District’s organizational chart and a list of principal officials. The financial section includes the general-purpose financial schedules, as well as the auditor’s report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor’s report of the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

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

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

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32-41 South Street, Hampton, NJ 08827 Phone: (908) 537-4101 Fax: (908) 537-6871  
<http://www.hamptonpublicschool.website>

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 as well as special education. The District completed the 2022-2023 fiscal year with an average daily enrollment of 105.1 students, which is a 28.31% increase over the previous year's enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2013-2014	110.1	2.71%
2014-2015	119.5	8.54%
2015-2016	121.1	1.26%
2016-2017	129.1	6.69%
2017-2018	137.9	6.83%
2018-2019	105.5	(23.50%)
2019-2020**	91.1	(13.65%)
2020-2021	83.0	(8.92%)
2021-2022	81.9	(1.36%)
2022-2023	105.1	28.31%

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

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

Hampton Borough is a small, stable community in rural Hunterdon County. The State of New Jersey recently passed legislation that changed the way the School funding formula is applied to local school districts. Although the impact to Hampton initially appeared to be minimal, the District saw a significant reduction in the first year of implementation. The funding formula is enrollment based. Therefore, changes in enrollment have an impact on state funding, and while enrollment had been in decline, the expansion of the preschool program through PEA grant funding appears to be helping the District to attract and retain resident students. The community is generally supportive of the School District. The Board of Education has been very conservative in recent years with setting the tax rate. Because of this, there is an available balance in banked cap with an ability to tax within the statutory limits.

## **3. MAJOR INITIATIVES:**

During the 2019/2020 school year, the Hampton Board of Education entered into a send/receive tuition arrangement with Lebanon Township School District for students in grades 6-8 in an effort to offer more opportunities for the students both academically and socially. The initiative was successful and is expected to continue at least through the current term of the agreement which expires June 30, 2023.

The District has struggled to maintain administrative consistency through much turnover in recent years. In response, Hampton Board of Education has hired a full-time Chief School Administrator effective February 1, 2022, and entered into a contract for Business Administrator services with a nearby district in December 2021. This steady leadership has been providing stability, consistency, and grade level alignment between Hampton Borough and Lebanon Township, thereby improving overall student outcomes.

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

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

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

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

#### **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the total budget amount. The final budgeted amounts, as amended, for the fiscal year are reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.



**6. ACCOUNTING SYSTEM AND REPORTS:**

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

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

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

**8. DEBT ADMINISTRATION:**

At June 30, 2023, the District’s outstanding debt issue was \$1,085,000 issued in August 2017 for the refunding of the 2008 bond issue.

**9. CASH MANAGEMENT:**

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

**10. RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general and automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

**11. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPAs, PC, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. The auditor’s report on the general-purpose financial statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

**12. ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the Hampton Borough School District Board of Education for their dedication in providing fiscal accountability to the citizens and taxpayers of the School District and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Business Office staff.

Respectfully submitted,



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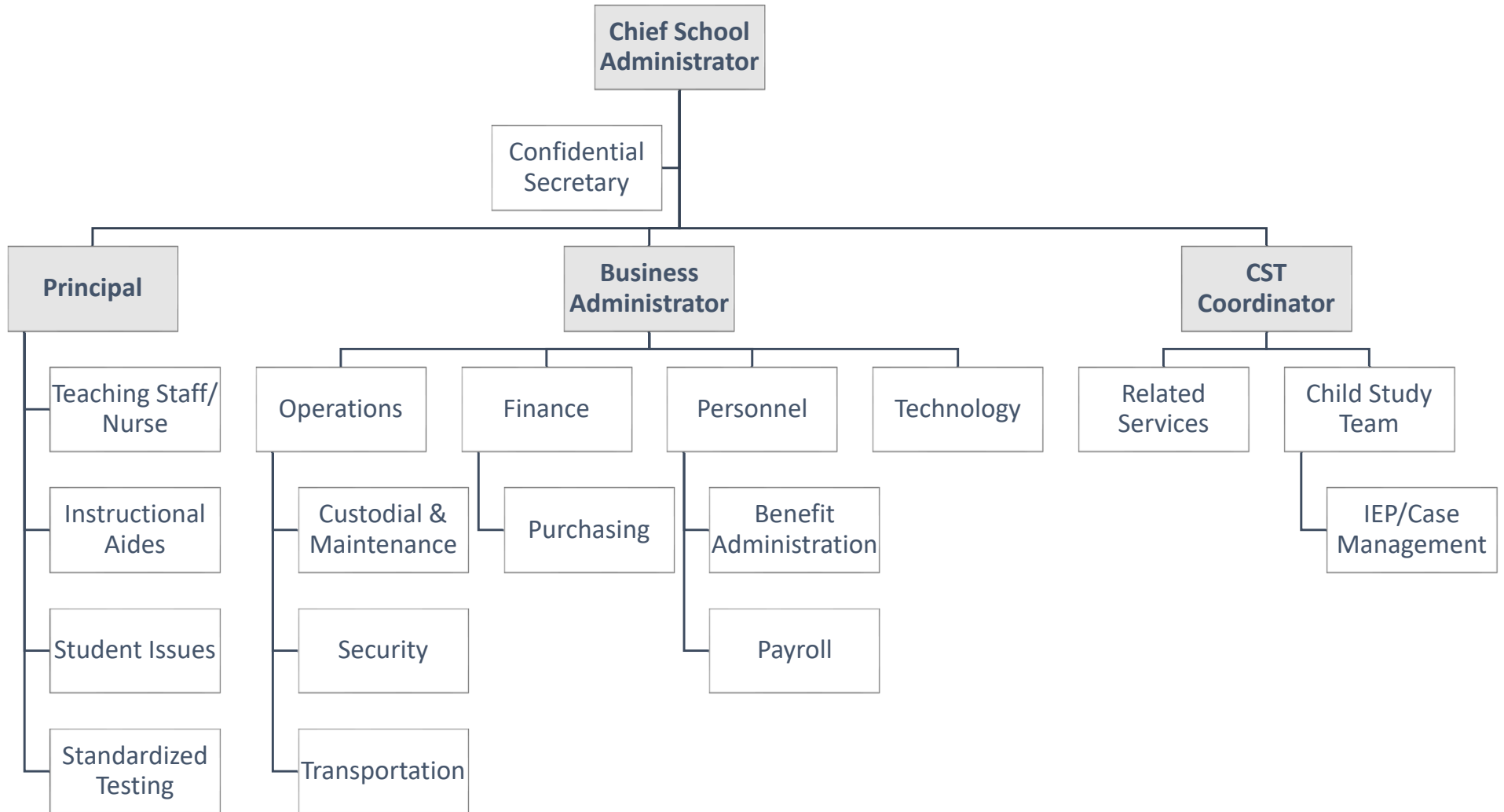
Daniel Kerr  
Superintendent



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James Schlessinger  
Business Administrator/Board Secretary

# Hampton Borough Public School Board of Education Organization Chart



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Roster of Officials**  
**June 30, 2023**

<u>Members of the Board of Education</u>	<u>Title</u>	<u>Term Expires</u>
Elizabeth Monaghan	President	2025
Dana Daneault	Vice President	2024
Heather Burd		2023
Nicole Panaro		2023
Denise Bryant		2024
<u>Other Officials</u>	<u>Title</u>	
Daniel Kerr	Chief School Administrator	
James Schlessinger	Board Secretary/Business Administrator	
Teresa O'Brien	Treasurer	

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Consultants and Advisors**  
**June 30, 2023**

**AUDIT FIRM**

BKC, CPAs, PC  
39 State Route 12, Ste 2  
Flemington, NJ 08822

**ATTORNEY**

Scarinci Hollenbeck  
1100 Valley Brook Avenue  
P.O. Box 790  
Lyndhurst, NJ, 07071-0790

Cornell, Merlino, McKeever & Osborne, LLC  
238 St Paul St  
Westfield, NJ 07090

**OFFICIAL DEPOSITORY**

Citizens Savings Bank



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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## Independent Auditors' Report

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

### Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hampton Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

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 District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management 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, and for 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.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, 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.

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis not a required part of the Basic Financial Statements.

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The 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 Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

### Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditor's report thereon. Our opinion on the Basic Financial Statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.



In connection with our audit of the Basic Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Basic Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**BKC, CPAs, PC**



Michael Holk, CPA, PSA  
NO. 20CS00265600

December 5, 2023  
Flemington, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

The discussion and analysis of Hampton Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

**Key financial highlights for 2023 are as follows:**

- In total, net position increased \$327,870 which represents a 20.46% increase from 2022.
- General revenues accounted for \$4,388,860 in revenue or 86.66% of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$675,330 or 13.34% to total revenues of \$5,064,190.
- Total assets of governmental activities increased by \$94,425. As cash and cash equivalents increased by \$375,625, receivables and other assets decreased by \$118,077 and capital assets decreased by \$163,123.
- The School District had \$4,736,320 in expenses; only \$675,330 of these expenses was offset by program specific charges, grants, or contributions. General revenues (primarily property taxes) of \$4,388,860 were adequate to provide for these expenses.
- Among major funds, the general fund had \$4,134,066 in revenues, \$3,868,155 in expenditures, after factoring in other financing uses of \$66,621 the general fund's balance increased \$199,290 from 2022.

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

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

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**Reporting the School District as a Whole**

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

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Fund Financial Statements**

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

**Governmental Funds**

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net position for fiscal year June 30, 2023 compared to fiscal year ended June 30, 2022.

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

	06/30/23	06/30/22	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 1,985,265	\$ 1,715,086	\$ 270,179	15.75%
Capital assets	1,868,650	2,035,166	(166,516)	-8.18%
<b>Total assets</b>	<b>3,853,915</b>	<b>3,750,252</b>	<b>103,663</b>	<b>2.76%</b>
<b>Deferred outflows of resources</b>				
Deferred amount of pension activity	21,833	26,685	(4,852)	-18.18%
Deferred amount of bond refunding	82,191	95,199	(13,008)	-13.66%
<b>Total deferred outflows of resources</b>	<b>104,024</b>	<b>121,884</b>	<b>(17,860)</b>	<b>-14.65%</b>
<b>Liabilities</b>				
Long-term liabilities	1,578,651	1,752,038	(173,387)	-9.90%
Other liabilities	301,313	223,290	78,023	34.94%
<b>Total liabilities</b>	<b>1,879,964</b>	<b>1,975,328</b>	<b>(95,364)</b>	<b>-4.83%</b>
<b>Deferred inflows of resources</b>	<b>147,657</b>	<b>294,360</b>	<b>(146,703)</b>	<b>-49.84%</b>
<b>Net position</b>				
Net investment in capital assets	783,650	755,166	28,484	3.77%
Restricted	1,114,641	884,146	230,495	26.07%
Unrestricted	32,027	(36,864)	68,891	-186.88%
<b>Total net position</b>	<b>\$ 1,930,318</b>	<b>\$ 1,602,448</b>	<b>\$ 327,870</b>	<b>20.46%</b>

Total assets increased \$103,663. Cash and cash equivalents increased by \$386,598, receivables and other assets decreased by \$116,419, and capital assets decreased by \$166,516. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the District increased by \$68,891.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

Table 2 shows changes in net position for the fiscal year ended June 30, 2023 compared to fiscal year ended June 30, 2022.

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

	06/30/23	06/30/22	Variance	
			Dollars	Percent
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 12,353	\$ 1,258	\$ 11,095	881.96%
Operating grants and contributions	662,977	547,220	115,757	21.15%
General revenues				
Property taxes	2,609,423	2,609,423	-	0.00%
Grants and entitlements	1,765,746	1,927,167	(161,421)	-8.38%
Other	13,691	3,784	9,907	261.81%
<b>Total revenues</b>	<u>5,064,190</u>	<u>5,088,852</u>	<u>(24,662)</u>	<u>-0.48%</u>
<b>Expenses</b>				
Instruction				
Regular	1,565,475	1,524,835	40,640	2.67%
Special	540,043	422,836	117,207	27.72%
Other	24,196	19,394	4,802	24.76%
Support services				
Tuition	833,462	686,281	147,181	21.45%
Student & instructional related services	828,210	842,684	(14,474)	-1.72%
General & business administration	171,239	311,998	(140,759)	-45.12%
School administration	124,590	119,733	4,857	4.06%
Maintenance	278,375	306,351	(27,976)	-9.13%
Transportation	289,784	198,104	91,680	46.28%
Food service	48,230	65,355	(17,125)	-26.20%
Interest on long-term debt	32,716	40,250	(7,534)	-18.72%
<b>Total expenses</b>	<u>4,736,320</u>	<u>4,537,821</u>	<u>198,499</u>	<u>4.37%</u>
<b>Change in net position</b>	<u>\$ 327,870</u>	<u>\$ 551,031</u>	<u>\$ (223,161)</u>	<u>-40.50%</u>

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

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Local property taxes made up 52.11% of revenues for governmental activities for the Hampton Borough School District for fiscal year 2023.

Instruction comprises 44.97% of district expenses. Support service expenses make up 55.03% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year ended June 30, 2023 compared to fiscal year ended June 30, 2022 by identifying the cost of services supported by tax revenue and unrestricted State entitlements.

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

	Total Cost of Services		Net Cost of Services	
	06/30/23	06/30/22	06/30/23	06/30/22
Instruction	\$ 2,129,714	\$ 1,967,065	\$ 1,694,964	\$ 1,749,472
Support services				
Tuition	833,462	686,281	803,121	654,141
Student & instructional staff	828,210	842,684	761,579	681,530
General & business administration	171,239	311,998	171,239	311,998
School administration	124,590	119,733	37,763	50,153
Plant operations & maintenance	278,375	306,351	278,375	306,351
Pupil transportation	289,784	198,104	289,784	198,104
Food services	48,230	65,355	(8,551)	(2,656)
Interest on long-term debt	32,716	40,250	32,716	40,250
Total	<u>\$ 4,736,320</u>	<u>\$ 4,537,821</u>	<u>\$ 4,060,990</u>	<u>\$ 3,989,343</u>

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

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

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

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

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

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

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

The dependence upon tax revenues is apparent. For all activities, general revenue support is 86.66%. The community, as a whole, is the primary support for the Hampton Borough School District.

**The Schools District's Funds**

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,960,272 expenditures of \$4,782,660. The general fund had an increase in fund balance of \$199,290.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2023, the School District amended its general fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general fund, budgetary basis revenue and other financing sources were \$3,611,998, \$185,027 above original budgeted estimates of \$3,426,971. This difference was due primarily from additional state aid.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**Capital Assets**

At the end of the fiscal year 2023, the School District had \$1,868,650 invested in land, building, furniture and equipment and vehicles. Table 4 shows June 30, 2023 compared to June 30, 2022.

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

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Land	\$ 3,977	\$ 3,977	\$ -	0.00%
Construction in progress	12,201	12,201	-	0.00%
Buildings & improvements	1,677,198	1,828,623	(151,425)	-8.28%
Furniture & equipment	175,274	190,365	(15,091)	-7.93%
	<u>\$ 1,868,650</u>	<u>\$ 2,035,166</u>	<u>\$ (166,516)</u>	<u>-8.18%</u>

Overall capital assets decreased \$166,516 from fiscal year 2022 to fiscal year 2023. Increases in capital assets (primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year.

**Long-term liabilities**

At June 30, 2023, the School District had \$1,578,651 of long-term liabilities. This amount is detailed in Table 5 below for June 30, 2023 compared to June 30, 2022.

At June 30, 2023, the legal debt limit is \$3,845,514. General obligation debt at June 30, 2023 is \$1,085,000 resulting in a legal debt margin of \$2,760,514.

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

	06/30/23	06/30/22	Variance	
			Dollars	Percent
General obligation bonds	\$ 1,085,000	\$ 1,280,000	\$ (195,000)	-15.23%
Bond premium	93,313	114,049	(20,736)	-18.18%
PERS net pension liability	368,043	309,546	58,497	18.90%
Compensated absences	32,295	48,443	(16,148)	-33.33%
	<u>\$ 1,578,651</u>	<u>\$ 1,752,038</u>	<u>\$ (173,387)</u>	<u>-9.90%</u>

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**Unaudited**

**For the Future**

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

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

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

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 320,272	\$ 29,455	\$ 349,727
Due from other funds, net	-	2,872	2,872
Receivables, net	505,314	10,899	516,213
Inventory	-	1,812	1,812
<b>Restricted assets</b>			
Capital reserve - cash	976,019	-	976,019
Emergency reserve - cash	2,852	-	2,852
Maintenance reserve - cash	134,506	-	134,506
Student activities - cash	1,264	-	1,264
<b>Capital assets, net</b>			
Land	3,977	-	3,977
Capital assets not being depreciated	12,201	-	12,201
Other capital assets, net of depreciation	1,846,259	6,213	1,852,472
<b>Total assets</b>	<u>3,802,664</u>	<u>51,251</u>	<u>3,853,915</u>
<b>Deferred outflows of resources</b>			
Deferred amount on bond refunding	21,833	-	21,833
Deferred amount on pension activity	82,191	-	82,191
<b>Total deferred outflows of resources</b>	<u>104,024</u>	<u>-</u>	<u>104,024</u>
<b>Liabilities</b>			
Due to other funds, net	2,872	-	2,872
Accrued interest	14,467	-	14,467
Unearned revenue	233,823	769	234,592
Payroll deductions and withholdings payable	49,382	-	49,382
<b>Long-term liabilities</b>			
Due within one year	225,736	-	225,736
Due beyond one year	1,352,915	-	1,352,915
<b>Total liabilities</b>	<u>1,879,195</u>	<u>769</u>	<u>1,879,964</u>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	147,657	-	147,657

See accompanying notes to the financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2023**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position			
Net investment in capital assets	\$ 777,437	\$ 6,213	\$ 783,650
Restricted for			
Capital reserve	976,019	-	976,019
Emergency reserve	2,852	-	2,852
Maintenance reserve	134,506	-	134,506
Student activities	1,264	-	1,264
Unrestricted			
Food service fund	-	44,269	44,269
General fund	43,914	-	43,914
Special revenue fund	(56,156)	-	(56,156)
Total net position	<u>\$ 1,879,836</u>	<u>\$ 50,482</u>	<u>\$ 1,930,318</u>

See accompanying notes to the financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 962,043	\$ 603,432	\$ -	\$ 411,286	\$ -	\$ (1,154,189)	\$ -	\$ (1,154,189)
Special education	295,542	221,374	-	2,016	-	(514,900)	-	(514,900)
Other special education	21,448	1,679	-	21,448	-	(1,679)	-	(1,679)
Other instruction	16,648	7,548	-	-	-	(24,196)	-	(24,196)
Support services								
Tuition	833,462	-	-	30,341	-	(803,121)	-	(803,121)
Students and instruction related services	640,492	187,718	-	66,631	-	(761,579)	-	(761,579)
General and business administration services	131,442	39,797	-	-	-	(171,239)	-	(171,239)
School administration services	112,741	11,849	-	86,827	-	(37,763)	-	(37,763)
Plant operations and maintenance	253,785	24,590	-	-	-	(278,375)	-	(278,375)
Pupil transportation	289,784	-	-	-	-	(289,784)	-	(289,784)
Interest on long-term debt	32,716	-	-	-	-	(32,716)	-	(32,716)
Total governmental activities	<u>3,590,103</u>	<u>1,097,987</u>	<u>-</u>	<u>618,549</u>	<u>-</u>	<u>(4,069,541)</u>	<u>-</u>	<u>(4,069,541)</u>
Business-type activities								
Food service	48,230	-	12,353	44,428	-	-	8,551	8,551
Total business-type activities	<u>48,230</u>	<u>-</u>	<u>12,353</u>	<u>44,428</u>	<u>-</u>	<u>-</u>	<u>8,551</u>	<u>8,551</u>
Total primary government	<u>\$ 3,638,333</u>	<u>\$ 1,097,987</u>	<u>\$ 12,353</u>	<u>\$ 662,977</u>	<u>\$ -</u>	<u>(4,069,541)</u>	<u>8,551</u>	<u>(4,060,990)</u>
General revenues, special items and transfers								
Property taxes levied for general purposes						2,508,245	-	2,508,245
Property taxes levied for debt service						101,178	-	101,178
Federal and state aid not restricted						1,765,746	-	1,765,746
Investment earnings						13,340	-	13,340
Miscellaneous income						351	-	351
Total general revenues, special items and transfers						<u>4,388,860</u>	<u>-</u>	<u>4,388,860</u>
Change in net position						319,319	8,551	327,870
Net position - beginning						1,560,517	41,931	1,602,448
Net position - ending						<u>\$ 1,879,836</u>	<u>\$ 50,482</u>	<u>\$ 1,930,318</u>

See accompanying notes to the financial statements.

## **FUND FINANCIAL STATEMENTS**

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2023**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 320,272	\$ -	\$ -	\$ -	\$ 320,272
Due from other funds	5,861	47,989	-	-	53,850
Receivables from other governments					
Federal	-	135,539	-	-	135,539
State	355,629	-	-	-	355,629
Other accounts receivable	14,146	-	-	-	14,146
Restricted cash and cash equivalents	1,113,377	1,264	-	-	1,114,641
<b>Total assets</b>	<b>\$ 1,809,285</b>	<b>\$ 184,792</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,994,077</b>
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 50,861	\$ 5,861	\$ -	\$ -	\$ 56,722
Deferred revenue	-	233,823	-	-	233,823
Payroll deductions and withholdings payable	49,382	-	-	-	49,382
<b>Total liabilities</b>	<b>100,243</b>	<b>239,684</b>	<b>-</b>	<b>-</b>	<b>339,927</b>

See accompanying notes to the financial statements.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet (continued)**  
**June 30, 2023**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 202,859	\$ -	\$ -	\$ -	\$ 202,859
Excess surplus	205,050	-	-	-	205,050
Capital reserve	976,019	-	-	-	976,019
Emergency reserve	2,852	-	-	-	2,852
Maintenance reserve	134,506	-	-	-	134,506
Student activities	-	1,264	-	-	1,264
Committed fund balance					
Year-end encumbrances	2,679	-	-	-	2,679
Assigned fund balance					
Designated for subsequent year's expenditures	3,480	-	-	-	3,480
Unassigned fund balance	181,597	(56,156)	-	-	125,441
Total fund balances	1,709,042	(54,892)	-	-	1,654,150
 Total liabilities and fund balances	 \$ 1,809,285	 \$ 184,792	 \$ -	 \$ -	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$6,849,590 and the accumulated depreciation is \$4,987,153.	1,862,437
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	(43,633)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,578,651)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(14,467)
Total net position of governmental activities	\$ 1,879,836

See accompanying notes to the financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues</b>					
Local sources					
Local tax levy	\$ 2,508,245	\$ -	\$ -	\$ 101,178	\$ 2,609,423
Interest on investments	13,340	-	-	-	13,340
Miscellaneous	351	780	-	-	1,131
<b>Total local sources</b>	<b>2,521,936</b>	<b>780</b>	<b>-</b>	<b>101,178</b>	<b>2,623,894</b>
State sources	1,612,130	469,505	-	106,479	2,188,114
Federal sources	-	148,264	-	-	148,264
<b>Total revenues</b>	<b>4,134,066</b>	<b>618,549</b>	<b>-</b>	<b>207,657</b>	<b>4,960,272</b>
<b>Expenditures</b>					
Current					
Instructional					
Regular instruction	562,386	399,657	-	-	962,043
Special education instruction	293,526	2,016	-	-	295,542
Other special instruction	-	21,448	-	-	21,448
Other instruction	16,648	-	-	-	16,648
Support service and undistributed costs					
Tuition	803,121	30,341	-	-	833,462
Student and instruction related services	595,271	45,221	-	-	640,492
General and business administrative services	131,442	-	-	-	131,442
School administrative services	35,143	77,598	-	-	112,741
Plant operations and maintenance	253,785	-	-	-	253,785
Pupil transportation	289,784	-	-	-	289,784
Unallocated benefits	887,049	68,534	-	-	955,583

See accompanying notes to the financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ -	\$ 23,490	\$ -	\$ -	\$ 23,490
Debt service					
Principal	-	-	-	195,000	195,000
Interest and other charges	-	-	-	51,200	51,200
Total expenditures	<u>3,868,155</u>	<u>668,305</u>	<u>-</u>	<u>246,200</u>	<u>4,782,660</u>
Excess (deficit) of revenues over (under) expenditures	265,911	(49,756)	-	(38,543)	177,612
Other financing sources (uses)					
Operating transfers in (out)	<u>(66,621)</u>	<u>28,078</u>	<u>-</u>	<u>38,543</u>	<u>-</u>
Total other financing sources (uses)	<u>(66,621)</u>	<u>28,078</u>	<u>-</u>	<u>38,543</u>	<u>-</u>
Net change in fund balance	199,290	(21,678)	-	-	177,612
Fund balances, July 1	<u>1,509,752</u>	<u>(33,214)</u>	<u>-</u>	<u>-</u>	<u>1,476,538</u>
Fund balances, June 30	<u>\$ 1,709,042</u>	<u>\$ (54,892)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,654,150</u>

See accompanying notes to the financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2023**

Total net changes in fund balances - governmental fund (from B-2) \$ 177,612

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

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

Capital outlays	\$ 23,490	
Depreciation expense	<u>(186,613)</u>	(163,123)

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

Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:

Debt principal payments		195,000
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Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium		20,736
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In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item. 2,600

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities (continued)**  
**For the Fiscal Year Ended June 30, 2023**

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. \$ 75,198

In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 16,148

Change in net position of governmental activities \$ 319,319

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2023**

	Food Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 29,455
Receivables from other governments	
State	488
Federal	10,411
Inventory	1,812
Interfund receivable	2,872
Total current assets	45,038
Noncurrent assets	
Capital assets	53,455
Less: accumulated depreciation	47,242
Total noncurrent assets	6,213
Total assets	51,251
Liabilities	
Current liabilities	
Unearned revenues - commodities	187
Unearned revenues - prepaid sales	582
Total liabilities	769
Net position	
Invested in capital assets, net of related debt	6,213
Unrestricted	44,269
Total net position	\$ 50,482

See accompanying notes to the financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2023**

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 10,371
Daily sales - non-reimbursable programs	1,982
Total operating revenues	12,353
Operating expenses	
Cost of sales - reimbursable programs	12,395
Cost of sales - non reimbursable programs	3,026
Commodity food costs	4,453
Salaries	12,945
Support services - employee benefits	1,876
Purchased professional/technical services	561
Purchased property services	499
Other purchased services	
Insurance	2,208
Management fee	5,915
Supplies and materials	959
Depreciation	3,393
Total operating expenses	48,230
Operating income (loss)	(35,877)
Non-operating revenues (expenses)	
State sources	
State school lunch program	762
Federal sources	
National school breakfast program	
Cash assistance	5,476
National school lunch program	
Cash assistance	15,014
Non-cash assistance (commodities)	4,453
Supply chain assistance	18,723
Total non-operating revenues (expenses)	44,428
Change in net position	8,551
Net position, beginning	41,931
Net position, ending	\$ 50,482

See accompanying notes to the financial statements.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2023**

	Food Service Fund
Cash flows from operating activities	
Receipts from customers (net)	\$ 12,905
Payments to Food Service Management Company	(39,534)
Payments to vendors (net)	(1,404)
Net cash provided by (used for) operating activities	(28,033)
Cash flows from non-capital financing activities	
State sources	576
Federal sources	38,430
Net cash provided by (used for) non-capital financing activities	39,006
Net increase (decrease) in cash and cash equivalents	10,973
Cash and cash equivalents, beginning	18,482
Cash and cash equivalents, ending	\$ 29,455
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating activities	
Operating income (loss)	\$ (35,877)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	3,393
Federal food donation program	4,453
(Increase) decrease in inventory	(689)
Increase (decrease) in deferred revenue	687
Net cash provided by (used for) operating activities	\$ (28,033)

See accompanying notes to the financial statements.



## **NOTES TO THE FINANCIAL STATEMENTS**

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

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2023 of 107 students.

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

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

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

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

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

Note 1 - Summary of significant accounting policies (continued)

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

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

*Special Revenue Fund* - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities. Amounts maintained for private purpose scholarship accounts are utilized for scholarship awards to qualifying students.

*Capital Projects Fund* - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

The District did not utilize the capital projects fund during the fiscal year.

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

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

Note 1 - Summary of significant accounting policies (continued)

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

Proprietary fund types (continued)

*Enterprise Fund* - The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise fund is comprised of the food service fund.

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

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

Equipment	5 - 15 years
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Fiduciary fund types

The District does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No. 84, *Fiduciary Activities*.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

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

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2022-2023 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

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

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services or payments from students that will benefit periods beyond June 30, 2023.

J. Capital assets

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

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

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

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

K. Compensated absences

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



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

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

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

M. Long-term obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

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

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

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

O. Fund balances - governmental funds

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

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

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

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

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

Note 2 - Tax assessments and property taxes

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

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

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

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

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, cash in banks. As of June 30, 2023, the District had no investments.

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

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

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

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

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

As of June 30, 2023, the District’s bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	1,692,570
Total bank balances	\$ 1,942,570

Deposits at June 30, 2023 appear in the financial statements as summarized below:

Cash		\$ 1,464,368
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 320,272
Enterprise funds, Statement of Net Position	B-4	29,455
Restricted cash		
Governmental funds, Balance Sheet	B-1	1,114,641
Total cash		\$ 1,464,368

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

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 3,977	\$ -	\$ -	\$ 3,977
Construction in progress	12,201	-	-	12,201
Total	<u>16,178</u>	<u>-</u>	<u>-</u>	<u>16,178</u>
Capital assets, being depreciated				
Building & improvements	6,345,899	14,796	-	6,360,695
Furniture & equipment	464,023	8,694	-	472,717
Total	<u>6,809,922</u>	<u>23,490</u>	<u>-</u>	<u>6,833,412</u>
Accumulated depreciation				
Building & improvements	4,517,276	166,221	-	4,683,497
Furniture & equipment	283,264	20,392	-	303,656
Total	<u>4,800,540</u>	<u>186,613</u>	<u>-</u>	<u>4,987,153</u>
Total capital assets, being depreciated, net	<u>2,009,382</u>	<u>(163,123)</u>	<u>-</u>	<u>1,846,259</u>
Governmental activities capital assets, net	<u>\$ 2,025,560</u>	<u>\$ (163,123)</u>	<u>\$ -</u>	<u>\$ 1,862,437</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 53,455	\$ -	\$ -	\$ 53,455
Less: accumulated depreciation	43,849	3,393	-	47,242
Business type activities capital assets, net	<u>\$ 9,606</u>	<u>\$ (3,393)</u>	<u>\$ -</u>	<u>\$ 6,213</u>

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

Note 4 - Capital assets (continued)

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

Instruction		
Regular	\$	75,319
Special education		23,138
Other special instruction		1,679
Other instruction		1,303
Support services		
Student & instruction		50,144
General & business administration		10,291
School administration		8,826
Plant maintenance		15,913
Total depreciation expense, governmental activities	<u>\$</u>	<u>186,613</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds payable	\$ 1,280,000	\$ -	\$ 195,000	\$ 1,085,000	\$ 205,000
Compensated absences payable	48,443	-	16,148	32,295	-
PERS net pension liability	309,546	58,497	-	368,043	-
Bond premium	114,049	-	20,736	93,313	20,736
Total governmental activities long-term liabilities	<u>\$ 1,752,038</u>	<u>\$ 58,497</u>	<u>\$ 231,884</u>	<u>\$ 1,578,651</u>	<u>\$ 225,736</u>

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2023, including interest payments are listed as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 205,000	\$ 43,400	\$ 248,400
2025	210,000	35,200	245,200
2026	220,000	26,800	246,800
2027	225,000	18,000	243,000
2028	225,000	9,000	234,000
Total	<u>\$ 1,085,000</u>	<u>\$ 132,400</u>	<u>\$ 1,217,400</u>

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

Note 5 - Long-term debt (continued)

*General Obligation Bonds* - General obligation school building bonds payable at June 30, 2023, with their outstanding balances are comprised of the following individual issues:

\$2,190,000 - 2017 refunding school bonds, interest at 2.00% to 4.00%,  
 due in annual installments beginning March 1, 2018 to March 1, 2028. \$ 1,085,000

The general obligation bonded debt of the District is limited by State Law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2023 is \$3,845,514. General obligation debt at June 30, 2023 is \$1,085,000, resulting in a legal debt margin of \$2,760,514.

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011



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

Note 6 - Pension plans (continued)

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

Plan description (continued)

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2022 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2022 measurement date.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

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

Note 6 - Pension plans (continued)

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

Contributions

The contribution policy for PERS is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For State fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

The employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The District's contractually required contribution rate for the year ended June 30, 2023 was 16.24% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

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

Note 6 - Pension plans (continued)

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

Special funding situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation 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 related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2022:

Net pension liability	\$ 368,043
Proportionate share	0.0024387652%
Plan fiduciary net position as a percentage of the total pension liability	62.91%

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	2.75 - 6.55%
Investment rate of return	7.00%

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

Note 6 - Pension plans (continued)

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

Collective net pension liability and actuarial information (continued)

Preretirement mortality rates were based on the Pub-10 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 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 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 measurement date are summarized in the following table:

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

Note 6 - Pension plans (continued)  
A. Public employees' retirement systems (PERS) (continued)  
Long-term expected rate of return

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 based on 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 projected benefit payments and the Municipal Bond rate was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2022 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$ 368,043
At a 1% lower rate (6.00%)	476,832
At a 1% higher rate (8.00%)	281,229

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

Note 6 - Pension plans (continued)

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

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2022 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,656	\$ 2,343
Changes of assumptions	1,140	55,111
Net difference between projected and actual earnings on pension plan investments	15,233	-
Changes in proportion and differences between District contributions and proportionate share of contributions	32,408	90,203
District contributions subsequent to the measurement date	30,754	-
Total	\$ 82,191	\$ 147,657

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2023, the plan measurement date is June 30, 2022) of \$82,191 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2022 measurement date:

	Beginning Balance	Net Change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ 4,882	\$ (2,226)	\$ 2,656
Changes of assumptions	1,612	(472)	1,140
Differences between expected and actual experience	-	15,233	15,233
Deferred inflows of resources			
Differences between expected and actual experience	(2,216)	(127)	(2,343)
Changes of assumptions	(110,200)	55,089	(55,111)
Difference between projected and actual earnings on pension plan investments	(81,543)	81,543	-
Net of deferred outflows	\$ (187,465)	\$ 149,040	\$ (38,425)

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

Note 6 - Pension plans (continued)

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

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

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

<u>Fiscal Year Ended June 30,</u>	
2023	\$ (31,572)
2024	(16,085)
2025	(7,844)
2026	17,113
2027	(37)
Total	<u>\$ (38,425)</u>

Pension expense (benefit)

For the fiscal year ended June 30, 2023, the District recognized net pension expense of (\$44,446), which represents the District's proportionate share of allocable plan pension expense of (\$26,654), plus the net amortization of deferred amounts from changes in proportion of (\$17,639), and less other adjustments to the net pension liability of (\$153). The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ending June 30, 2022 measurement date are as follows:

Service cost	\$ 17,740
Interest on total pension liability	71,151
Benefit changes	206
Member contributions	(14,794)
Administrative expense	318
Expected investment return net of investment expense	(47,495)
Pension expense related to specific liabilities of individual employers	(255)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	842
Changes of assumptions	(53,186)
Difference between projected and actual investment earnings on pension plan investments	(1,181)
Pension expense (benefit)	<u>\$ (26,654)</u>

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

Note 6 - Pension plans (continued)

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

Plan description

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

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:

<u>Tier</u>	<u>Member Eligibility</u>
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more 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 employers. State legislation has modified the amount that is contributed by the State. The State’s pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year 2022, the State’s pension contribution was more than the actuarial determined amount.



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

Note 6 - Pension plans (continued)

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

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the Plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities’ total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities’ total proportionate share of the collective pension expense associated with the local participating employer.

During the state fiscal year ended June 30, 2022, the State of New Jersey contributed \$376,023 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District’s proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2022 measurement date is as follows:

District proportionate share of net pension liability	\$ 6,845,801
Less: State proportionate share of net pension liability	2,210,306
Net pension liability	\$ 4,635,495

Proportionate share	0.0089844891%
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Plan fiduciary net position as a percentage of the total pension liability	32.29%
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Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Note 6 - Pension plans (continued)  
B. Teacher’s pension and annuity fund (TPAF) (continued)  
Actuarial assumptions (continued)

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	2.75 - 5.65%
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 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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2022 measurement date are summarized in the following table:

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

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

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2022 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

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

Note 6 - Pension plans (continued)

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

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	4,635,495
At a 1% lower rate (6.00%)		5,435,216
At a 1% higher rate (8.00%)		3,961,830

Pension expense (benefit)

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ended June 30, 2022 measurement date are as follows:

Service cost	\$	107,198
Interest on total pension liability		461,693
Benefits change		-
Member contributions		(81,389)
Administrative expense		1,133
Expected investment return net of investment expense		(177,893)
Pension expense related to specific liabilities of individual employers		(35)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		18,002
Changes of assumptions		(214,967)
Difference between projected and actual investment earnings on pension plan investments		11,012
Pension expense (benefit)	\$	124,754

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$9,000 in 2023) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcprp](http://www.prudential.com/njdcprp).

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2023 was \$2,888.

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

Note 6 - Pension plans (continued)

D. Other pension plan information

During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$89,552 to the TPAF for postretirement medical benefits, \$4,665 for non-contributory insurance premiums, \$166 for long-term disability insurance, and \$336,229 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$92,314 during the year ended June 30, 2023 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement 68.

Note 7 - Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits. In fiscal year 2022, the State paid OPEB benefits for 161,238 State and local retirees.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP).

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, 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: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment 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 or more years 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.

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

Note 7 - Postretirement benefits (continued)

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notices.shtml>.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District.

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2022 measurement date is as follows:

State's proportionate share of the OPEB liability		
District's proportionate share of the State's OPEB liability	\$	50,646,462,966
Employer OPEB expense and related revenue		5,384,427
Allocable proportionate percentage		0.0106313979%

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

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

	Total OPEB Liability
Total OPEB liability at June 30, 2021	\$ 6,540,965
Service cost	227,237
Interest cost	142,693
Change of benefit terms	-
Differences between expected and actual experiences	54,761
Changes of assumptions	(1,444,421)
Member contributions	4,534
Gross benefit payments	(141,342)
Total OPEB liability at June 30, 2022	\$ 5,384,427

There were no changes of the benefit terms from June 30, 2021 to June 30, 2022.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% as of the June 30, 2021 Plan measurement date to 3.54% as of the June 30, 2022 Plan measurement date.

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases	2.75% - 4.25%	2.75% - 6.55%

Preretirement mortality rates were based on the Pub-2010 Healthy Teachers (TPAF/ABP) and General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 Safety (PFRS), General (PERS), and Teachers (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 TPAF and PERS.

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2022 was 3.54%. This represents the Municipal Bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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.

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

The following presents the total non-employer OPEB liability as of June 30, 2022 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate

Total OPEB liability (school retirees)

At current discount rate (3.54%)	\$	5,384,427
At a 1% lower rate (2.54%)		6,328,828
At a 1% higher rate (4.54%)		4,627,537

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

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

Total OPEB liability (school retirees)

Healthcare cost trend rate	\$	5,384,427
At a 1% lower rate (1% decrease)		4,450,558
At a 1% higher rate (1% increase)		6,611,121



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

Note 7 - Postretirement benefits (continued)

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

For the fiscal year ended June 30, 2022, the District recognized OPEB revenue of \$78,391 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB Plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 8 - Deferred compensation

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

Equitable

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2023 is as follows:

	Receivable	Payable
General fund	\$ 5,861	\$ 50,861
Special revenue fund	47,989	5,861
Food service fund	2,872	-
	\$ 56,722	\$ 56,722

The general fund had an interfund receivable of \$5,861 due from the special revenue fund representing a loan due to cash flow issues relating to the delayed receipt of grant revenues. The food service fund had an interfund receivable of \$2,872 from the general fund for subsidy receipts not yet transferred to the food service fund. The special revenue fund has an interfund receivable of \$47,989 for grant receipts in the general fund not yet transferred to the special revenue fund.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2023 consisted of the following:

Food	\$ 842
Supplies	970
Total	\$ 1,812

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

Note 11 - Contingent liabilities

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

Note 12 - Risk management

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

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

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

Note 13 - Reserve accounts

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Note 13 - Reserve accounts (continued)

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$269,000 to their capital reserve account by Board Resolution in June 2023 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 745,562	\$ 269,000	\$ -	\$ -	\$ 38,543	\$ 976,019
Emergency	2,852	-	-	-	-	2,852
Maintenance	134,506	-	-	-	-	134,506
Total	<u>\$ 882,920</u>	<u>\$ 269,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,543</u>	<u>\$ 1,113,377</u>

Note 14 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2023 is as follows:

Restricted

Excess surplus - designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 202,859
Excess surplus - represents amount in excess of allowable percentage of expenditures in accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets.	205,050
Capital reserve account - represents funds restricted to capital projects in the Districts long range facilities plan.	976,019
Emergency reserve account - represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	2,852
Maintenance reserve account - represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	134,506

Committed

Year-end encumbrance - represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	2,679
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Assigned

Designated for subsequent year's expenditures - represents amount appropriated in the succeeding year's budget to reduce tax requirements.	3,480
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Unassigned

Undesignated - represents fund balance which has not been restricted or designated.	<u>253,744</u>
Total fund balance - budgetary basis (Exhibit C-1)	1,781,189
Last state aid payments not recognized on GAAP basis	<u>(72,147)</u>
Total fund balance GAAP basis (Exhibit B-1)	<u>\$ 1,709,042</u>

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

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2023 is \$205,050.

Note 16 - Recent accounting pronouncements not yet effective

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

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

Note 17 - Deficit unassigned fund balance in the special revenue fund

The District has a deficit unassigned fund balance of (\$56,156) in the special revenue fund as of June 30, 2023 as reported in the fund statements. PL 2005, Chapter 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 state aid payment 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 inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and 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 state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the special revenue fund balance deficit does not alone indicate that the District is facing financial difficulties.

Note 18 - Subsequent events

The District has evaluated subsequent events through December 5, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 2,508,245	\$ -	\$ 2,508,245	\$ 2,508,245	\$ -
Unrestricted miscellaneous revenues	-	-	-	13,691	13,691
Interest earned on current expense emergency reserve	5	-	5	-	(5)
Interest earned on maintenance reserve	15	-	15	-	(15)
Interest earned on capital reserve funds	230	-	230	-	(230)
<b>Total</b>	<b>2,508,495</b>	<b>-</b>	<b>2,508,495</b>	<b>2,521,936</b>	<b>13,441</b>
<b>State sources</b>					
School Choice Aid	41,862	-	41,862	41,862	-
Categorical Transportation Aid	27,902	-	27,902	27,902	-
Extraordinary Aid	175,000	-	175,000	150,518	(24,482)
Categorical Special Education Aid	100,182	-	100,182	100,182	-
Equalization Aid	549,501	-	549,501	549,501	-
Categorical Security Aid	24,029	-	24,029	24,029	-
Other State Aid	-	-	-	196,068	196,068
TPAF Pension (on-behalf)	-	-	-	336,229	336,229
TPAF Non-contributory insurance	-	-	-	4,665	4,665
TPAF Social Security (reimbursed)	-	-	-	92,314	92,314
TPAF Postretirement benefits	-	-	-	89,552	89,552
TPAF Long-term disability insurance	-	-	-	166	166
<b>Total</b>	<b>918,476</b>	<b>-</b>	<b>918,476</b>	<b>1,612,988</b>	<b>694,512</b>
<b>Total revenues</b>	<b>\$ 3,426,971</b>	<b>\$ -</b>	<b>\$ 3,426,971</b>	<b>\$ 4,134,924</b>	<b>\$ 707,953</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instruction - regular program</b>					
<b>Salaries of Teachers</b>					
Kindergarten	\$ 70,953	\$ -	\$ 70,953	\$ 69,358	\$ 1,595
Grades 1-5	471,691	(69,228)	402,463	399,072	3,391
<b>Home instruction</b>					
Salaries of teacher	2,000	-	2,000	1,122	878
Purchased professional - educational services	500	-	500	-	500
<b>Regular programs - undistributed instruction</b>					
Purchased professional - educational services	-	31,250	31,250	30,396	854
Purchased technical services	17,000	-	17,000	12,578	4,422
Other purchased services	34,000	(50)	33,950	32,292	1,658
General supplies	20,000	(996)	19,004	16,533	2,471
Textbooks	-	985	985	985	-
Other objects	-	50	50	50	-
<b>Total</b>	<b>616,144</b>	<b>(37,989)</b>	<b>578,155</b>	<b>562,386</b>	<b>15,769</b>
<b>Special education</b>					
<b>Emotional regulation impairment</b>					
Salaries of Teachers	57,742	-	57,742	57,742	-
General supplies	1,500	-	1,500	-	1,500
<b>Total</b>	<b>59,242</b>	<b>-</b>	<b>59,242</b>	<b>57,742</b>	<b>1,500</b>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Resource room/resource center					
Salaries of Teachers	\$ 148,522	\$ 87,000	\$ 235,522	\$ 235,006	\$ 516
General supplies	1,574	-	1,574	778	796
Total	<u>150,096</u>	<u>87,000</u>	<u>237,096</u>	<u>235,784</u>	<u>1,312</u>
Preschool disabilities - full-time					
Salaries of Teachers	6,739	(6,000)	739	-	739
Purchased professional - educational services	3,000	(3,000)	-	-	-
General supplies	1,000	(1,000)	-	-	-
Total	<u>10,739</u>	<u>(10,000)</u>	<u>739</u>	<u>-</u>	<u>739</u>
Total special education	<u>220,077</u>	<u>77,000</u>	<u>297,077</u>	<u>293,526</u>	<u>3,551</u>
School - sponsored co/extra curricular activities - instruction					
Salaries	1,000	1,228	2,228	2,228	-
Total	<u>1,000</u>	<u>1,228</u>	<u>2,228</u>	<u>2,228</u>	<u>-</u>
Summer school - instruction					
Salaries of Teachers	15,000	(15,000)	-	-	-
Other salaries of instruction	-	15,000	15,000	14,420	580
Purchased professional & technical services	9,000	(9,000)	-	-	-
Total	<u>24,000</u>	<u>(9,000)</u>	<u>15,000</u>	<u>14,420</u>	<u>580</u>
Total summer school	<u>24,000</u>	<u>(9,000)</u>	<u>15,000</u>	<u>14,420</u>	<u>580</u>
Total instruction regular	<u>\$ 861,221</u>	<u>\$ 31,239</u>	<u>\$ 892,460</u>	<u>\$ 872,560</u>	<u>\$ 19,900</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the State - regular	\$ 463,306	\$ 26,600	\$ 489,906	\$ 489,906	\$ -
Tuition to other LEAs within the State - special	374,543	(198,384)	176,159	110,971	65,188
Tuition to priv. school for the disabled w/i state	140,957	78,936	219,893	202,244	17,649
Total	<u>978,806</u>	<u>(92,848)</u>	<u>885,958</u>	<u>803,121</u>	<u>82,837</u>
Undistributed expenditures - health services					
Salaries	64,274	1,173	65,447	65,446	1
Purchased professional and technical services	500	-	500	500	-
Supplies and materials	1,000	165	1,165	1,152	13
Total	<u>65,774</u>	<u>1,338</u>	<u>67,112</u>	<u>67,098</u>	<u>14</u>
Undistributed expenditures - speech, ot, pt & related services					
Purchased professional - educational services	103,000	60,261	163,261	141,168	22,093
Supplies and materials	500	-	500	-	500
Total	<u>103,500</u>	<u>60,261</u>	<u>163,761</u>	<u>141,168</u>	<u>22,593</u>
Undistributed expenditures - other supp. serv. stds. - extra service					
Purchased professional - educational services	160,000	(19,143)	140,857	127,013	13,844
Total	<u>160,000</u>	<u>(19,143)</u>	<u>140,857</u>	<u>127,013</u>	<u>13,844</u>

See independent auditors' report.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - child study teams					
Salaries of other Professional Staff	\$ 179,400	\$ 16,993	\$ 196,393	\$ 196,393	\$ -
Salaries of Secretarial and Clerical Assistants	2,000	(1,855)	145	-	145
Purchased professional - educational services	1,000	4,830	5,830	955	4,875
Supplies and materials	500	262	762	762	-
Total	<u>182,900</u>	<u>20,230</u>	<u>203,130</u>	<u>198,110</u>	<u>5,020</u>
Undistributed expenditures - improvement of inst. service					
Salaries of Supervisor of Instruction	34,663	-	34,663	34,298	365
Purchased professional - educational services	20,000	(1,911)	18,089	306	17,783
Supplies and materials	-	363	363	363	-
Other objects	200	462	662	662	-
Total	<u>54,863</u>	<u>(1,086)</u>	<u>53,777</u>	<u>35,629</u>	<u>18,148</u>
Undistributed expenditures - edu. media service/sch. library					
Purchased professional and technical services	25,000	-	25,000	24,722	278
Supplies and materials	5,000	-	5,000	1,531	3,469
Total	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>26,253</u>	<u>3,747</u>
Undistributed expenditures - support service - general admin.					
Salaries	81,995	-	81,995	55,730	26,265
Legal services	15,000	-	15,000	4,058	10,942
Audit fees	15,000	-	15,000	14,250	750
Other purchased professional services	11,000	(3,140)	7,860	4,835	3,025
Purchased technical services	2,000	-	2,000	2,000	-
Communications/telephone	1,000	1,791	2,791	2,073	718
BOE other purchased services	1,000	(1,000)	-	-	-
Miscellaneous purchased services	-	183	183	183	-
General supplies	1,000	(110)	890	890	-
Miscellaneous expenditures	-	2,304	2,304	2,304	-
BOE membership dues and fees	2,500	(28)	2,472	2,335	137
Total	<u>130,495</u>	<u>-</u>	<u>130,495</u>	<u>88,658</u>	<u>41,837</u>
Undistributed expenditures - support service - school admin.					
Salaries of Principals/Assistant Principals	34,663	-	34,663	34,298	365
Purchased professional and technical services	1,000	-	1,000	-	1,000
Other purchased services	250	-	250	-	250
Supplies and materials	500	-	500	-	500
Other objects	1,000	-	1,000	845	155
Total	<u>37,413</u>	<u>-</u>	<u>37,413</u>	<u>35,143</u>	<u>2,270</u>
Undistributed expenditures - central services					
Purchased professional services	46,472	(1,595)	44,877	36,290	8,587
Purchased technical services	-	1,100	1,100	1,100	-
Miscellaneous purchased services	-	595	595	-	595
Supplies and materials	1,000	(100)	900	311	589
Other objects	1,000	-	1,000	-	1,000
Total	<u>48,472</u>	<u>-</u>	<u>48,472</u>	<u>37,701</u>	<u>10,771</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - req. maint. for school facilities					
Salaries	\$ 35,292	\$ 54	\$ 35,346	\$ 35,291	\$ 55
Cleaning, repair, and maintenance services	35,000	(1,554)	33,446	16,095	17,351
General supplies	12,730	-	12,730	7,604	5,126
Total	<u>83,022</u>	<u>(1,500)</u>	<u>81,522</u>	<u>58,990</u>	<u>22,532</u>
Undistributed expenditures - custodial services					
Salaries	78,549	4,414	82,963	82,463	500
Purchased professional and technical services	24,672	1,128	25,800	25,800	-
Cleaning, repair, and maintenance service	5,000	5,118	10,118	8,150	1,968
Other purchased property services	500	-	500	369	131
Insurance	25,000	(3,029)	21,971	21,596	375
General supplies	5,155	1,538	6,693	6,185	508
Energy (natural gas)	25,000	(4,414)	20,586	19,793	793
Energy (electricity)	40,000	(6,106)	33,894	23,422	10,472
Energy (oil)	600	(600)	-	-	-
Other objects	-	600	600	250	350
Total	<u>204,476</u>	<u>(1,351)</u>	<u>203,125</u>	<u>188,028</u>	<u>15,097</u>
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	3,000	3,194	6,194	6,194	-
General supplies	3,000	(1,844)	1,156	573	583
Total	<u>6,000</u>	<u>1,350</u>	<u>7,350</u>	<u>6,767</u>	<u>583</u>
Undistributed expenditures - student transportation service					
Other purchased professional and technical service	24,672	1,128	25,800	25,800	-
Contract serv. - aid in lieu pymts - non-public schools	25,000	(8,780)	16,220	14,899	1,321
Contract serv (between home & school) - vendors	-	37,152	37,152	37,152	-
Contract serv. (sp. ed. stds.) - vendors	100,000	(100,000)	-	-	-
Contract serv. (reg. students) - ESCs & CTSAAs	-	1,500	1,500	816	684
Contract serv. (sp. ed. stds.) - ESCs & CTSAAs	80,000	135,500	215,500	211,117	4,383
Total	<u>229,672</u>	<u>66,500</u>	<u>296,172</u>	<u>289,784</u>	<u>6,388</u>
Allocated benefits - employee benefits					
Support services - general administration					
Group insurance	9,488	-	9,488	5,083	4,405
Total	<u>9,488</u>	<u>-</u>	<u>9,488</u>	<u>5,083</u>	<u>4,405</u>
Total allocated benefits - employees	<u>\$ 9,488</u>	<u>\$ -</u>	<u>\$ 9,488</u>	<u>\$ 5,083</u>	<u>\$ 4,405</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Unallocated benefits - employee benefits					
Social security contributions	\$ 35,000	\$ -	\$ 35,000	\$ 28,279	\$ 6,721
Other retirement contributions - PERS	35,000	(73)	34,927	32,512	2,415
Unemployment compensation	6,000	184	6,184	6,184	-
Workmen's compensation	25,000	-	25,000	23,201	1,799
Health benefits	331,523	(63,271)	268,252	256,624	11,628
Tuition reimbursement	7,800	(6,275)	1,525	-	1,525
Other employee benefits	4,000	60	4,060	2,948	1,112
Unused sick payment to terminated/retired staff	10,000	4,375	14,375	14,375	-
<b>Total</b>	<b>454,323</b>	<b>(65,000)</b>	<b>389,323</b>	<b>364,123</b>	<b>25,200</b>
On-behalf TPAF Pension contribution	-	-	-	336,229	(336,229)
On-behalf Non-contributory insurance	-	-	-	4,665	(4,665)
On-behalf TPAF Postretirement medical benefits	-	-	-	89,552	(89,552)
On-behalf TPAF Long-term disability insurance	-	-	-	166	(166)
Reimbursed TPAF Social Security contribution	-	-	-	92,314	(92,314)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>522,926</b>	<b>(522,926)</b>
<b>Total undistributed expenditures</b>	<b>\$ 2,779,204</b>	<b>\$ (31,249)</b>	<b>\$ 2,747,955</b>	<b>\$ 2,995,595</b>	<b>\$ (247,640)</b>
<b>Total current</b>	<b>\$ 3,640,425</b>	<b>\$ (10)</b>	<b>\$ 3,640,415</b>	<b>\$ 3,868,155</b>	<b>\$ (227,740)</b>
<b>Total expenditures</b>	<b>\$ 3,640,425</b>	<b>\$ (10)</b>	<b>\$ 3,640,415</b>	<b>\$ 3,868,155</b>	<b>\$ (227,740)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (213,454)</b>	<b>\$ 10</b>	<b>\$ (213,444)</b>	<b>\$ 266,769</b>	<b>\$ 480,213</b>
<b>Other financing sources (uses)</b>					
Operating transfer out					
Transfer to special revenue fund - preschool programs	(28,078)	-	(28,078)	(28,078)	-
Capital reserve - transfer to debt service	(38,543)	-	(38,543)	(38,543)	-
<b>Total other financing sources (uses)</b>	<b>(66,621)</b>	<b>-</b>	<b>(66,621)</b>	<b>(66,621)</b>	<b>-</b>
<b>Excess (deficiency) of revenues &amp; other financing sources over (under) expenditures &amp; other financing uses</b>	<b>(280,075)</b>	<b>10</b>	<b>(280,065)</b>	<b>200,148</b>	<b>480,213</b>
<b>Fund balances, July 1</b>	<b>1,581,041</b>	<b>-</b>	<b>1,581,041</b>	<b>1,581,041</b>	<b>-</b>
<b>Fund balances, June 30</b>	<b>\$ 1,300,966</b>	<b>\$ 10</b>	<b>\$ 1,300,976</b>	<b>\$ 1,781,189</b>	<b>\$ 480,213</b>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (4,459)	\$ -	\$ (4,459)	\$ (4,459)	\$ -
Increase in capital reserve	230	268,770	269,000	269,000	-
Withdrawal from capital reserve	(38,543)	-	(38,543)	(38,543)	-
Interest earned on emergency reserve	5	-	5	-	(5)
Interest earned on maintenance reserve	15	-	15	-	(15)
Budgeted fund balance	(237,323)	(268,760)	(506,083)	(25,850)	480,233
<b>Total</b>	<b>\$ (280,075)</b>	<b>\$ 10</b>	<b>\$ (280,065)</b>	<b>\$ 200,148</b>	<b>\$ 480,213</b>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 202,859	
Excess surplus - current year				205,050	
Capital reserve				976,019	
Emergency reserve				2,852	
Maintenance reserve				134,506	
Committed fund balance					
Year-end encumbrances				2,679	
Assigned fund balance					
Designated for subsequent year's expenditures				3,480	
Unassigned fund balance				253,744	
Fund balance per budgetary basis				1,781,189	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				(72,147)	
Fund balance per governmental funds (GAAP)				\$ 1,709,042	

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance
	Original Budget	Budget Transfers	Final Budget		Final to Actual
Revenues					
Local sources	\$ -	\$ -	\$ -	\$ 780	\$ (780)
State sources	681,089	-	681,089	449,059	232,030
Federal sources	313,310	(118,298)	194,252	163,477	30,775
	<u>994,399</u>	<u>(118,298)</u>	<u>875,341</u>	<u>613,316</u>	<u>262,025</u>
Other financing sources					
Transfer in from general fund	28,078	-	28,078	28,078	-
Total revenues	<u>\$ 1,022,477</u>	<u>\$ (118,298)</u>	<u>\$ 903,419</u>	<u>\$ 641,394</u>	<u>\$ 262,025</u>
Expenditures					
Instruction					
Salaries	\$ 283,461	\$ (79,272)	\$ 204,189	\$ 195,349	\$ 8,840
Other salaries - aides	40,162	-	40,162	30,515	9,647
Purchased professional and technical services	144,644	11,948	156,592	108,662	47,930
Supplies	104,131	(5,386)	98,745	45,155	53,590
Other objects	10,000	(10,000)	-	-	-
Total	<u>582,398</u>	<u>(82,710)</u>	<u>499,688</u>	<u>379,681</u>	<u>120,007</u>
Support services					
Tuition	50,341	(20,000)	30,341	30,341	-
Salaries	155,095	(11,467)	143,628	84,686	58,942
Employee benefits	125,138	3,716	128,854	68,534	60,320
Purchased professional and technical services	64,473	(33,055)	31,418	31,368	50
Cleaning, repairs & maintenance	3,750	-	3,750	-	3,750
Transportation	1,000	-	1,000	-	1,000
Travel	500	-	500	-	500
Supplies	1,500	15,460	16,960	16,960	-
Other objects	867	-	867	184	683
Student activities	-	742	742	742	-
Total	<u>402,664</u>	<u>(44,604)</u>	<u>358,060</u>	<u>232,815</u>	<u>125,245</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (continued)					
Capital outlay					
Instructional equipment	\$ 8,366	\$ 3,990	\$ 12,356	\$ 3,989	\$ 8,367
Noninstructional equipment	29,049	5,026	34,075	24,871	9,204
Total	<u>37,415</u>	<u>9,016</u>	<u>46,431</u>	<u>28,860</u>	<u>17,571</u>
 Total expenditures	 <u>\$ 1,022,477</u>	 <u>\$ (118,298)</u>	 <u>\$ 904,179</u>	 <u>\$ 641,356</u>	 <u>\$ 262,823</u>
 Excess (deficiency) of revenues over (under) expenditures	 \$ -	 \$ -	 \$ (760)	 \$ 38	 \$ 798
 Fund balances, July 1	 <u>1,226</u>	 <u>-</u>	 <u>1,226</u>	 <u>1,226</u>	 <u>-</u>
 Fund balances, June 30	 <u>\$ 1,226</u>	 <u>\$ -</u>	 <u>\$ 466</u>	 <u>\$ 1,264</u>	 <u>\$ 798</u>
 Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 1,264	
Fund balance per budgetary basis				<u>\$ 1,264</u>	

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**  
**Budget-to-GAAP Reconciliation**  
**For the Fiscal Year Ended June 30, 2023**

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

	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) “revenues” from the budgetary comparison schedules	\$ 4,134,924	\$ 613,316
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized		
Outstanding encumbrances - prior year	-	45,986
Outstanding encumbrances - current year	-	(19,037)
Difference - budget to GAAP		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33)		
State aid receivable prior year	71,289	34,440
State aid receivable current year	(72,147)	(56,156)
Total revenues (GAAP basis)	\$ 4,134,066	\$ 618,549
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) “total outflows” from the budgetary comparison schedule	\$ 3,868,155	\$ 641,356
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes		
Outstanding encumbrances - prior year	-	45,986
Outstanding encumbrances - current year	-	(19,037)
Total expenditures (GAAP basis)	\$ 3,868,155	\$ 668,305

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**



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

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

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2014	0.0025395883%	\$ 475,480	N/A	N/A	52.08%
2015	0.0032190271%	722,607	\$ 207,399	348.41%	47.93%
2016	0.0025753453%	762,743	217,198	351.17%	40.14%
2017	0.0031351698%	729,817	201,676	361.88%	48.10%
2018	0.0029542300%	581,672	181,590	320.32%	53.60%
2019	0.0025553471%	460,435	244,561	188.27%	56.27%
2020	0.0028992196%	472,787	191,270	247.18%	58.32%
2021	0.0026129772%	309,546	165,397	187.15%	70.33%
2022	0.0024387652%	368,043	187,412	196.38%	62.91%
2023	N/A	N/A	189,318	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2014	N/A	N/A	N/A	N/A	N/A
2015	\$ 19,074	\$ (19,074)	\$ -	\$ 207,399	9.20%
2016	27,675	(27,675)	-	217,198	12.74%
2017	22,879	(22,879)	-	201,676	11.34%
2018	29,044	(29,044)	-	181,590	15.99%
2019	29,385	(29,385)	-	244,561	12.02%
2020	24,856	(24,856)	-	191,270	13.00%
2021	31,716	(31,716)	-	165,397	19.18%
2022	30,601	(30,601)	-	187,412	16.33%
2023	30,754	(30,754)	-	189,318	16.24%

N/A = Information not available

See independent auditors' report.

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

	Proportionate share of net pension liability (asset)				District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	District's proportion		State's proportion	Total			
	Percentage	Value					
2014	0.00%	\$ -	\$ 7,377,559	\$ 7,377,559	N/A	N/A	33.64%
2015	0.00%	-	7,851,249	7,851,249	\$ 978,772	0.00%	28.71%
2016	0.00%	-	8,946,297	8,946,297	1,303,964	0.00%	22.33%
2017	0.00%	-	6,340,364	6,340,364	1,291,562	0.00%	25.41%
2018	0.00%	-	7,932,242	7,932,242	1,336,925	0.00%	26.49%
2019	0.00%	-	7,719,729	7,719,729	988,849	0.00%	26.27%
2020	0.00%	-	7,695,964	7,695,964	895,291	0.00%	24.60%
2021	0.00%	-	4,322,971	4,322,971	910,216	0.00%	35.52%
2022	0.00%	-	4,635,495	4,635,495	985,937	0.00%	32.29%
2023	N/A	N/A	N/A	N/A	1,247,953	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2014	\$ 58,636	\$ (58,636.00)	\$ -	N/A	N/A
2015	66,759	(66,759)	-	\$ 978,772	6.82%
2016	90,570	(90,570)	-	1,303,964	6.95%
2017	105,596	(105,596)	-	1,291,562	8.18%
2018	188,074	(188,074)	-	1,336,925	14.07%
2019	252,573	(252,573)	-	988,849	25.54%
2020	252,915	(252,915)	-	895,291	28.25%
2021	264,838	(264,838)	-	910,216	29.10%
2022	263,515	(263,515)	-	985,937	26.73%
2023	376,023	(376,023)	-	1,247,953	30.13%

N/A = Information not available

See independent auditors' report.

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

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

	Proportionate share of other postemployment employee benefits liability (asset)				Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other postemployment employee benefits liability
	District's proportion		State's proportion					
	Percentage	Value						
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2017	0.00%	\$ -	\$ 7,142,150	\$ 7,142,150	\$ 1,493,238	0.00%	0.00%	
2018	0.00%	-	5,658,467	5,658,467	1,518,515	0.00%	0.00%	
2019	0.00%	-	5,523,373	5,523,373	1,233,410	0.00%	0.00%	
2020	0.00%	-	8,114,956	8,114,956	1,086,561	0.00%	0.00%	
2021	0.00%	-	6,540,965	6,540,965	1,075,613	0.00%	0.00%	
2022	0.00%	-	5,384,427	5,384,427	1,173,349	0.00%	0.00%	
2023	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

N/A = Information not available

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Required Supplementary Information - Part III**  
**(Unaudited)**  
**June 30, 2023**

- Note 1 - Special funding situation - TPAF and other postretirement benefits  
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF  
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% in State fiscal year 2021 and 2.75% in State fiscal year 2022.
- Note 3 - Changes in assumptions - PERS  
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% for State fiscal year 2021 and 2.75% for State fiscal year 2022.
- Note 4 - Changes in assumptions - other postretirement employee benefits  
The other postretirement employee benefits discount rate increased from 2.16% in State fiscal year 2020 to 3.54% in State fiscal year 2022. The inflation rate was 2.50% for State fiscal year 2021 and 2022.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits  
For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.



## **SPECIAL REVENUE FUND**

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and**  
**Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2023**

	Total Carried Forward	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	ESSA Title IV	Total
<b>Revenues</b>							
Local sources	\$ 780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 780
State sources	449,059	-	-	-	-	-	449,059
Federal sources	96,429	30,341	2,016	21,448	3,243	10,000	163,477
<b>Total revenues</b>	<b>546,268</b>	<b>30,341</b>	<b>2,016</b>	<b>21,448</b>	<b>3,243</b>	<b>10,000</b>	<b>613,316</b>
<b>Other financing sources</b>							
Transfer from general fund	28,078	-	-	-	-	-	28,078
<b>Total revenues and other financing sources</b>	<b>\$ 574,346</b>	<b>\$ 30,341</b>	<b>\$ 2,016</b>	<b>\$ 21,448</b>	<b>\$ 3,243</b>	<b>\$ 10,000</b>	<b>\$ 641,394</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ 195,349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,349
Other salaries - aides	30,515	-	-	-	-	-	30,515
Purchased professional and technical services	85,198	-	2,016	21,448	-	-	108,662
Supplies	35,155	-	-	-	-	10,000	45,155
<b>Total</b>	<b>346,217</b>	<b>-</b>	<b>2,016</b>	<b>21,448</b>	<b>-</b>	<b>10,000</b>	<b>379,681</b>
<b>Support services</b>							
Tuition	-	30,341	-	-	-	-	30,341
Salaries	84,686	-	-	-	-	-	84,686
Employee benefits	68,534	-	-	-	-	-	68,534
Purchased professional and technical services	28,125	-	-	-	3,243	-	31,368
Supplies	16,960	-	-	-	-	-	16,960
Other objects	184	-	-	-	-	-	184
Student activities	742	-	-	-	-	-	742
<b>Total</b>	<b>199,231</b>	<b>30,341</b>	<b>-</b>	<b>-</b>	<b>3,243</b>	<b>-</b>	<b>232,815</b>
<b>Capital outlay</b>							
Instructional equipment	3,989	-	-	-	-	-	3,989
Non-instructional equipment	24,871	-	-	-	-	-	24,871
<b>Total</b>	<b>28,860</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,860</b>
<b>Total expenditures</b>	<b>\$ 574,308</b>	<b>\$ 30,341</b>	<b>\$ 2,016</b>	<b>\$ 21,448</b>	<b>\$ 3,243</b>	<b>\$ 10,000</b>	<b>\$ 641,356</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 38	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38
Fund balances, July 1	1,226	-	-	-	-	-	1,226
Fund balances, June 30	\$ 1,264	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,264

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	Total Carried Forward	CRRSA Accelerated Learning	Non-Title I	CRRSA Mental Health	Total Brought Forward
Revenues					
Local sources	\$ 780	\$ -	\$ -	\$ -	\$ 780
State sources	449,059	-	-	-	449,059
Federal sources	9,633	12,805	41,350	32,641	96,429
Total revenues	459,472	12,805	41,350	32,641	546,268
Other financing sources					
Transfer from general fund	28,078	-	-	-	28,078
Total revenues and other financing sources	<u>\$ 487,550</u>	<u>\$ 12,805</u>	<u>\$ 41,350</u>	<u>\$ 32,641</u>	<u>\$ 574,346</u>
Expenditures					
Instruction					
Salaries	\$ 195,349	\$ -	\$ -	\$ -	\$ 195,349
Other salaries - aides	30,515	-	-	-	30,515
Purchased professional and technical services	68,791	10,664	5,743	-	85,198
Supplies	14,029	816	20,310	-	35,155
Total	<u>308,684</u>	<u>11,480</u>	<u>26,053</u>	<u>-</u>	<u>346,217</u>
Support services					
Tuition	-	-	-	-	-
Salaries	83,361	1,325	-	-	84,686
Employee benefits	68,534	-	-	-	68,534
Purchased professional and technical services	10,180	-	-	17,945	28,125
Supplies	1,031	-	1,233	14,696	16,960
Other objects	184	-	-	-	184
Student activities	742	-	-	-	742
Total	<u>164,032</u>	<u>1,325</u>	<u>1,233</u>	<u>32,641</u>	<u>199,231</u>
Capital outlay					
Instructional equipment	-	-	3,989	-	3,989
Non-instructional equipment	14,796	-	10,075	-	24,871
Total	<u>14,796</u>	<u>-</u>	<u>14,064</u>	<u>-</u>	<u>28,860</u>
Total expenditures	<u>\$ 487,512</u>	<u>\$ 12,805</u>	<u>\$ 41,350</u>	<u>\$ 32,641</u>	<u>\$ 574,308</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 38	\$ -	\$ -	\$ -	\$ 38
Fund balances, July 1	-	-	-	-	1,226
Fund balances, June 30	<u>\$ 38</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,264</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues**  
**and Expenditures - Budgetary Basis (continued)**  
**For the Fiscal Year Ended June 30, 2023**

	ARP Accelerated Learning	ARP Summer Learning	ARP Beyond the School Day	Preschool Expansion Aid	Student Activities	Total Brought Forward
Revenues						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 780	\$ 780
State sources	-	-	-	449,059	-	449,059
Federal sources	3,673	3,652	2,308	-	-	9,633
Total revenues	<u>3,673</u>	<u>3,652</u>	<u>2,308</u>	<u>449,059</u>	<u>780</u>	<u>459,472</u>
Other financing sources						
Transfer from general fund	-	-	-	28,078	-	28,078
Total revenues and other financing sources	<u>\$ 3,673</u>	<u>\$ 3,652</u>	<u>\$ 2,308</u>	<u>\$ 477,137</u>	<u>\$ 780</u>	<u>\$ 487,550</u>
Expenditures						
Instruction						
Salaries	\$ -	\$ -	\$ 2,308	\$ 193,041	\$ -	\$ 195,349
Other salaries - aides	-	-	-	30,515	-	30,515
Purchased professional and technical services	3,673	3,652	-	61,466	-	68,791
Supplies	-	-	-	14,029	-	14,029
Total	<u>3,673</u>	<u>3,652</u>	<u>2,308</u>	<u>299,051</u>	<u>-</u>	<u>308,684</u>
Support services						
Tuition	-	-	-	-	-	-
Salaries	-	-	-	83,361	-	83,361
Employee benefits	-	-	-	68,534	-	68,534
Purchased professional and technical services	-	-	-	10,180	-	10,180
Supplies	-	-	-	1,031	-	1,031
Other objects	-	-	-	184	-	184
Student activities	-	-	-	-	742	742
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,290</u>	<u>742</u>	<u>164,032</u>
Capital outlay						
Instructional equipment	-	-	-	-	-	-
Non-instructional equipment	-	-	-	14,796	-	14,796
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,796</u>	<u>-</u>	<u>14,796</u>
Total expenditures	<u>\$ 3,673</u>	<u>\$ 3,652</u>	<u>\$ 2,308</u>	<u>\$ 477,137</u>	<u>\$ 742</u>	<u>\$ 487,512</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ 38	\$ 38
Fund balances, July 1	-	-	-	-	1,226	1,226
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,264</u>	<u>\$ 1,264</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Schedule of Preschool Education Aid - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2023**

	Final Budget	Actual	Variance Final to Actual
Expenditures			
Instruction			
Salaries	\$ 193,041	\$ 193,041	\$ -
Other salaries - aides	40,162	30,515	9,647
Purchased professional and technical services	74,000	61,466	12,534
Supplies	27,227	14,029	13,198
Total	<u>334,430</u>	<u>299,051</u>	<u>35,379</u>
Support services			
Salaries	129,146	83,361	45,785
Employee benefits	125,138	68,534	56,604
Purchased professional and technical services	10,230	10,180	50
Cleaning, repairs & maintenance	3,750	-	3,750
Transportation	1,000	-	1,000
Travel	500	-	500
Supplies	1,500	1,031	469
Other objects	867	184	683
Total	<u>272,131</u>	<u>163,290</u>	<u>108,841</u>
Capital outlay			
Instructional equipment	8,366	-	8,366
Noninstructional equipment	24,000	14,796	9,204
Total	<u>32,366</u>	<u>14,796</u>	<u>17,570</u>
Total expenditures	<u>\$ 638,927</u>	<u>\$ 477,137</u>	<u>\$ 161,790</u>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Schedule of Preschool Education Aid - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2023**

Calculation of Budget & Carryover

Total revised 2022 - 2023 preschool education aid allocation	\$ 561,560
Add: actual ECPA/PEA carryover (June 30, 2022)	42,593
Add: budgeted transfer from general fund	<u>28,078</u>
Total preschool education aid funds available for 2022 - 2023 budget	632,231
Less: 2022 - 2023 budgeted preschool education aid	<u>(638,927)</u>
Available and unbudgeted preschool education aid funds as of June 30, 2023	(6,696)
Add: 2022 - 2023 unexpended preschool education aid	<u>161,790</u>
2022 - 2023 Actual carryover preschool education aid	<u><u>\$ 155,094</u></u>
2022 - 2023 Preschool education aid carryover budgeted for preschool programs 2023 - 2024	<u><u>\$ 41,969</u></u>

See independent auditors' report.

## **LONG-TERM DEBT SCHEDULES**

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Long-Term Debt**  
**Schedule of Serial Bonds**  
**For the Fiscal Year Ended June 30, 2023**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/22	Issued	Retired	Balance 06/30/23
			Date	Amount					
Refunding school bonds, series 2017	08/15/17	\$ 2,190,000	03/01/24	\$ 205,000	4.00%	\$ 1,280,000	\$ -	\$ 195,000	\$ 1,085,000
			03/01/25	210,000	4.00%	-	-	-	-
			03/01/26	220,000	4.00%	-	-	-	-
			03/01/27	225,000	4.00%	-	-	-	-
			03/01/28	225,000	4.00%	-	-	-	-
								<u>\$ 1,280,000</u>	<u>\$ -</u>

See independent auditors' report.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Debt Service Fund**  
**Budgetary Comparison Schedule**  
**For the Fiscal Year Ended June 30, 2023**

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 101,178	\$ -	\$ 101,178	\$ 101,178	\$ -
State sources					
Debt service aid	106,479	-	106,479	106,479	-
Total revenues	<u>207,657</u>	<u>-</u>	<u>207,657</u>	<u>207,657</u>	<u>-</u>
Expenditures					
Regular debt service					
Interest on bonds	51,200	-	51,200	51,200	-
Redemption of principal	195,000	-	195,000	195,000	-
Total expenditures	<u>246,200</u>	<u>-</u>	<u>246,200</u>	<u>246,200</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(38,543)	-	(38,543)	(38,543)	-
Other financing sources (uses)					
Operating transfers in (out)	38,543	-	38,543	38,543	-
Total other financing sources (uses)	<u>38,543</u>	<u>-</u>	<u>38,543</u>	<u>38,543</u>	<u>-</u>
Net change in fund balance	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

## **STATISTICAL SECTION**

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

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.	J-1 to J-5
<b>REVENUE CAPACITY</b>	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
<b>DEBT CAPACITY</b>	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government activities										
Net investment in capital assets	\$ 273,242	\$ 334,750	\$ 419,258	\$ 613,334	\$ 472,899	\$ 484,919	\$ 537,024	\$ 667,125	\$ 745,560	\$ 777,437
Restricted	157,188	404,454	411,043	514,683	327,861	366,035	403,850	684,053	884,146	1,114,641
Unrestricted	108,623	(352,622)	(388,836)	(410,065)	(480,956)	(534,560)	(525,437)	(339,036)	(69,189)	(12,242)
Total governmental activities	<u>\$ 539,053</u>	<u>\$ 386,582</u>	<u>\$ 441,465</u>	<u>\$ 717,952</u>	<u>\$ 319,804</u>	<u>\$ 316,394</u>	<u>\$ 415,437</u>	<u>\$ 1,012,142</u>	<u>\$ 1,560,517</u>	<u>\$ 1,879,836</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ 3,714	\$ 17,606	\$ 24,705	\$ 24,934	\$ 20,974	\$ 17,014	\$ 12,999	\$ 9,606	\$ 6,213
Unrestricted	14,212	24,920	6,029	30,066	2,199	(7,163)	9,235	26,276	32,325	44,269
Total business-type activities	<u>\$ 14,212</u>	<u>\$ 28,634</u>	<u>\$ 23,635</u>	<u>\$ 54,771</u>	<u>\$ 27,133</u>	<u>\$ 13,811</u>	<u>\$ 26,249</u>	<u>\$ 39,275</u>	<u>\$ 41,931</u>	<u>\$ 50,482</u>
District-wide										
Net investment in capital assets	\$ 273,242	\$ 338,464	\$ 436,864	\$ 638,039	\$ 497,833	\$ 505,893	\$ 554,038	\$ 680,124	\$ 755,166	\$ 783,650
Restricted	157,188	404,454	411,043	514,683	327,861	366,035	403,850	684,053	884,146	1,114,641
Unrestricted	122,835	(327,702)	(382,807)	(379,999)	(478,757)	(541,723)	(516,202)	(312,760)	(36,864)	32,027
Total district-wide	<u>\$ 553,265</u>	<u>\$ 415,216</u>	<u>\$ 465,100</u>	<u>\$ 772,723</u>	<u>\$ 346,937</u>	<u>\$ 330,205</u>	<u>\$ 441,686</u>	<u>\$ 1,051,417</u>	<u>\$ 1,602,448</u>	<u>\$ 1,930,318</u>

\*

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 961,104	\$ 1,082,916	\$ 1,275,161	\$ 1,193,728	\$ 1,683,204	\$ 1,376,809	\$ 1,285,990	\$ 1,649,499	\$ 1,524,835	\$ 1,565,475
Special education	445,121	523,127	633,738	705,884	961,621	790,419	915,228	512,682	405,971	516,916
Other special education	-	-	-	-	32,904	18,054	16,964	3,551	16,865	23,127
Other instruction	48,417	41,881	45,206	110,240	28,195	19,181	23,160	7,824	19,394	24,196
Support services										
Tuition	-	-	-	-	46,162	517,732	586,217	672,963	686,281	833,462
Student and instruction related services	424,470	454,576	503,912	682,989	1,054,075	1,043,771	903,645	848,367	842,684	828,210
General and business administrative services	102,126	141,478	212,955	172,267	260,068	147,081	201,510	228,374	311,998	171,239
School administration	38,407	58,768	64,384	69,023	108,760	52,328	29,094	114,531	119,733	124,590
Plant operations and maintenance	263,281	303,248	310,325	294,454	310,779	297,537	290,539	365,581	306,351	278,375
Pupil transportation	27,950	34,697	26,561	32,751	68,572	103,601	128,644	176,012	198,104	289,784
Allocated benefits	572,311	521,332	676,433	606,268	-	-	-	-	-	-
Interest on long-term debt	108,680	103,722	98,526	92,969	26,925	55,016	50,449	46,316	40,250	32,716
Total governmental activities expenses	<u>2,991,867</u>	<u>3,265,745</u>	<u>3,847,201</u>	<u>3,960,573</u>	<u>4,581,265</u>	<u>4,421,529</u>	<u>4,431,440</u>	<u>4,625,700</u>	<u>4,472,466</u>	<u>4,688,090</u>
Business-type activities										
Food services	30,642	34,334	51,310	64,167	65,159	48,937	38,278	49,428	65,355	48,230
After care program	8,128	9,354	14,360	14,549	4,017	-	-	-	-	-
Total business-type activities	<u>38,770</u>	<u>43,688</u>	<u>65,670</u>	<u>78,716</u>	<u>69,176</u>	<u>48,937</u>	<u>38,278</u>	<u>49,428</u>	<u>65,355</u>	<u>48,230</u>
Total district expenses	<u>\$ 3,030,637</u>	<u>\$ 3,309,433</u>	<u>\$ 3,912,871</u>	<u>\$ 4,039,289</u>	<u>\$ 4,650,441</u>	<u>\$ 4,470,466</u>	<u>\$ 4,469,718</u>	<u>\$ 4,675,128</u>	<u>\$ 4,537,821</u>	<u>\$ 4,736,320</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 70,625	\$ 44,340	\$ 74,878	\$ 76,323	\$ 106,218	\$ 94,321	\$ 280,900	\$ 4,465	\$ -	\$ -
Plant operations and maintenance	-	-	-	-	1,130	1,340	-	-	-	-
Operating grants and contributions	534,643	895,861	1,233,615	1,399,757	74,480	96,117	64,636	257,376	480,467	618,549
Total governmental activities	<u>605,268</u>	<u>940,201</u>	<u>1,308,493</u>	<u>1,476,080</u>	<u>181,828</u>	<u>191,778</u>	<u>345,536</u>	<u>261,841</u>	<u>480,467</u>	<u>618,549</u>
Business-type activities										
Charges for services										
Food service	17,797	17,296	20,167	40,912	20,063	13,396	7,262	373	1,258	12,353
After care program	9,289	9,765	6,764	23,338	-	-	-	-	-	-
Operating grants and contributions	22,434	31,048	33,739	35,921	33,484	22,219	16,559	61,944	66,753	44,428
Total business-type activities	<u>49,520</u>	<u>58,109</u>	<u>60,670</u>	<u>100,171</u>	<u>53,547</u>	<u>35,615</u>	<u>23,821</u>	<u>62,317</u>	<u>68,011</u>	<u>56,781</u>
Total district-program	<u>\$ 654,788</u>	<u>\$ 998,310</u>	<u>\$ 1,369,163</u>	<u>\$ 1,576,251</u>	<u>\$ 235,375</u>	<u>\$ 227,393</u>	<u>\$ 369,357</u>	<u>\$ 324,158</u>	<u>\$ 548,478</u>	<u>\$ 675,330</u>
Net (expense) revenues										
Governmental activities	\$ (2,386,599)	\$ (2,325,544)	\$ (2,538,708)	\$ (2,484,493)	\$ (4,399,437)	\$ (4,229,751)	\$ (4,085,904)	\$ (4,363,859)	\$ (3,991,999)	\$ (4,069,541)
Business-type activities	10,750	14,421	(5,000)	21,455	(15,629)	(13,322)	(14,457)	12,889	2,656	8,551
Total district-wide net expenses	<u>\$ (2,375,849)</u>	<u>\$ (2,311,123)</u>	<u>\$ (2,543,708)</u>	<u>\$ (2,463,038)</u>	<u>\$ (4,415,066)</u>	<u>\$ (4,243,073)</u>	<u>\$ (4,100,361)</u>	<u>\$ (4,350,970)</u>	<u>\$ (3,989,343)</u>	<u>\$ (4,060,990)</u>
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes	\$ 1,664,295	\$ 1,632,895	\$ 1,602,895	\$ 1,634,953	\$ 1,667,653	\$ 1,740,653	\$ 1,974,296	\$ 2,422,723	\$ 2,471,177	\$ 2,508,245
Taxes levied for debt service	140,000	142,111	142,110	144,660	144,164	142,568	119,780	138,472	138,246	101,178
Unrestricted grants and contributions	759,240	740,399	746,537	812,464	2,477,264	2,331,769	2,095,495	2,369,932	1,927,167	1,765,746
Investment earnings	25	79	233	213	491	2,438	5,088	2,894	769	13,340
Miscellaneous income	51,807	92,627	101,815	96,839	76,391	8,913	14,364	26,543	3,015	351
Gain (loss) on disposal of capital assets	-	-	-	71,851	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	17,406	-	(25,206)	-	-	-
Total governmental activities	<u>2,615,367</u>	<u>2,608,111</u>	<u>2,593,590</u>	<u>2,760,980</u>	<u>4,383,369</u>	<u>4,226,341</u>	<u>4,183,817</u>	<u>4,960,564</u>	<u>4,540,374</u>	<u>4,388,860</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues & other changes in net position (cont'd)										
Business-type activities										
Investment earnings	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gain on disposal of assets	-	-	-	9,680	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	1,868	-	1,689	137	-	-
Transfers in (out)	-	-	-	-	(17,406)	-	25,206	-	-	-
Total business-type activities	-	1	1	9,680	(15,538)	-	26,895	137	-	-
Total district-wide	<u>\$ 2,615,367</u>	<u>\$ 2,608,112</u>	<u>\$ 2,593,591</u>	<u>\$ 2,770,660</u>	<u>\$ 4,367,831</u>	<u>\$ 4,226,341</u>	<u>\$ 4,210,712</u>	<u>\$ 4,960,701</u>	<u>\$ 4,540,374</u>	<u>\$ 4,388,860</u>
Change in net position										
Governmental activities	\$ 228,768	\$ 282,567	\$ 54,882	\$ 276,487	\$ (16,068)	\$ (3,410)	\$ 97,913	\$ 596,705	\$ 548,375	\$ 319,319
Business-type activities	10,750	14,422	(4,999)	31,135	(31,167)	(13,322)	12,438	13,026	2,656	8,551
Total district	<u>\$ 239,518</u>	<u>\$ 296,989</u>	<u>\$ 49,883</u>	<u>\$ 307,622</u>	<u>\$ (47,235)</u>	<u>\$ (16,732)</u>	<u>\$ 110,351</u>	<u>\$ 609,731</u>	<u>\$ 551,031</u>	<u>\$ 327,870</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Restricted	\$ 132,188	\$ 346,850	\$ 378,898	\$ 483,840	\$ 383,623	\$ 348,194	\$ 437,051	\$ 890,516	\$ 1,260,174	\$ 1,521,286
Committed	-	-	-	-	23,334	5,642	19,363	46,082	4,459	2,679
Assigned	25,000	57,604	32,145	30,843	84,907	-	-	-	62,928	3,480
Unassigned	212,316	198,537	229,687	199,407	162,612	284,505	219,909	240,716	182,191	181,597
Total general fund	<u>\$ 369,504</u>	<u>\$ 602,991</u>	<u>\$ 640,730</u>	<u>\$ 714,090</u>	<u>\$ 654,476</u>	<u>\$ 638,341</u>	<u>\$ 676,323</u>	<u>\$ 1,177,314</u>	<u>\$ 1,509,752</u>	<u>\$ 1,709,042</u>
								*		
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,130	\$ 1,133	\$ 1,226	\$ 1,264
Assigned, reported in										
Debt service fund	2	-	41	41	17,842	17,841	-	-	-	-
Unassigned, reported in										
Special revenue fund	-	-	-	-	-	-	-	(67,731)	(34,440)	(56,156)
Total all other governmental funds	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 41</u>	<u>\$ 17,842</u>	<u>\$ 17,841</u>	<u>\$ 1,130</u>	<u>\$ (66,598)</u>	<u>\$ (33,214)</u>	<u>\$ (54,892)</u>
								*		

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

\* as restated

See independent auditors' report.



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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Tax levy	\$ 1,804,295	\$ 1,775,006	\$ 1,745,005	\$ 1,779,613	\$ 1,811,817	\$ 1,883,221	\$ 2,094,076	\$ 2,561,195	\$ 2,609,423	\$ 2,609,423
Tuition charges	70,625	44,340	74,879	76,323	106,218	94,321	280,900	4,465	-	-
Interest earnings	25	79	233	213	491	2,438	5,088	2,894	769	13,340
Rents and royalties	-	-	-	-	1,130	1,340	-	-	-	-
Miscellaneous	51,807	92,627	101,815	96,839	78,391	8,913	18,516	31,919	3,580	1,131
State sources	1,210,033	1,269,740	1,411,093	1,450,582	1,628,498	1,682,805	1,518,416	1,744,148	1,910,799	2,188,114
Federal sources	83,850	83,722	89,670	89,449	72,480	96,117	60,484	63,365	171,389	148,264
<b>Total revenues</b>	<b>3,220,635</b>	<b>3,265,514</b>	<b>3,422,695</b>	<b>3,493,019</b>	<b>3,699,025</b>	<b>3,769,155</b>	<b>3,977,480</b>	<b>4,407,986</b>	<b>4,695,960</b>	<b>4,960,272</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	775,399	757,680	826,239	776,177	700,771	546,881	586,688	674,899	590,584	562,386
Special education instruction	384,403	398,980	434,809	435,134	472,778	282,730	407,012	161,841	203,424	293,526
Other instruction	43,734	31,679	31,892	69,428	43,260	17,557	21,152	7,109	15,728	16,648
<b>Support services</b>										
Tuition	-	-	-	-	46,162	517,732	558,929	644,952	654,141	803,121
Student and instructional related services	371,635	359,160	365,660	473,211	582,339	554,962	515,688	468,114	568,929	595,271
General administration	92,085	114,379	156,818	145,067	74,426	57,999	87,816	120,174	168,483	93,741
School administration services	33,260	43,964	43,438	43,949	39,697	33,210	18,495	34,874	34,422	35,143
Central services	-	-	-	-	74,321	70,982	80,054	54,688	45,362	37,701
Plant operations and maintenance	243,610	255,019	246,703	231,716	234,843	208,311	200,507	229,633	266,898	253,785
Pupil transportation	27,950	34,697	26,561	32,751	68,572	103,601	112,572	134,550	198,104	289,784
Employee benefits	826,464	786,056	984,457	913,398	624,175	600,014	561,538	432,187	326,296	364,123
On-behalf TPAF Pension and Social Security contributions	-	-	-	-	409,165	440,425	423,436	417,020	539,532	522,926
Capital outlay	-	-	18,000	43,927	12,201	12,170	52,240	3,804	-	-
Capital projects	-	-	-	-	77,633	-	-	-	-	-
Special revenue funds	-	-	-	-	74,480	96,117	64,636	345,748	474,635	668,305
<b>Debt service</b>										
Principal	140,000	145,000	150,000	160,000	200,000	170,000	175,000	180,000	185,000	195,000
Interest & other charges	110,314	105,414	100,339	94,901	42,793	72,600	67,500	64,000	58,600	51,200
<b>Total expenditures</b>	<b>3,048,854</b>	<b>3,032,028</b>	<b>3,384,916</b>	<b>3,419,659</b>	<b>3,777,616</b>	<b>3,785,291</b>	<b>3,933,263</b>	<b>3,973,593</b>	<b>4,330,138</b>	<b>4,782,660</b>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess (deficiency) of revenues over (under) expenditures	\$ 171,781	\$ 233,486	\$ 37,779	\$ 73,360	\$ (78,591)	\$ (16,136)	\$ 44,217	\$ 434,393	\$ 365,822	\$ 177,612
Other financing sources (uses)										
Transfers in (out)	-	-	-	-	17,406	-	(25,206)	-	-	-
Proceeds from bond issues	-	-	-	-	2,190,000	-	-	-	-	-
Premium on refunding on bond issue	-	-	-	-	207,361	-	-	-	-	-
Payment to refunding bond agent	-	-	-	-	(2,319,728)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	95,039	-	(25,206)	-	-	-
Net change in fund balances	<u>\$ 171,781</u>	<u>\$ 233,486</u>	<u>\$ 37,779</u>	<u>\$ 73,360</u>	<u>\$ 16,448</u>	<u>\$ (16,136)</u>	<u>\$ 19,011</u>	<u>\$ 434,393</u>	<u>\$ 365,822</u>	<u>\$ 177,612</u>
Debt service as a percentage of non-capital expenditures	8.94%	9.00%	8.03%	8.17%	7.05%	6.87%	6.66%	6.55%	5.96%	5.43%

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay.  
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Interest income	\$ 25	\$ 79	\$ 233	\$ 213	\$ 491	\$ 2,438	\$ 5,088	\$ 2,894	\$ 769	\$ 13,340
Tuition	70,625	44,340	74,878	76,323	106,218	94,321	280,900	4,465	-	-
Rentals	-	1,900	1,985	2,060	1,130	1,340	-	-	-	-
Prior year refunds	1,715	23,326	19,594	2,750	1,700	-	-	19,484	-	156
Shared services	-	-	-	-	61,250	-	-	-	-	-
Miscellaneous other	11,297	9,598	5,941	32,366	19	8,913	14,364	6,587	1,250	45
E-rate	-	-	-	-	1,284	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	1,765	150
Void prior year checks	-	-	-	-	5,605	-	-	472	-	-
Annual totals	<u>\$ 83,662</u>	<u>\$ 79,243</u>	<u>\$ 102,631</u>	<u>\$ 113,712</u>	<u>\$ 177,697</u>	<u>\$ 107,012</u>	<u>\$ 300,352</u>	<u>\$ 33,902</u>	<u>\$ 3,784</u>	<u>\$ 13,691</u>

Source: District Records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Vacant land	\$ 2,338,301	\$ 2,170,201	\$ 2,016,318	\$ 2,016,318	\$ 1,916,418	\$ 1,898,718	\$ 1,795,318	\$ 1,795,318	\$ 1,843,101	\$ 1,892,801
Residential	107,765,585	108,072,285	108,450,385	107,624,985	107,554,585	107,589,585	108,402,435	108,899,785	109,229,385	109,068,785
Farm regular	3,005,000	3,005,000	2,779,950	2,611,750	2,588,250	2,588,250	2,557,900	2,557,900	2,557,900	3,021,300
Qualified farm	107,464	107,464	106,714	106,714	106,714	106,714	106,714	106,714	179,600	203,200
Commercial	4,966,350	4,966,350	4,966,350	4,966,350	4,753,050	4,713,050	4,858,650	4,858,650	5,075,050	5,088,450
Industrial	856,000	856,000	856,000	856,000	829,400	829,400	829,400	829,400	829,400	829,400
Apartment	2,475,400	2,475,400	2,475,400	2,230,000	2,230,000	2,230,000	2,230,000	2,230,000	2,230,000	2,230,000
<b>Total assessed value</b>	<b>121,514,100</b>	<b>121,652,700</b>	<b>121,651,117</b>	<b>120,412,117</b>	<b>119,978,417</b>	<b>119,955,717</b>	<b>120,780,417</b>	<b>121,277,767</b>	<b>121,944,436</b>	<b>122,333,936</b>
Public utilities (a)	-	-	-	-	-	-	-	-	-	-
<b>Net valuation taxable</b>	<b>\$ 121,514,100</b>	<b>\$ 121,652,700</b>	<b>\$ 121,651,117</b>	<b>\$ 120,412,117</b>	<b>\$ 119,978,417</b>	<b>\$ 119,955,717</b>	<b>\$ 120,780,417</b>	<b>\$ 121,277,767</b>	<b>\$ 121,944,436</b>	<b>\$ 122,333,936</b>
Estimated actual county equalized value	\$ 129,422,746	\$ 127,386,679	\$ 125,391,348	\$ 118,166,945	\$ 121,669,625	\$ 124,433,316	\$ 125,996,680	\$ 126,383,667	\$ 131,675,236	\$ 128,138,615
Percentage of net valuation to estimated actual equalized value	93.89%	95.50%	97.02%	101.90%	98.61%	96.40%	95.86%	95.96%	92.61%	95.47%
<b>Total direct school tax rate (b)</b>	<b>\$ 1.461</b>	<b>\$ 1.435</b>	<b>\$ 1.463</b>	<b>\$ 1.505</b>	<b>\$ 1.570</b>	<b>\$ 1.746</b>	<b>\$ 2.120</b>	<b>\$ 2.152</b>	<b>\$ 2.140</b>	<b>\$ 2.145</b>

Source: Municipal Tax Assessor

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

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

See independent auditors' report.

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

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate			Municipality	County		
2014	\$ 1.348	\$ 0.113	\$ 1.461	\$ 0.659	\$ 0.547	\$ 0.395	\$ -	\$ 3.062	
2015	1.320	0.115	1.435	0.673	0.596	0.388	-	3.092	
2016	1.344	0.119	1.463	0.591	0.614	0.366	-	3.034	
2017	1.383	0.122	1.505	0.565	0.680	0.364	-	3.114	
2018	1.445	0.125	1.570	0.562	0.696	0.383	-	3.211	
2019	1.614	0.132	1.746	0.624	0.717	0.391	-	3.478	
2020	1.999	0.121	2.120	0.589	0.737	0.394	-	3.840	
2021	2.036	0.116	2.152	0.562	0.748	0.393	-	3.855	
2022	2.027	0.113	2.140	0.640	0.748	0.407	-	3.935	
2023	2.062	0.083	2.145	0.551	0.765	0.395	-	3.856	

Sources: Municipal Tax Collector

Note: N.J.S.A.18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

See independent auditors' report.

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

	2023			2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
RHAF Company LLC	\$ 1,900,000	1	1.56%	\$ -		0.00%
Foss Avenue, LLC	1,083,700	2	0.89%	-		0.00%
Individual Property Owner	929,000	3	0.76%	-		0.00%
Individual Property Owner	871,700	4	0.72%	-		0.00%
Hampton Post Associates	720,000	5	0.59%	820,000	7	0.67%
Individual Property Owner	665,100	6	0.55%	-		0.00%
Individual Property Owner	640,600	7	0.53%	-		0.00%
Kappus Plastic Company, Inc.	610,800	8	0.50%	797,300	9	0.66%
K-Land No. 6I, LLC	608,700	9	0.50%	2,089,800	2	1.72%
Individual Property Owner	589,400	10	0.49%	-		0.00%
Robin Hill Affordable Housing	-		0.00%	2,100,000	1	1.73%
United Telephone Co of NJ	-		0.00%	1,292,468	3	1.06%
Stickel Investment, LLC	-		0.00%	1,252,000	4	1.03%
Individual Property Owner	-		0.00%	1,086,000	5	0.89%
Individual Property Owner	-		0.00%	1,034,100	6	0.85%
Individual Property Owner	-		0.00%	816,066	8	0.67%
Individual Property Owner	-		0.00%	762,705	10	0.63%
	<u>\$ 8,619,000</u>		<u>7.09%</u>	<u>\$ 12,050,439</u>		<u>9.91%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2014	\$ 1,804,295	\$ 1,804,295	100.00%
2015	1,775,006	1,775,006	100.00%
2016	1,745,005	1,745,005	100.00%
2017	1,779,613	1,779,613	100.00%
2018	1,811,817	1,811,817	100.00%
2019	1,883,221	1,883,221	100.00%
2020	2,094,076	2,094,076	100.00%
2021	2,561,195	2,561,195	100.00%
2022	2,609,423	2,609,423	100.00%
2023	2,609,423	2,609,423	100.00%

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases	Bond Anticipation Notes (BANs)				
2014	\$ 2,698,000	\$ -	\$ -	\$ -	\$ -	\$ 2,698,000	2.66%	\$ 2,000
2015	2,553,000	-	-	-	-	2,553,000	2.42%	1,905
2016	2,403,000	-	-	-	-	2,403,000	2.22%	1,800
2017	2,243,000	-	-	-	-	2,243,000	2.02%	1,689
2018	1,990,000	-	-	-	-	1,990,000	1.77%	1,501
2019	1,820,000	-	-	-	-	1,820,000	1.56%	1,374
2020	1,645,000	-	-	-	-	1,645,000	1.35%	1,245
2021	1,465,000	-	-	-	-	1,465,000	1.17%	1,117
2022	1,280,000	-	-	-	-	1,280,000	0.89%	888
2023	1,085,000	-	-	-	-	1,085,000	N/A	750

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

(a) See Exhibit J-14 for personal income and population data.

These ratios are calculated using personal income and population for the prior calendar year.

N/A Information is not available.

See independent auditors' report.



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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2014	\$ 2,698,000	\$ -	\$ 2,698,000	2.22%	\$ 2,000
2015	2,553,000	-	2,553,000	2.10%	1,905
2016	2,403,000	-	2,403,000	1.98%	1,800
2017	2,243,000	-	2,243,000	1.86%	1,689
2018	1,990,000	-	1,990,000	1.66%	1,501
2019	1,820,000	-	1,820,000	1.52%	1,374
2020	1,645,000	-	1,645,000	1.36%	1,245
2021	1,465,000	-	1,465,000	1.21%	1,117
2022	1,280,000	-	1,280,000	1.05%	888
2023	1,085,000	-	1,085,000	0.89%	750

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2022**

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Debt
Governmental Unit			
Debt repaid with property taxes			
Municipality	\$ 2,152,801	100.00%	\$ 2,152,801
Regional High School	6,960,000	1.47%	102,660
County general obligation debt	74,164,045	0.55%	408,014
Subtotal, overlapping debt			2,663,475
School District direct debt			1,280,000
Total direct and overlapping debt			\$ 3,943,475

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2023

		Equalized Valuation Basis
	2022	\$ 127,730,634
	2021	130,955,369
	2020	125,865,378
		\$ 384,551,381
Average equalized valuation of taxable property		\$ 128,183,794
Debt limit (3.0% of average equalization value)		(a) \$ 3,845,514
Total net debt applicable to limit		1,085,000
Legal debt margin		\$ 2,760,514

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 3,659,512	\$ 3,717,027	\$ 3,754,586	\$ 3,819,550	\$ 3,845,514
Total net debt applicable	1,820,000	1,645,000	1,465,000	1,280,000	1,085,000
Legal debt margin	\$ 1,839,512	\$ 2,072,027	\$ 2,289,586	\$ 2,539,550	\$ 2,760,514
Total net debt applicable to the limit as a percentage of debt limit	49.73%	44.26%	39.02%	33.51%	28.21%

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

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

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2014	1,349	\$ 101,465,035	\$ 75,215	7.4%
2015	1,340	105,675,080	78,862	5.5%
2016	1,335	108,109,635	80,981	6.0%
2017	1,328	111,237,264	83,763	5.3%
2018	1,326	112,593,312	84,912	5.0%
2019	1,325	116,512,550	87,934	4.6%
2020	1,321	121,460,666	91,946	10.0%
2021	1,312	124,755,456	95,088	6.9%
2022	1,441	144,515,008	100,288	4.3%
2023	1,447	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the Municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2020 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

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

2023

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

2014

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

See independent auditors' report.

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

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	12.0	12.0	12.0	12.0	11.6	7.8	9.0	11.0	11.0	11.0
Special education	7.0	7.0	6.0	7.0	8.0	8.0	4.0	3.5	3.0	4.0
Other special education	2.0	2.0	2.0	2.0	1.5	-	-	-	-	-
Other instruction	3.0	4.0	4.0	3.5	2.5	-	-	-	-	-
Support services										
Student and instruction related services	2.5	2.5	4.0	3.0	2.9	5.7	3.0	3.5	2.7	2.5
General administration	0.5	0.5	0.5	0.5	0.6	0.5	0.5	-	1.2	1.5
School administration services	0.5	0.5	0.5	0.5	0.7	0.5	0.5	0.5	0.5	0.5
Business administration services	1.0	1.0	1.0	-	1.0	0.8	1.0	1.0	-	-
Plant operations and maintenance	2.0	2.0	2.0	2.0	2.0	1.6	2.0	2.0	2.5	2.5
Total	<u>30.5</u>	<u>31.5</u>	<u>32.0</u>	<u>30.5</u>	<u>30.8</u>	<u>24.9</u>	<u>20.0</u>	<u>21.5</u>	<u>20.9</u>	<u>22.0</u>

Source: District Personnel Records

See independent auditors' report.

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

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff ( b)	Teacher Ratio	Average Daily Enrollment (ADE) ( c )	Average Daily Attendance (ADA) ( c )	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	110	\$ 2,798,540	\$ 25,441	-11.12%	24.0	1 to 4.6	110.1	102.2	2.71%	92.82%
2015	120	2,781,614	23,180	-8.89%	25.0	1 to 4.8	119.5	111.6	8.54%	93.39%
2016	121	3,116,577	25,757	11.12%	21.0	1 to 5.8	121.0	114.1	1.26%	94.30%
2017	134	3,120,831	23,290	-9.58%	20.0	1 to 6.7	129.1	121.8	6.69%	94.35%
2018	138	3,444,989	24,964	7.19%	20.0	1 to 6.9	137.9	125.0	6.83%	90.65%
2019	*	3,530,521	37,163	48.87%	17.0	1 to 5.6	105.5	98.1	-23.51%	92.99%
2020	*	3,638,523	39,549	6.42%	13.0	1 to 7.1	91.1	85.4	-13.61%	93.65%
2021	*	3,725,789	44,889	13.50%	14.5	1 to 5.7	83.0	77.3	-8.92%	93.11%
2022	*	4,086,538	47,518	5.86%	14.0	1 to 6.1	81.9	74.6	-1.36%	91.06%
2023	*	4,536,460	42,397	-10.78%	15.0	1 to 7.1	105.1	96.0	28.31%	91.38%

Source: District Records

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

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

See independent auditors' report.

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

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Hampton Elementary (1912)</u>										
Square feet	23,515	23,515	23,515	23,515	23,515	23,515	23,515	23,515	23,515	23,515
Capacity (students)	300	300	300	300	300	300	300	300	300	300
Enrollment	107	110	127	122	128	116	81	84	88	98

<u>Number of schools at June 30, 2023</u>	
Elementary	1
Middle School	-
High School	-
Other	-

Source: District Facilities Office

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

See independent auditors' report.



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

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ended</u>	<u>Amount</u>
2014	\$ 55,584
2015	67,581
2016	58,648
2017	59,033
2018	67,301
2019	62,474
2020	42,884
2021	63,376
2022	92,363
2023	58,990
Total school facilities	<u>\$ 628,234</u>

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

Source: District Records

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2023**  
**(Unaudited)**

	Coverage	Deductible
Commercial Package Policy (School Alliance Insurance Fund)		
Property Section		
Blanket Building and Contents (Fund Limit)	\$ 500,000,000	\$ 2,500
Accounts Receivable	2,500,000	2,500
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
Liability Section		
Comprehensive General Liability	5,000,000	-
Automobile Liability	5,000,000	-
Employee Benefit Liability	5,000,000	1,000
Excess Liability		
Includes General/Auto Liability/School Board Legal Liability	5,000,000	-
Crime		
Blanket Employee Dishonesty	500,000	1,000
Forgery	50,000	1,000
Theft/Disappearance/Destruction (inside and outside)	50,000	1,000
Computer Fraud	50,000	1,000
Funds Transfer Fraud	50,000	1,000
School Board Legal Liability	5,000,000	5,000
Environmental Impairment Liability (ACE)		
Limit of Liability		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	-
Workers' Compensation (School Alliance Insurance Fund)		
Statutory Benefits	Included	-
Employer's Liability	5,000,000	-
Supplemental Coverage (Optional)	Included	-
Public Employees' Faithful Performance Blanket Position Bond (Selective Insurance Company)		
Treasurer	145,000	-
Student Accident (Axis Insurance Co)		
Base	25,000	-
Catastrophic	7,500,000	25,000

See independent auditors' report.

**SINGLE AUDIT SECTION**

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART I**



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**Independent Auditors' Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Hampton Borough School District (the District) in the County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. We identified certain significant deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

Report on Compliance and Other Matters


As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

Hampton Borough School District's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Hampton Borough School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



**BKC, CPAs, PC**



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

December 5, 2023  
Flemington, New Jersey



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Hampton Borough School District's (the District) compliance with the types of compliance requirements as subject to audit 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 year ended June 30, 2023. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and the New Jersey OMB's Circulars 15-08 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001. Our opinion on each major federal and state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow Management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



**BKC, CPAs, PC**



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

December 5, 2023  
Flemington, New Jersey

**SUPPLEMENTARY INFORMATION**

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2023			
							(Acct Rec)	Carryover					Accounts Receivable	Deferred Revenue	Due to Grantor	
							Def Revenue	Amount								
Special Revenue Fund																
U.S. Department of Education passed through State Department of Education																
Special education cluster (IDEA)																
IDEA Basic	84.027A	S027A210100	IDEA-1970-22	\$ 26,311	07/01/21	06/30/22	\$ (26,311)	\$ -	\$ 26,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
IDEA Basic	84.027A	S027A220100	IDEA-1970-23	30,341	07/01/22	06/30/23	-	-	30,341	30,341	-	-	-	-	-	
IDEA Preschool	84.173A	H173A210114	IDEA-1970-22	1,866	07/01/21	06/30/22	(1,866)	-	1,866	-	-	-	-	-	-	
IDEA Preschool	84.173A	H173A220114	IDEA-1970-23	2,016	07/01/22	06/30/23	-	-	-	2,016	-	-	(2,016)	-	-	
Total special education cluster (IDEA)							(28,177)	-	58,518	32,357	-	-	(2,016)	-	-	
Title I A	84.010	S010A210030	ESSA-1970-22	15,477	07/01/21	06/30/22	(15,477)	-	15,477	-	-	-	-	-	-	
Title I A	84.010	S010A220030	ESSA-1970-23	21,448	07/01/22	06/30/23	-	-	-	21,448	-	-	(21,448)	-	-	
Title II A	84.367A	S367A200029	ESSA-1970-21	2,483	07/01/20	06/30/21	(2,483)	-	2,483	-	-	-	-	-	-	
Title II A	84.367A	S367A210029	ESSA-1970-22	2,778	07/01/21	06/30/22	(2,778)	-	2,778	-	-	-	-	-	-	
Title II A	84.367A	S367A220029	ESSA-1970-23	3,243	07/01/22	06/30/23	-	-	-	3,243	-	-	(3,243)	-	-	
Title IV	84.424A	S424F220031	ESSA-1970-23	10,000	07/01/22	06/30/23	-	-	-	10,000	-	-	(10,000)	-	-	
COVID-19																
CARES Act	84.425	S425D210027	CARES-1970-22	9,963	03/13/20	09/30/22	9,923	-	-	-	-	-	-	9,923	-	
CRRSA - Non Title I	84.425D	S425D210027	CRSSA-1970-23	158,052	03/13/20	09/30/23	(116,702)	-	114,503	41,350	-	-	(43,549)	-	-	
CRRSA - Learning Acceleration	84.425D	S425D210027	CRSSA-1970-23	25,000	03/13/20	09/30/23	(12,194)	-	3,063	12,805	-	-	(21,936)	-	-	
CRRSA - Mental Health	84.425D	S425D210027	CRSSA-1970-23	45,000	03/13/20	09/30/23	(3,640)	-	3,640	32,641	-	-	(32,641)	-	-	
ARP - ESSER																
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	ESSER-1970-24	50,000	03/13/20	09/30/24	-	-	-	3,673	-	-	(3,673)	-	-	
Evidenced Based Summer Learning and Enrichment	84.425U	S425U210027	ESSER-1970-24	40,000	03/13/20	09/30/24	-	-	-	3,652	-	-	(3,652)	-	-	
Evidenced Based Comprehensive Beyond the School Day	84.425U	S425U210027	ESSER-1970-24	40,000	03/13/20	09/30/24	-	-	-	2,308	-	-	(2,308)	-	-	
ARP IDEA Basic	84.027X	H027X210100	ARP-1970-24	3,652	07/01/21	09/30/22	(3,652)	-	3,652	-	-	-	-	-	-	
ARP IDEA Preschool	84.173X	H173X210114	ARP-1970-24	311	7/1/2021	09/30/22	(311)	-	311	-	-	-	-	-	-	
U.S. Department of Homeland Security																
FEMA	97.036	138598	FEMA-1970-DR	13,232	7/1/2019	06/30/20	(10,110)	-	-	-	-	-	(10,110)	-	-	
Total Special Revenue Fund							(185,601)	-	204,425	163,477	-	-	(154,576)	9,923	-	

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards, Schedule A**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjust- ment	Repayment of Prior Year Balance	Balance June 30, 2023		
					From	To	(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
Enterprise Fund															
U.S. Department of Agriculture passed through State Department of Agriculture															
Child Nutrition Cluster															
National School Lunch Program															
Non-Cash Assistance (Commodities)	10.555	221NJ304N1099	N/A	\$ 1,941	10/01/21	09/30/22	\$ 53	\$ -	\$ -	\$ 53	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Cash Assistance (Commodities)	10.555	231NJ304N1199	N/A	4,587	10/01/22	09/30/23	-	-	4,587	4,400	-	-	-	187	-
Cash Assistance	10.555	211NJ304N1099	N/A	36,767	10/01/20	09/30/21	(61)	-	-	-	-	-	(61)	-	-
Cash Assistance	10.555	231NJ304N1199	N/A	480	10/01/22	09/30/23	-	-	348	480	-	-	(132)	-	-
Cash Assistance	10.555	221NJ304N1099	N/A	47,922	10/01/21	09/30/22	(6,577)	-	6,577	-	-	-	-	-	-
Cash Assistance	10.555	231NJ304N1199	N/A	14,534	10/01/22	09/30/23	-	-	7,631	14,534	-	-	(6,903)	-	-
School Breakfast Program	10.553	221NJ304N1099	N/A	14,599	10/01/21	09/30/22	(2,990)	-	1,026	-	-	-	(1,964)	-	-
School Breakfast Program	10.553	231NJ304N1199	N/A	5,476	10/01/22	09/30/23	-	-	4,125	5,476	-	-	(1,351)	-	-
Total Child Nutrition Cluster							(9,575)	-	24,294	24,943	-	-	(10,411)	187	-
Supply Chain Assistance	10.649	231NJ304N1199	N/A	18,723	07/01/22	06/30/23	-	-	18,723	18,723	-	-	-	-	-
Total Enterprise Fund							(9,575)	-	43,017	43,666	-	-	(10,411)	187	-
Total Federal Financial Assistance							\$ (195,176)	\$ -	\$ 247,442	\$ 207,143	\$ -	\$ -	\$ (164,987)	\$ 10,110	\$ -

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2023			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Transportation Aid	23-495-034-5120-014	\$ 27,902	07/01/22	06/30/23	\$ -	\$ -	\$ 25,194	\$ 27,902	\$ -	\$ -	\$ -	\$ -	\$ 2,708	\$ 27,902
Special Education Categorical Aid	23-495-034-5120-089	100,182	07/01/22	06/30/23	-	-	90,460	100,182	-	-	-	-	9,722	100,182
Equalization Aid	23-495-034-5120-078	549,501	07/01/22	06/30/23	-	-	496,177	549,501	-	-	-	-	53,324	549,501
Security Aid	23-495-034-5120-084	24,029	07/01/22	06/30/23	-	-	21,697	24,029	-	-	-	-	2,332	24,029
School Choice Aid	23-495-034-5120-068	41,862	07/01/22	06/30/23	-	-	37,801	41,862	-	-	-	-	4,061	41,862
Maintenance of Equity Aid	23-495-034-5120-128	192,324	07/01/22	06/30/23	-	-	-	192,324	-	(192,324)	-	-	-	192,324
Extraordinary Special Education Costs Aid	22-495-034-5120-044	198,103	07/01/21	06/30/22	(198,103)	-	198,103	-	-	-	-	-	-	198,103
Extraordinary Special Education Costs Aid	23-495-034-5120-044	150,518	07/01/22	06/30/23	-	-	-	150,518	-	(150,518)	-	-	-	150,518
Non-Public Transportation Aid	22-495-034-5120-014	3,480	07/01/21	06/30/22	(3,480)	-	3,480	-	-	-	-	-	-	3,480
Non-Public Transportation Aid	23-495-034-5120-014	3,744	07/01/22	06/30/23	-	-	-	3,744	-	(3,744)	-	-	-	3,744
Secure our Children's Future Bond Act	22-100-082-2000-A92	20,000	07/01/21	06/30/22	(20,000)	-	20,000	-	-	-	-	-	-	20,000
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	76,628	07/01/21	06/30/22	(4,177)	-	4,177	-	-	-	-	-	-	76,628
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	92,314	07/01/22	06/30/23	-	-	83,271	92,314	-	(9,043)	-	-	-	92,314
On-Behalf TPAF Pension contribution - Teacher's Pension & Annuity Fund	23-495-034-5094-002	336,229	07/01/22	06/30/23	-	-	336,229	336,229	-	-	-	-	-	336,229
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004	4,665	07/01/22	06/30/23	-	-	4,665	4,665	-	-	-	-	-	4,665
On-Behalf TPAF Pension contribution - Long-Term Disability Insurance	23-495-034-5094-004	166	07/01/22	06/30/23	-	-	166	166	-	-	-	-	-	166
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001	89,552	07/01/22	06/30/23	-	-	89,552	89,552	-	-	-	-	-	89,552
<b>Total General Fund</b>					<b>(225,760)</b>	<b>-</b>	<b>1,410,972</b>	<b>1,612,988</b>	<b>-</b>	<b>(355,629)</b>	<b>-</b>	<b>-</b>	<b>72,147</b>	<b>1,911,199</b>
Special Revenue Fund														
Preschool Education Aid	22-495-034-5120-086	344,400	07/01/21	06/30/22	74,885	-	34,440	109,325	-	-	-	-	-	344,400
Preschool Education Aid	22-495-034-5120-086	561,560	07/01/22	06/30/23	-	-	505,404	339,734	-	-	221,826	-	56,156	339,734
<b>Total Special Revenue Fund</b>					<b>74,885</b>	<b>-</b>	<b>539,844</b>	<b>449,059</b>	<b>-</b>	<b>-</b>	<b>221,826</b>	<b>-</b>	<b>56,156</b>	<b>684,134</b>
Debt Service Fund														
Debt Service Aid - State Support	23-495-034-5120-017	106,479	07/01/22	06/30/23	-	-	106,479	106,479	-	-	-	-	-	106,479
<b>Total Debt Service Fund</b>					<b>-</b>	<b>-</b>	<b>106,479</b>	<b>106,479</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106,479</b>
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program	22-100-010-3350-023	1,102	07/01/21	06/30/22	(302)	-	81	-	-	(221)	-	-	-	1,102
National School Lunch Program	23-100-010-3350-023	762	07/01/22	06/30/23	-	-	495	762	-	(267)	-	-	-	762
<b>Total Enterprise Fund</b>					<b>(302)</b>	<b>-</b>	<b>576</b>	<b>762</b>	<b>-</b>	<b>(488)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,864</b>

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance, Schedule B**  
**For the Fiscal Year Ended June 30, 2023**

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022			Budgetary Expenditure	Adjustments	Balance June 30, 2023			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
Total state financial assistance					<u>\$ (151,177)</u>	<u>\$ -</u>	<u>\$ 2,057,871</u>	\$ 2,169,288	<u>\$ -</u>	<u>\$ (356,117)</u>	<u>\$ 221,826</u>	<u>\$ -</u>	<u>\$ 128,303</u>	<u>\$ 2,703,676</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	23-495-034-5094-002							336,229						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004							4,665						
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001							89,552						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004							166						
Total for State Financial Assistance - Major Program Determination								<u>\$ 1,738,676</u>						

See independent auditors' report.

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2023**

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$858) for the general fund and \$26,952 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.



**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**For the Fiscal Year Ended June 30, 2023**

Note 3 - Relationship of financial statements (continued)

Financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ -	\$ 1,612,130	\$ 1,612,130
Special revenue fund	148,264	469,505	617,769
Debt service fund	-	106,479	106,479
Food service fund	43,666	762	44,428
Total awards and financial assistance	\$ 191,930	\$ 2,188,876	\$ 2,380,806

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2023. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2023.

Note 6 - Indirect costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**OTHER REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS - PART II**

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to basic financial statements noted?

Yes  No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

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

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

\_\_\_\_\_

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

Yes  No

Identification of Major Programs:

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

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

\_\_\_\_\_

Did the auditee qualify as a low-risk auditee?

Yes  No

**HAMPTON BOROUGH SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2023**

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<u>23-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>23-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>23-495-034-5120-084</u>	<u>Security Aid</u>
<u>23-495-034-5120-068</u>	<u>School Choice Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

Section II - Financial Statement Findings

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

Finding 2023-001

Criteria

Approval signatures and receiving signatures certifying goods or services should be evident for all applicable payments.

Condition

In some instances, the District did not obtain the proper approval signatures and receiving signatures certifying goods or services.

Context

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

Cause

Unknown

Effect

Approval signatures and receiving signatures certifying goods or services were received by the District were at times not evident on payment forms.

Recommendation

Approval signatures and receiving signatures certifying goods or services are to be evident for all applicable payments.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

**HAMPTON BOROUGH SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2023**

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

Federal Awards

There were no findings or questioned costs for the fiscal year ended June 30, 2023.

State Awards

Finding 2023-001

Criteria

Approval signatures and receiving signatures certifying goods or services should be evident for all applicable payments.

Condition

In some instances, the District did not obtain the proper approval signatures and receiving signatures certifying goods or services.

Context

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

Cause

Unknown

Effect

Approval signatures and receiving signatures certifying goods or services were received by the District were at times not evident on payment forms.

Recommendation

Approval signatures and receiving signatures certifying goods or services are to be evident for all applicable payments.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

**HAMPTON BOROUGH SCHOOL DISTRICT  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management  
For the Fiscal Year Ended June 30, 2023**

Status of Prior Year Findings

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