

**SCHOOL DISTRICT OF
SOUTHAMPTON TOWNSHIP**

SOUTHAMPTON TOWNSHIP BOARD OF EDUCATION
Southampton, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

SOUTHAMPTON, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION

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SOUTHAMPTON TOWNSHIP SCHOOLS

in Historic Vincentown Village

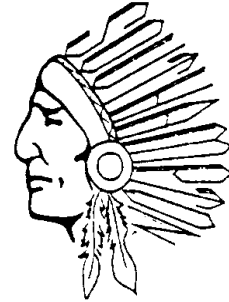
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"Building a Tradition of Excellence"



Michael L. Harris
Superintendent of Schools

Honorable President and Members of the Board of Education
Township of Southampton School District
County of Burlington
Vincentown, New Jersey 08088

The comprehensive annual financial report of the Southampton Township School District for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the basic financial statements and 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 Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform Guidance, Audits of States, Local Governments, Nonprofit Organizations, and the State Treasury Circular Letter 15-08 OMB (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 on 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**: Southampton Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3.

All funds and account groups of the District are included in this report. The Southampton Township Board of Education and its school constitute the District's reporting entity.

The District provides educational services appropriate to grade levels K through 8. Our Kindergarten students participate in a full-day program that is further enhanced by the presence of an instructional assistant in each classroom to assist the students, teacher, and supplement instructional activities. In addition, the school District operates a pre-school program for student's aged 3-5 who have special needs. A full array of support services including comprehensive special education programming, basic skills instruction, guidance services, and enrichment programs are available to our students.

At the end of the 2015-2016 school year the District had an enrollment of 705 students. The following details the changes in student enrollment over the past fourteen years:

AVERAGE DAILY ENROLLMENT

<i>Fiscal Year</i>	<i>Student Enrollment</i>	<i>Percent Change</i>
2002-2003	885.5	- 1.33 %
2003-2004	862.7	- 2.57%
2004-2005	836.3	- 3.06%
2005-2006	811.2	- 3.00%
2006-2007	804.8	- 0.79%
2007-2008	802.7	- 0.26%
2008-2009	797.1	- 0.70%
2009-2010	797.7	- 0.08%
2010-2011	793.8	- 0.49%
2011-2012	783.9	- 1.24%
2012-2013	739.0	- 5.73%
2013-2014	723.2	- 2.14%
2014-2015	710.8	-1.71%
2015-2016	690.3	-2.88%

- 2) **ECONOMIC CONDITION AND OUTLOOK:** The economic condition of Southampton Township continues to be stable. For the first time in three years the township experienced an increase in ratables. No significant change in business or industrial growth is projected. Property values in the area during the past couple of years have remained stable due to a flat market pertaining to real estate values nationwide.

Residential development is presently almost at a standstill and thus is not impacting the resources of the School District. Presently, the majority of new housing can be characterized as high-end single family homes in a rural setting. However, there is potential for substantial residential development in the community.

- 3) **MAJOR INITIATIVES:** The Board of Education and administration have continued to be aggressively committed to upgrading and maintaining the school grounds and facilities.

The school district submitted seven (7) ROD4 grants in the spring of 2013 to the School Development Authority and six (6) of the grants were approved to receive 40% state funding for each project.

The major SDA grants were for the air conditioning of each school. The total projected cost of the projects is estimated to be \$7.5 million dollars. The SDA share is approximately \$3 million dollars. The local share of \$4.5 million dollars is being funded via a ten year bond.

These projects were approved by the community on September 30, 2014 via a special bond referendum vote.

The Board of Education accepted bids for School #1 in March 2015 and installation of air conditioning was completed during the summer of 2015.

The bid award for the air conditioning in School #2 and School #3 was awarded in January 2016. Construction for air conditioning in School #2 and School #3 was completed during the summer of 2016.

Another of the ROD4 grants partially funded the replacement of the School #1 roof. The majority of the local share for this project was funded via the district's capital reserve account. The Board of Education placed some available fund balance in this account for the past four years to save for this project. The re-roofing of School #1 was completed in the summer of 2016.

Two (2) of the approved SDA grants enabled the district to enhance security for our students and staff. The grants partially funded the construction of "Intruder Doors" in School #2 and School #3 which allow the facility to be locked down in each wing of the buildings in the event of an emergency / crisis. The local share of funding for these grants is being provided via the regular school budget.

One set of the intruder doors in School #3 was constructed in November 2014 and two more sets of intruder doors in School #2 were constructed in November 2015.

During the summer of 2013, local funds were used to install speed humps on Warrior Way in order to slow down traffic and further enhance the safety of students and staff. In addition, the ceiling tile in the School #3 hallways was replaced, security enhancements were installed in the School #1 and School #2/#3 complex, and energy efficient lighting was installed throughout the school district.

After almost two years of planning and negotiation the school district entered into a Power Purchase Agreement (PPA) for a solar ground array with Marina Energy. Construction of the solar ground array was completed in February 2014. The PPA is projected to save the school district over one million dollars in electrical energy costs during the fifteen year agreement.

The solar project will also provide an excellent educational experience for the students and residents alike as a result of the landscaping that will occur as part of the buffering plan for the solar ground array. The landscaping will include wild grasses, wildflowers, and shrubbery. This area will be used for environmental education classes. The first phase of the buffering plan was planted in the spring of 2014. Phase two of this project is scheduled to be planted in the Spring of 2017.

As a result of the solar ground array, the district has relocated two of the athletic fields closer to the buildings. Construction of the fields commenced during the Fall of 2015 after long and arduous negotiations with the owner of the solar ground array and the contractor who installed the solar array. The new fields were completed in spring 2016 and in use for the for the fall 2016 athletic season.

The FY17 budget allocated funds to replace the School #1 cafeteria floor, the School #1 stairwell treads, and to resurface the School #3 parking lot. All of these projects were during the summer of 2016.

The school district's focus on educational programming and educational achievement for the 2016-2017 school year are articulated in the three (3) goals that were developed with input from the teaching staff, Administrative Team, and Board of Education. The goals are as follows:

GOAL #1: The superintendent will lead the administrative team, and Common Core Standards consultant in developing an action plan to guide the successful planning / development of Readers' Workshop (Guided Reading Program) in grades K-5 to address student achievement pertaining to literacy. During the 2016-2017 school year, the planning and development for Readers' Workshop will be completed. By June 2017, lead teachers will be selected and trained, required professional development for the K-5 teaching staff will be identified, budgeted and scheduled, required resources will be identified and budgeted, the pilot program planned for the 2017-2018 school year and 100% of general and special education teaching staff will have participated in professional development relative to running records.

GOAL #2: The superintendent will lead the administrative team in developing a comprehensive action plan to guide the district in the enhancement of the existing K-2 technology curriculum that is aligned to the New Jersey Student Learning Standards and the Southampton Township Enrichment Program (STEP) for grades K-5. During the 2016-2017 school year, an i-STEM certified teacher will be employed, and a revised curriculum for K-2 technology and the STEP program will be developed / implemented. The revised curriculum will focus on Science, Technology, Engineering and Mathematics (STEM) activities with an emphasis placed on coding, programming and design. By June 2017, 100% of the students in K-2 and students receiving STEP instruction will have received instruction via the new curriculum, a K-2 Lego Club will be implemented, and a "Showcase" event for STEP students STEM projects will be conducted.

GOAL #3The superintendent and administrative team will develop a comprehensive action plan to guide the district in the implementation of a Science, Technology, Engineering and Mathematics (STEM) program in grades 6-8 during the 2016-2017 school year. This will include completing professional development for "Project Gateway", modifying the School #2 Computer Lab for STEM, revising the Studio Productions Class, curriculum writing, and implementation of the curriculum in September 2016.

It is important to note that the Board of Education and Administrative Team continue to make a major commitment, both financially and through professional development to support the implementation of the Common Core State Standards, K-5 guided reading (Reader's Workshop), K-5 writing program (Writer's Workshop); Science, Technology, Engineering, Mathematics (S.T.E.M.), and teacher / principal evaluation system initiatives. All five of these initiatives are designed to enhance the quality of the instructional program and ultimately have a positive impact on student achievement.

Professional development activities during the 2016-2017 include yearlong consultation with an outside consultant pertaining to the continued support of Writer's Workshop, creating PARCC like classroom assessments, and developing the framework for implementing the Reader's Workshop initiative. This professional development will consist not only of workshops for staff, but also classroom imbedded instruction including demonstration lessons.

As a component of the S.T.E.M. initiative, the primary School #2/#3 computer lab was converted into a S.T.E.M. lab during the summer of 2016. This conversion included replacing the computer tables with new furniture that enables students to work in cooperative learning teams and replacing desktop computers with laptops.

The district underwent New Jersey Department of Education monitoring through the Quality Single Accountability Continuum (QSAC) in 2012-2013. The monitoring process was a comprehensive review of the school district's operations and was broken down into five (5) components that include program and instruction, fiscal management, governance, operations management, and personnel.

A score of 80% or greater is required in each of the aforementioned areas for a school district to be in full compliance with the monitoring elements. The school district was found to be in compliance with scores of 88% in fiscal management, 98% in governance, 100% in personnel, 100% in operations management, and 88% in program and instruction.

As a result of the district's performance via QSAC monitoring, the New Jersey State Board of Education has certified Southampton Township Schools as a "high performing" school district.

The district was scheduled to undergo QSAC monitoring during the 2015-2016 school year. However, as a result of being designated as a "high performing" district during the last round of monitoring, Southampton was eligible for and approved for an equivalency waiver in February 2016. This affords the district with a three year extension prior to the next State monitoring being conducted.

The curricula of the Southampton Township School District are aligned to and in accordance with the Common Core State Standards and the 2009 New Jersey State Core Curriculum Standards. The school district utilizes a five year curriculum review matrix to ensure that every content area is reviewed, enhanced through revisions, monitored, and assessed within the approved cycle. The written curricula are developed in-district with the active participation of the teaching staff in collaboration with the curriculum director and administrative team. The focus of the written curricula is to ensure that the various Common Core State Standards and the 2009 New Jersey Core Curriculum Content Standards are thoroughly addressed via classroom instruction. Careful consideration is given to grade level articulation, the scope and sequence of the curricula, and ensuring that selected textbooks and supplemental materials align with the standards.

The district is in the process of transitioning the written curricula to an on-line application using Rubicon Atlas software. The teaching staff and administration participated in professional development on how to use the software as well as how to develop well written curriculum. Data entry of revised curricula commenced during the summer of 2016.

Enhancements to the school district's curricula during the 2015-2016 school year included the review and revision of the following content areas to ensure that the Core Curriculum Content Standards are effectively addressed:

- K-2 Technology
- K-5 Southampton Township Enrichment Program (STEP)
- K-8 Mathematics
- Grades 4-5 Family Life Curriculum

- Grades 6-8 Next Generation Science Standards Curriculum
- Grades 7-8 STEM
- Grade 6 – Financial Literacy
- Grade 7 Career Readiness
- Grade 8 Robotics
- Guidance Curriculum

Southampton Township School District has continued to improve its educational technology over the past several years. All classrooms, computer labs, and offices have high speed Internet connectivity. The district has three (3) computer labs and fifteen (15) mobile carts.

During the 2015-2016 school year, the superintendent and Board developed a vision of achieving a one to one initiative of laptop devices for every student. With this in mind the district has procured of 350 more laptops in the last year as a major step in achieving this goal.

The school district achieved its goal of installing a Smart Board in every regular education classroom throughout the district. Smart Boards are highly motivating for students and provide them with a hands-on experience that enhances the learning experience for classroom instruction via a multi-sensory approach. In addition, the school district has installed wireless access points throughout the school district which allow the Smart Boards to be mobile and used in any area of the buildings.

Over the past three years, the school district has procured short throw wall mounted projectors for use with the Smart Boards and has now achieved its goal to replace all of the viewers that are on carts with this technology.

A major technology initiative during the summer of 2013 was accomplished as the school district transitioned to a Virtual Machine (VM) environment. The VM environment enables the desktop image to be delivered via servers and thus effectively eliminates the obsolescence of personal computers as long as the hardware is viable. In addition, all of the districts' computers were reimaged and the district has transitioned to Business Class Internet service via Comcast.

The school district has a television studio in Southampton Township School #3 which is our middle school educating students in grades 6-8. The television studio provides School #3 with a fully integrated and networked closed circuit television system. The television studio is being used by students to produce a daily school news show, original productions, and video special school events. In addition, our middle school students have the opportunity to participate in a Media Club and take an elective course entitled Studio Production. This initiative was funded via a major grant in the amount of \$34,000 by the Southampton Township Academic Resource (STAR) Foundation.

The school district utilizes Realtime as our student information system. Realtime enables the staff to track attendance, record and maintain grades, schedule teacher, student, and facility information, record discipline, maintain medical information, manage special education enrollment and Individualized Education Programs, and easily complete mandated New Jersey Department of Education reports.

A Parent Portal is another prominent feature of Realtime. The Parent Portal functions as another means of communication between teachers and parents. The parents of middle school students are able to access their child's school related data. The data parents can view include grades, schedule, attendance, and school calendar information. In addition, parents are able to update their contact information.

The FY17 budget allocated funds for the district to transition to an on-line software application for its Emergency Management Plan. During the summer of 2016 this transition was completed via the Emergency Response Information Plan (ERIP) provided by the vendor Safe Plans. Administrators, teachers, and law enforcement are now able to access the ERIP system via cell phones, I-pads, laptops, and desktop devices.

The Board of Education has developed three (3) goals that are the focus of the Board of Education's effort during the school year. These goals are developed collaboratively by the Board of Education members with input from the superintendent.

The Board of Education goals for 2016-2017 are as follows:

Goal #1: The Board of Education in Cooperation with the Chief School Administrator will develop an Employee of the Month Recognition Program. An ad-hoc committee of the Board will develop the criteria, guidelines, and rewards that will be used to recognize one support staff and one certified staff member per month. The program will be implemented in September 2016.

Goal #2 During the 2016-2017 school year, the Board of Education will collaborate with the Chief School Administrator to garner school community input as a means of enhancing district communication. A focus group comprised of district stakeholders will be utilized to facilitate this initiative.

Goal #3 During the 2016-2017 school year, the Board of Education will collaborate with the Chief School Administrator to assist in the development and facilitation of the K-5 Science, Technology Engineering, and Math (STEM) program and revision of the K-5 Southampton Township Enrichment Program (STEP). Their efforts will include attending STEM related workshops at the New Jersey School Board Association convention, conducting a public forum pertaining to STEM, and providing the personnel and material resources to ensure successful implementation of the program in September 2017.

Goal #4: During the 2016-2017 school year the Board of Education will research, interview, and select an agency / organization to facilitate Strategic Planning during the 2017-2018 school year.

The school district's Governance Manuals is an electronic format that is available on-line. The Board of Education has an annual maintenance contract with Strauss & Esmay, Inc. that provides policy and regulation updates, plus the on-line subscription.

During the summer of 2014 the school district's job descriptions manual underwent a comprehensive review and update. The job description manual is reviewed annually during the summer and revisions are effected to specific jobs as deemed necessary.

- 4) **INTERNAL ACCOUNTING 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 are 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 that these objectives are met. The concept of reasonable assurance recognized that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related 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 approved by voters of the municipality. 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 capital improvements accounted for in the capital project fund. The final budget amount as amended for the fiscal year is reflected in the financial sections.

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 reappropriated are reported as reservations of fund balance at June 30, 2016.

- 6) **ACCOUNTING SYSTEM AND REPORTS**: The District's accounting records reflect generally accepted accounting principles, as promulgated by the 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 Statement", 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 to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund, capital projects fund and debt service fund revenues for the fiscal year ended June 30, 2016.

Revenue	Amount	Percentage of Total
Local Sources	\$ 11,521,438	65.5 %
State Sources	5,696,166	32.4 %
Federal Sources	337,202	2.1 %
Total	\$ 17,554,806	100.0 %

The following schedule presents a summary of general fund, special revenue fund, capital projects fund and debt service expenditures for the fiscal year ended June 30, 2016.

Expenditures	Amount	Percentage of Total
Current:		
Instruction	\$ 7,493,969	37.1%
Undistributed Expenditures	6,537,588	32.3%
Capital Outlay	5,306,016	26.3%
Debt Service	866,699	4.3%
Total	\$ 20,204,272	100%

- 8) **DEBT ADMINISTRATION:** At June 30, 2016 the District's outstanding debt issues include a combined total of \$5,630,000 as follows:

\$1,385,000 of 2014 refunded general obligation bonds

\$3,945,000 of 2014 general obligation bonds

The District originally issued \$5,305,000 of general obligation bonds in June 2003. In 2014 the district refunded these bonds at a savings to the district.

\$4,521,000 of general obligation bonds in December 2014, following voter approval of a September 2014 referendum. The proceeds for this issue were placed in the District's Capital Projects Funds for use to provide Air conditioning and related HVAC renovations to School #1, School #2, and School #3. The State of New Jersey has committed to matching 39% of actual costs up to \$3,014,000 for these projects. Additionally, School #1 will receive a new roof with state matching funds of \$269,000 with local share to support by capital reserves. To date, more than \$4,898,000 from combined state and local sources have been expended.

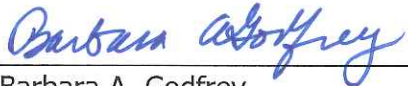
- 9) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

- 10) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, student accident, and fidelity bonds.
- 11) **OTHER INFORMATION:** State statutes require an annual audit by independent certified public accountant. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board. The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports relating specifically to the single audit are included in the single audit section of this report.
- 12) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Southampton Township Board of Education for their efforts in providing fiscal accountability to the citizens and taxpayers of Southampton Township. We gratefully acknowledge and express our sincere thank you to the Board for their commitment to and full support of the ongoing development and maintenance of our financial and educational operation.

Respectfully submitted,



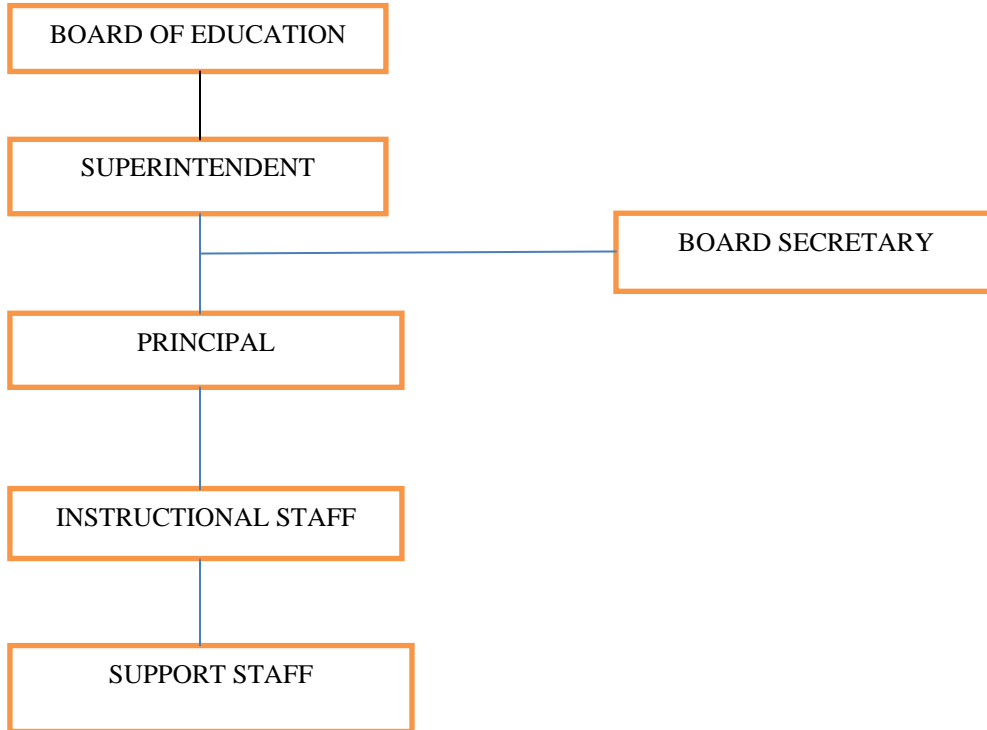
Michael L. Harris
Superintendent



Barbara A. Godfrey
Business Administrator/Board Secretary

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
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ORGANIZATIONAL CHART



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SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
177 Main Street
Southampton, New Jersey 08088

ROSTER OF OFFICIALS

JUNE 30, 2016

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Jeffrey Hicks, President	2016
Russell Hann, Vice President	2017
Donald Bozarth	2018
Joseph Caputo	2016
Arnold E. Harrison, III	2017
Suzanne Phillips	2016
Jennifer Potter	2018
Tracey Walker	2017
Betty Wright	2018

OTHER OFFICIALS

Michael L. Harris, Superintendent of Schools

Barbara A. Godfrey, School Business Administrator/Board Secretary

Dawn Emmons, Treasurer

David Serlin, Esq., Solicitor

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

177 Main Street
Vincentown, New Jersey 08088

CONSULTANTS AND ADVISORS

ARCHITECT

Regan Young England and Butera Architects
Rt. 38, Box 480
Hainesport, New Jersey 08036

AUDIT FIRM

Holman Frenia Allison, P.C.
Kevin P. Frenia, CPA, PSA
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

David M. Serlin
Blason II Suite 120
505 South Lenola Road
Moorestown, New Jersey 08057

OFFICIAL DEPOSITORIES

Investors Bank
52 Main Street
Southampton, New Jersey 08088

Beneficial Bank
Route 70 & Red Lion Road
Southampton, New Jersey 08088

TD Bank
1006 Astoria Boulevard
Cherry Hill, New Jersey 08034



INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Southampton Township School District
County of Burlington
Southampton, New Jersey 08088

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Southampton Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Southampton Township School District, County of Burlington, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southampton Township School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and is also not a required part of the basic financial statements.

The accompanying combining statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 accompanying

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

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2016 on our consideration of the Southampton Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southampton Township School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
October 14, 2016

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR JUNE 30, 2016

UNAUDITED

The following is a discussion and analysis of Southampton Township School District financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter and the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's net position increased \$2,739,547 as a result of this year's operations. Net position of our business-type activities decreased by \$2,398 and net position of our governmental activities increased by \$2,741,945.
- Total cost of all of the District's programs was \$16,836,666 in 2015-2016 compared to \$16,026,094 in 2014-2015.
- During the year, the District had revenues for the General Fund that was \$417,932 more than the \$13,858,655 in expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view on the District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. You can think of the District's net position, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net position are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities: most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- Business-type-activities: the District has one proprietary fund (Food Service Fund).

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation on Exhibit B-3.

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the district's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

The District's *combined* net position changed from a year ago, increasing from \$13,236,230 to \$15,975,777. Looking at the net position and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1
Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 4,191,641	\$ 6,268,568	\$ 32,483	\$ 12,635	\$ 4,224,124	\$ 6,281,203
Capital assets	21,368,360	16,571,603	116,034	119,035	21,484,394	16,690,638
Deferred outflows resources	541,965	282,570	-	-	541,965	824,535
Total Assets & Deferred Outflows Resources	26,101,966	23,122,741	148,517	131,670	26,250,483	23,796,376
Long-term debt outstanding	9,214,735	9,326,340	-	-	9,214,735	9,326,340
Other liabilities	978,489	527,936	37,936	11,497	1,016,425	539,433
Deferred inflows resources	50,740	152,408	-	-	50,740	152,408
Total Liabilities & Deferred Inflow Resources	10,243,964	10,006,684	37,936	11,497	10,281,900	10,018,181
Net position:						
Invested in capital assets, net of debt	15,711,126	15,099,474	116,034	119,035	15,827,160	15,218,509
Restricted	2,979,745	795,156	-	-	2,979,745	795,156
Unrestricted	(2,832,869)	(2,778,573)	1,741	1,138	(2,831,128)	(2,777,435)
Total net position	\$ 15,858,002	\$ 13,116,057	\$ 117,775	\$ 120,173	\$ 15,975,777	\$ 13,236,230

Net position of the District's governmental activities increased by 20.9%. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by \$54,296. Restricted net position increased by \$2,184,589.

Table 2 - Change in Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	
	2016	2015	2016	2015	2016	2015
	<u>Revenues</u>					
Program revenues:						
Charges for Services	\$ -	\$ -	\$ 143,082	\$ 170,091	\$ 143,082	\$ 170,091
Operating Grants & Contributions	3,530,000	2,913,068	113,672	107,289	3,643,672	3,020,357
General revenues:						
Property taxes	11,440,082	10,925,607	-	-	11,440,082	10,925,607
Federal and State Aid	4,268,021	2,301,525	-	-	4,268,021	2,301,525
Other General Revenues	81,356	90,463	-	8	81,356	90,471
Total Revenues:	<u>19,319,459</u>	<u>16,230,663</u>	<u>256,754</u>	<u>277,388</u>	<u>19,576,213</u>	<u>16,508,051</u>
<u>Program expenses including indirect expenses</u>						
Instruction:						
Regular	\$ 5,607,800	\$ 5,653,289	\$ -	\$ -	\$ 5,607,800	\$ 5,653,289
Special Education	1,280,612	1,238,381	-	-	1,280,612	1,238,381
Other Instruction	605,557	586,871	-	-	605,557	586,871
Support Services & Undistributed Costs:						
Tuition	462,863	631,149	-	-	462,863	631,149
Student & Instruction Related Services	1,538,643	1,343,590	-	-	1,538,643	1,343,590
School Administrative Services	1,062,909	1,133,201	-	-	1,062,909	1,133,201
Central Services	329,608	321,377	-	-	329,608	321,377
Plant Operations & Maintenance	1,079,538	1,031,091	-	-	1,079,538	1,031,091
Pupil Transportation	626,309	571,828	-	-	626,309	571,828
Unallocated Benefits	3,311,844	2,641,319	-	-	3,311,844	2,641,319
Interest on Long Term Debt	174,045	114,093	-	-	174,045	114,093
Unallocated Compensated Absences	12,332	1,467	-	-	12,332	1,467
Unallocated Depreciation Expense	485,454	470,701	-	-	485,454	470,701
Food Service Operations	-	-	259,152	287,737	259,152	287,737
Total Expenses	<u>16,577,514</u>	<u>15,738,357</u>	<u>259,152</u>	<u>287,737</u>	<u>16,836,666</u>	<u>16,026,094</u>
Increase (Decrease) in Net Position	<u>\$ 2,741,945</u>	<u>\$ 492,306</u>	<u>\$ (2,398)</u>	<u>\$ (10,349)</u>	<u>\$ 2,739,547</u>	<u>\$ 481,957</u>

THE DISTRICT'S FUNDS

**Governmental Activities
Table 3**

Information below compares revenues and expenditures for all governmental fund types for 2015-2016 and 2014-2015.

	<u>2015-2016</u>	<u>2014-2015</u>	<u>% Change</u>
Revenues:			
Local Tax Levy	\$ 11,440,082	\$ 10,925,607	4.71%
Miscellaneous	<u>81,356</u>	<u>90,463</u>	-10.07%
Total Revenues - Local Sources	<u>11,521,438</u>	<u>11,016,070</u>	4.59%
State Sources	5,696,166	3,517,327	61.95%
Federal Sources	<u>337,202</u>	<u>305,638</u>	10.33%
Total Revenues	<u>\$ 17,554,806</u>	<u>\$ 14,839,035</u>	18.30%
Expenditures:			
Current Expense			
Instruction - Regular Programs	\$ 5,607,800	\$ 5,653,289	-0.80%
Special Education	1,280,612	1,238,381	3.41%
Other Instruction	605,557	586,871	3.18%
Support Services:			
Tuition	462,863	631,149	-26.66%
Student & Instruction Related Services	1,538,643	1,450,406	6.08%
School Administrative Services	1,062,909	1,026,385	3.56%
Central Services	329,608	321,377	2.56%
Plant Operations & Maintenance	1,079,538	1,031,091	4.70%
Pupil Transportation	626,309	571,828	9.53%
Unallocated Benefits	1,437,718	1,220,991	17.75%
Capital Outlay	5,306,016	655,801	709.09%
Debt Service:			
Principal	706,000	415,000	70.12%
Interest & Other Charges	<u>160,699</u>	<u>54,500</u>	194.86%
Total Expenditures	<u>\$ 20,204,272</u>	<u>\$ 14,857,069</u>	35.99%

Business-type Activities

District's major Enterprise Fund consists of the Food Service program. The basic financial statements for the enterprise fund are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 4, which demonstrates return on ending assets and return on ending net position.

Table 4

	<u>2015-16</u>	<u>2014-15</u>
Total Assets	162,811	131,670
Net Position	117,775	120,173
Change in Net Position	(2,398)	(10,349)
Return on Ending Total Assets	-1.47%	-7.86%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
Table 5

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>		<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>		<u>TOTAL</u> <u>PRIMARY GOVERNMENT</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 564,918	\$ 564,918	\$ -	\$ -	\$ 564,918	\$ 564,918
Construction in Progress	5,577,950	447,125	-	-	5,577,950	447,125
Buildings	22,502,850	22,457,850	-	-	22,502,850	22,457,850
Machinery and Equipment	1,514,421	1,408,035	172,992	172,992	1,687,413	1,581,027
Vehicles	19,934	19,934	-	-	19,934	-
Total Capital Assets	<u>30,180,073</u>	<u>24,897,862</u>	<u>172,992</u>	<u>172,992</u>	<u>30,353,065</u>	<u>25,050,920</u>
Accumulated Depreciation	(8,811,713)	(8,326,259)	(56,958)	(53,958)	(8,868,671)	(8,380,217)
Total Capital Assets, net	<u>\$ 21,368,360</u>	<u>\$ 16,571,603</u>	<u>\$ 116,034</u>	<u>\$ 119,034</u>	<u>\$ 21,484,394</u>	<u>\$ 16,670,703</u>

DEBT

At year-end the District had total debt of \$9,214,735 outstanding versus \$9,326,340 last year a decrease of 1.2% as shown in Table 6.

Outstanding Debt, at year-end
Table 6

An analysis of District Debt is presented in Note 6 to the basic financial statements.

	GOVERNMENTAL ACTIVITIES	
	<u>2015-2016</u>	<u>2014-2015</u>
Bonds Payable	\$ 5,630,000	\$ 6,336,000
Obligations Under Capital Leases	-	-
Compensated Absences	381,156	368,824
Net Pension Obligation	3,155,841	2,557,410
Amortization of Bond Premium	47,738	64,106
	<u>\$ 9,214,735</u>	<u>\$ 9,326,340</u>

BUDGETS

The significant variances between the originally adopted budget for the year 2016, and the final budget were caused by the treatment of encumbrances and withdrawals from capital reserve that are added to the original budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, kindly contact Mrs. Barbara A. Godfrey, School Business Administrator/Business Secretary, Southampton Township School District, Southampton, New Jersey 08088-8874.

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BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 947,758	\$ 24,595	\$ 972,353
Receivables, Net	2,436,587	14,294	2,450,881
Inventory		7,888	7,888
Restricted Cash & Cash Equivalents	807,296	-	807,296
Capital Assets, Non-Depreciable (Note 5)	6,142,868	-	6,142,868
Capital Assets, Depreciable (Note 5)	15,225,492	116,034	15,341,526
Total Assets	25,560,001	162,811	25,722,812
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions	521,461	-	521,461
Deferred Charge on Refunding of Debt	20,504	-	20,504
Total Deferred Outflow of Resources	541,965	-	541,965
Total Assets and Deferred Outflow of Resources	26,101,966	162,811	26,264,777
LIABILITIES			
Accounts Payable	929,942	40,243	970,185
Unearned Revenues	-	4,793	4,793
Accrued Interest Payable	48,547	-	48,547
Noncurrent Liabilities (Note 6):			
Due Within One Year	776,368	-	776,368
Due Beyond One Year	8,438,367	-	8,438,367
Total Liabilities	10,193,224	45,036	10,238,260
DEFERRED INFLOW OF RESOURCES			
Deferred Inflows Related to Pensions	50,740	-	50,740
Total Deferred Inflow of Resources	50,740	-	50,740
Total Liabilities and Deferred Outflow of Resources	10,243,964	45,036	10,289,000
NET POSITION			
Net Investment in Capital Assets	15,711,126	116,034	15,827,160
Restricted For:			
Other Purposes	1,224,055	-	1,224,055
Capital Projects	1,802,269	-	1,802,269
Debt Service	(46,579)	-	(46,579)
Unrestricted	(2,832,869)	1,741	(2,831,128)
Total Net Position	\$ 15,858,002	\$ 117,775	\$ 15,975,777

The accompanying Notes to Financial Statements are an integral part of this statement.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTALS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 5,607,800	\$ -	\$ 327,629	\$ (5,280,171)	\$ -	\$ (5,280,171)
Special Education	1,280,612	-	-	(1,280,612)	-	(1,280,612)
Other Special Instruction	599,118	-	-	(599,118)	-	(599,118)
Other Instruction	6,439	-	-	(6,439)	-	(6,439)
Support Services & Undistributed Costs:						
Instruction	462,863	-	-	(462,863)	-	(462,863)
Related Services	408,989	-	-	(408,989)	-	(408,989)
Health Services	120,313	-	-	(120,313)	-	(120,313)
Student & Instruction Related Services	908,309	-	-	(908,309)	-	(908,309)
Educational Media Services/School Library	101,032	-	-	(101,032)	-	(101,032)
School Administrative Services	682,249	-	-	(682,249)	-	(682,249)
Central Services	329,608	-	-	(329,608)	-	(329,608)
Other Administrative Services	380,660	-	-	(380,660)	-	(380,660)
Plant Operations & Maintenance	1,079,538	-	-	(1,079,538)	-	(1,079,538)
Pupil Transportation	626,309	-	-	(626,309)	-	(626,309)
Unallocated Benefits	3,311,844	-	3,202,371	(109,473)	-	(109,473)
Interest & Other Charges on Long-Term Debt	174,045	-	-	(174,045)	-	(174,045)
Decrease in Compensated Absences - Unallocated	12,332	-	-	(12,332)	-	(12,332)
Unallocated Depreciation	485,454	-	-	(485,454)	-	(485,454)
Total Governmental Activities	16,577,514		3,530,000	(13,047,514)	-	(13,047,514)
Business-Type Activities:						
Food Service	\$ 259,152	\$ 143,082	\$ 113,672	\$ -	\$ (2,398)	\$ (2,398)
Total Business-Type Activities	259,152	143,082	113,672	-	(2,398)	(2,398)
Total Primary Government	\$ 16,836,666	\$ 143,082	\$ 3,643,672	(13,047,514)	(2,398)	(13,049,912)

The accompanying Notes to Financial Statements are an integral part of this statement.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	10,590,484	-	10,590,484
Taxes Levied for Debt Service	849,598	-	849,598
Federal & State Aid Not Restricted	4,268,021	-	4,268,021
Miscellaneous Income	81,356	-	81,356
Total General Revenues, Special Items, Extraordinary Items & Transfers	15,789,459	-	15,789,459
Change In Net Position	2,741,945	(2,398)	2,739,547
Net Position - Beginning	13,116,057	120,173	13,236,230
Net Position - Ending	15,858,002	\$ 117,775	\$ 15,975,777

The accompanying Notes to Financial Statements are an integral part of this statement.

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B. Fund Financial Statements

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Governmental Funds

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016**

ASSETS	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTALS
Cash & Cash Equivalents	\$ 769,148	\$ 26,983	\$ 151,627	\$ -	\$ 947,758
Accounts Receivable:					
State	131,754	-	2,290,448	-	2,422,202
Interfund	15,264	-	519	1,967	17,750
Other	-	5,076	-	1	5,077
Restricted Cash & Cash Equivalents	807,296	-	-	-	807,296
Total Assets	\$ 1,723,462	\$ 32,059	\$ 2,442,594	\$ 1,968	\$ 4,200,083
LIABILITIES & FUND BALANCES					
Liabilities:					
Accounts Payable	265,481	26,103	638,358	-	929,942
Interfund Payables	519	5,956	1,967	-	8,442
Total Liabilities	266,000	32,059	640,325	-	938,384
Fund Balances:					
Restricted for:					
Capital Reserve Account	788,651	-	-	-	788,651
Emergency Reserve	1	-	-	-	1
Maintenance Reserve	18,644	-	-	-	18,644
Excess Surplus	221,333	-	-	-	221,333
Excess Surplus Designated for					
Subsequent Year's Expenditures	195,426	-	-	-	195,426
Debt Service	-	-	-	1,968	1,968
Capital Projects Fund	-	-	1,802,269	-	1,802,269
Committed to:					
Other Purposes	35,575	-	-	-	35,575
Assigned to:					
Designated for Subsequent					
Year's Expenditures	4,063	-	-	-	4,063
Unassigned Fund Balance	193,769	-	-	-	193,769
Total Fund Balances	1,457,462	-	1,802,269	1,968	3,261,699
Total Liabilities & Fund Balances	\$ 1,723,462	\$ 32,059	\$ 2,442,594	\$ 1,968	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources & therefore are not reported in the funds. The cost of the assets is \$30,180,073 and the accumulated depreciation is \$8,811,713.	21,368,360
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.	470,721
Accrued interest payable and PERS pension payable are not recorded in the fund financial Statements due to the fact that the payables are not due in the period.	(48,547)
Deferred charges on refunding of debt is not recorded in the fund financials but is recorded on the government-wide financials.	20,504
Long-term liabilities, including net pension liability, bonds payable, compensated absences payable, bond premium, other post employment benefits and capital leases payable are not due and payable in the current period and, therefore, are not reported as a liability in the funds (Illustrative Note 6).	(9,214,735)
Net Position of Governmental Activities	\$ 15,858,002

The accompanying Notes to Financial Statements are an integral part of this statement.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 10,590,484	\$ -	\$ -	\$ 849,598	\$ 11,440,082
Miscellaneous	42,267	10,891	28,198	-	81,356
Total Revenues - Local Sources	10,632,751	10,891	28,198	849,598	11,521,438
State Sources	3,643,836	-	2,052,330	-	5,696,166
Federal Sources	-	337,202	-	-	337,202
Total Revenues	14,276,587	348,093	2,080,528	849,598	17,554,806
Expenditures:					
Current Expense:					
Instruction - Regular Programs	5,280,171	327,629	-	-	5,607,800
Special Education	1,280,612	-	-	-	1,280,612
Other Special Instruction	599,118	-	-	-	599,118
Other Instruction	6,439	-	-	-	6,439
Undistributed Expense:					
Instruction	462,863	-	-	-	462,863
Related Services	408,989	-	-	-	408,989
Health Services	120,313	-	-	-	120,313
Attendance & Social Work	28,674	-	-	-	28,674
Other Support Services	652,423	-	-	-	652,423
Improvement of Instructional Staff	227,212	-	-	-	227,212
Educational Media Services	101,032	-	-	-	101,032
Support Services General					
Administration	380,660	-	-	-	380,660
Support Services School					
Administration	682,249	-	-	-	682,249
Maintenance for School Facilities	151,675	-	-	-	151,675
Operation & Maintenance of					
Plant Services	927,863	-	-	-	927,863
Student Transportation Services	626,309	-	-	-	626,309
Central Services	329,608	-	-	-	329,608
Nonbudgeted Expenditures	1,417,254	-	-	-	1,417,254
Capital Outlay	175,191	-	5,130,825	-	5,306,016
Debt Service:					
Principal	-	-	-	706,000	706,000
Interest & Other Charges	-	-	-	160,699	160,699
Total Expenditures	13,858,655	348,093	5,130,825	866,699	20,204,272
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	417,932	-	(3,050,297)	(17,101)	(2,649,466)
Other Financing Sources/(Uses):					
Operating Transfers Out	-	-	(1,967)	-	(1,967)
Operating Transfers In	-	-	-	1,967	1,967
Total Other Financing Sources/(Uses)	-	-	(1,967)	1,967	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	417,932	-	(3,052,264)	(15,134)	(2,649,466)
Fund Balance - July 1	1,039,530	-	4,854,533	17,102	5,911,165
Fund Balance - June 30	\$ 1,457,462	\$ -	\$ 1,802,269	\$ 1,968	\$ 3,261,699

The accompanying Notes to Financial Statements are an integral part of this statement.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (2,649,466)

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 expense. This is the amount by which capital outlays exceeded depreciation in the period:

Depreciation Expense	\$ (485,454)	
Capital Outlays	<u>5,282,211</u>	4,796,757

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension Expense - PERS Contribution - 2016	120,865	
Unfunded TPAF Pension Expense	(1,764,653)	
State Share of Unfunded TPAF Pension Expense	1,764,653	
Pension Expense	<u>(230,338)</u>	(109,473)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 706,000

Deferred Charge on Retirement of Debt, cost of issuance on refunding, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:

Amortization of Loss on Early Retirement of Debt	(7,030)	
Amortization of Bond Premiums	<u>16,368</u>	9,338

Interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.

Accrued Interest Prior Year	49,668	
Accrued Interest Current Year	<u>(48,547)</u>	1,121

Increase of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

Current Year	(381,156)	
Prior Year	<u>368,824</u>	(12,332)

Change in Net Position of Governmental Activities \$ 2,741,945

The accompanying Notes to Financial Statements are an integral part of this statement.

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Proprietary Funds

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
	FOOD SERVICE
Current Assets:	
Cash & Cash Equivalents	\$ 24,595
Accounts Receivable:	
State	378
Federal	13,916
Inventories	7,888
Total Current Assets	46,777
Capital Assets:	
Equipment	172,992
Less: Accumulated Depreciation	(56,958)
Total Capital Assets	116,034
Total Assets	162,811
LIABILITIES	
Interfund Payable	7,100
Unearned Revenue	4,793
Accounts Payable	33,143
Total Liabilities	45,036
NET POSITION	
Net Position:	
Net Investment in Capital Assets	116,034
Unrestricted	1,741
Total Net Position	\$ 117,775

The accompanying Notes to Financial Statements are an integral part of this statement.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE
Operating Revenues:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 93,601
Daily Sales - Nonreimbursable Programs	49,481
	143,082
Total Operating Revenue	143,082
Operating Expenses:	
Salaries	119,073
Employee Benefits	3,966
Management Fee	19,695
Insurance	5,033
Repairs & Miscellaneous Expenses	791
Supplies and Materials	7,448
Cost of Sales	100,145
Depreciation	3,001
	259,152
Total Operating Expenses	259,152
Operating Income/(Loss)	(116,070)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,420
Federal Sources:	
National School Lunch Program	73,692
National School Breakfast Program	12,635
Special Milk Program	498
Food Distribution Program	24,427
	113,672
Total Nonoperating Revenues/Expenses	113,672
Net Income/(Loss) Before Other	
Financing Sources/(Uses)	(2,398)
	(2,398)
Change in Net Position	(2,398)
Total Net Position - Beginning	120,173
Total Net Position - Ending	\$ 117,775

The accompanying Notes to Financial Statements are an integral part of this statement.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR FISCAL YEAR ENDED JUNE 30, 2016**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE</u>
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 146,720
Payments to Employees	(119,073)
Payments for Employee Benefits	(3,966)
Payments to Suppliers	<u>(106,602)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(82,921)</u>
Cash Flows From Noncapital Financing Activities:	
State Sources	2,042
Federal Sources	<u>97,336</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>99,378</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	16,457
Balances - Beginning of Year	<u>8,138</u>
Balances - End of Year	<u>\$ 24,595</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Operating Income/(Loss)	\$ (116,070)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Depreciation & Net Amortization	3,001
Increase/(Decrease) in Unearned Revenue	3,638
(Decrease)/Increase in Accounts Payable	29,901
(Increase)/Decrease in Inventories	<u>(3,391)</u>
Total Adjustments	<u>33,149</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (82,921)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

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Fiduciary Fund

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE		AGENCY		JUNE 30, 2016
	SCHOLARSHIP ACCOUNT	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 4,240	\$ 114,939	\$ 6,926	\$ 13,551	\$ 139,656
Total Assets	4,240	114,939	6,926	13,551	139,656
LIABILITIES					
Payroll Deductions & Withholdings	-	-	-	11,343	11,343
Due to Student Groups	-	-	6,926	-	6,926
Accounts Payable	-	2,697	-	-	2,697
Interfund Payable	-	-	-	2,208	2,208
Total Liabilities	-	2,697	6,926	13,551	23,174
NET POSITION					
Restricted	4,240	-	-	-	4,240
Unrestricted	-	112,242	-	-	112,242
Total Net Position	\$ 4,240	\$ 112,242	\$ -	\$ -	\$ 116,482

The accompanying Notes to Financial Statements are an integral part of this statement.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

ADDITIONS	PRIVATE PURPOSE		TOTALS
	SCHOLARSHIP ACCOUNT	UNEMPLOYMENT COMPENSATION TRUST	
Contributions:			
Other	\$ -	\$ 13,743	\$ 13,743
Total Contributions	-	13,743	13,743
Investment Earnings:			
Interest	3	84	87
Net Investment Earnings	3	84	87
Total Additions	3	13,827	13,830
DEDUCTIONS			
Unemployment Claims	-	17,247	17,247
Scholarships Awarded	455	-	455
Total Deductions	455	17,247	17,702
Change in Net Position	(452)	(3,420)	(3,872)
Net Position - Beginning of the Year	4,692	115,662	120,354
Net Position - End of the Year	\$ 4,240	\$ 112,242	\$ 116,482

The accompanying Notes to Financial Statements are an integral part of this statement.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1: Summary of Significant Accounting Policies

The financial statements of the Southampton Township School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Southampton Township School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The operations of the District include five elementary schools located in Southampton Township. The Southampton Township School District has an approximate enrollment at June 30, 2016 of 726 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:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the District holds the corporate powers of the organization;
- ◆ the District appoints a voting majority of the organization’s board
- ◆ the District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District.

Component Units

GASB Statement No.14. *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of for the year ended June 30, 2016.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (continued):

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (continued):

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

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 in 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges 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 taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

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 year-end. 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 and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (continued):

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues of the Food Service Fund program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

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 noninstructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue 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.

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).

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.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (continued):

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (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.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

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

Cash and Cash Equivalents

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1: Summary of Significant Accounting Policies (continued):

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

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

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (continued):

Machinery & Equipment	3 – 20 Years
Building & Other Improvements	7 – 60 Years
Infrastructure	30 Years

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

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 assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (continued):

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in 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 acquisition, construction, or improvement of those assets.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (continued):

- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (continued):

74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (continued):

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Outflows and Deferred 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.

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 a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Subsequent Events

The District has evaluated subsequent events occurring after June 30, 2016 through the date of October 14, 2016, which is the date the financial statements were available to be issued.

Pensions Section

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2: Cash and Cash Equivalent

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2016, the District's bank balance of \$2,231,441 was exposed to custodial credit risk as follows:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (continued):
 FOR THE YEAR ENDED JUNE 30, 2016**

Note 2: Cash and Cash Equivalent (continued):

Insured Under FDIC	\$ 258,950
Uninsured and uncollateralized	164,705
Collateralized in the District's Name Under GUDPA	<u>1,807,786</u>
 Total	 <u>\$2,231,441</u>

Investments

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank , which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure..

Concentrations - The District places no limit in the amount the District may invest in any one issuer

The District did not hold any investments at June 30, 2016.

Note 3: Reserve Accounts

A. Capital Reserve

A capital reserve account was established by the Southampton Township School District by inclusion of \$1 on September 25, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (continued):
 FOR THE YEAR ENDED JUNE 30, 2016**

Note 3: Reserve Accounts (continued):

A. Capital Reserve (continued):

increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFPP

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	538,651
Interest Earnings		-
Deposit by Board Resolution, June 2016		250,000
Withdrawals for Capital Expenditures		-
		-
Ending Balance, June 30, 2016	\$	788,651

B. Maintenance Reserve

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.18A:7G-9*) as amended by *P.L. 2004, c.73(S1701)*. Districts may only increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (*N.J.A.C.6A:23A-14.2*) or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at year end. The board resolution for deposit at year end into a maintenance reserve account must be made between June 1 and June 20 of the budget year. EFCFA requires that upon District completion of a school facilities project, the District must submit a plan for the maintenance of that facility. Auditors and District staff should refer to the regulations, *N.J.A.C.6A:26A*, for further guidance. A separate line is provided in the AUDSUM for this reserve account.

GASBS No. 54 requires the further categorization of the maintenance reserve account balance on the *Governmental Funds Balance Sheet* (Exhibit B-1) as restricted, committed, and/or assigned. The Department recommends reporting the maintenance reserve under “Restricted” fund balance due to the statutory and regulatory restrictions on withdrawals from maintenance reserve. The same categorization is applicable to the *General Fund Budgetary Comparison Schedule* (Exhibit C-1)

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 3: Reserve Accounts (continued):

B. Maintenance Reserve (continued):

Beginning Balance, July 1 2015	\$	18,644
Interest Earnings		-
Ending Balance June 30 , 2016	\$	18,644

C. Emergency Reserve Account

The emergency reserve account is used to accumulate funds in accordance with *N.J.S.A. 18A:7F-41c(1)* to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1 percent of the general fund budget not to exceed \$1 million. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

GASBS No. 54 requires the further categorization of the emergency reserve account balance on the *Governmental Funds Balance Sheet* (Exhibit B-1). The emergency reserve has significant externally imposed restrictions on its withdrawal and should be categorized as “Restricted” fund balance. The same categorization is applicable to the *General Fund Budgetary Comparison Schedule* (Exhibit C-1)

The activity of the emergency reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1 2015	\$	1
Interest Earnings		-
Ending Balance June 30 , 2016	\$	1

D. Tuition Reserve Account

A tuition reserve account may be established in accordance with *N.J.A.C.6A:23-3.1(f)* for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief. The District's tuition reserve account balance of \$75,000 as of June 30, 2015 was reduced by \$75,000 due to reserve balances no longer required. The District's tuition reserve account balance as of June 30, 2016 was \$0.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 4: Accounts Receivable

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Proprietary Funds	Total
Intergovernmental	\$ 131,754	\$ -	\$ 2,290,448	\$ -	\$ 14,294	\$ 2,436,496
Other	-	5,076	-	1	-	5,077
Total	\$ 131,754	\$ 5,076	\$ 2,290,448	\$ 1	\$ 14,294	\$ 2,441,573

Note 5: Capital Assets

The schedule on the following page is a summarization of the capital assets by source for the fiscal year ended June 30, 2016.

	June 30, 2015	Additions	Deletions	Adjustments	June 30, 2016
<u>Non-Depreciable Assets</u>					
Land	\$ 564,918	\$ -	\$ -	\$ -	\$ 564,918
Construction In Progress	447,125	5,130,825	-	-	5,577,950
Total Non-Depreciable Assets	1,012,043	5,130,825	-	-	6,142,868
<u>Depreciable Assets</u>					
Land Improvements	-	-	-	-	-
Buildings & Improvements	22,457,850	45,000	-	-	22,502,850
Machinery	1,408,035	106,386	-	-	1,514,421
Equipment	19,934	-	-	-	19,934
Subtotal	24,897,862	5,282,211	-	-	30,180,073
Accumulated Depreciation	(8,326,259)	(485,454)	-	-	(8,811,713)
Total	\$ 16,571,603	\$ 4,796,757	\$ -	\$ -	\$ 21,368,360

The following schedule is a summary of the proprietary fund type capital assets at June 30, 2016:

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 5: Capital Assets (continued):

	June 30, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	June 30, <u>2016</u>
<u>Depreciable Assets</u>					
Machinery & Equipment	\$ 172,992	\$ -	\$ -	\$ -	\$ 172,992
Subtotal	172,992	-	-	-	172,992
Accumulated Depreciation	(53,957)	(3,001)	-	-	(56,958)
Total	\$ 119,035	\$ (3,001)	\$ -	\$ -	\$ 116,034

Note 6: Long-Term Obligations

A. Long-Term Obligation Activity

During the fiscal year ended June 30, 2016 the following changes occurred in liabilities reported in the long-term obligations:

	<u>June 30,</u> <u>2015</u>	<u>Accrued/</u> <u>Increases</u>	<u>Retired/</u> <u>Decreases</u>	<u>June 30,</u> <u>2016</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 6,336,000	\$ -	\$ (706,000)	\$ 5,630,000	\$ 760,000
Add: Bond Premium*	64,106	-	(16,368)	47,738	16,368
Net Pension Liability	2,557,410	598,431	-	3,155,841	-
Compensated Absences	368,824	68,173	(55,841)	381,156	-
Total	\$ 9,326,340	\$ 666,604	\$ (778,209)	\$ 9,214,735	\$ 776,368

*Bond premiums, previously shown separately on the Statement of Net Position, are now part of General Obligation Bonds Payable.

B. Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 760,000	\$ 121,656	\$ 881,656
2018	790,000	101,216	891,216
2019	810,000	83,744	893,744
2020	550,000	64,981	614,981
2021	550,000	53,294	603,294
2022-2025	2,170,000	95,262	2,265,262
Total	\$ 5,630,000	\$ 520,153	\$ 6,150,153

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 6: Long-Term Obligations (continued):

C. Bonds Authorized But Not Issued

As of June 30, 2016, the District had no authorized but not issued bonds.

D. Capital Leases

As of June 30, 2016, the District had no capital leases.

Note 7: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 15,264	\$ 519
Special Revenue Fund	-	5,956
Capital Projects Fund	519	1,967
Debt Service Fund	1,967	-
Payroll Trust Fund	-	2,208
Cafeteria Fund	-	7,100
Total	\$ 17,750	\$ 17,750

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ 8,574	\$ 519
Special Revenue Fund	-	956
Capital Projects Fund	-	1,967
Debt Service Fund	1,968	-
Cafeteria Fund	-	7,100
	\$ 10,542	\$ 10,542

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 8: Inventory

Inventory recorded at June 30, 2016 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 5,780
Supplies	<u>2,108</u>
 Total	 <u>\$ 7,888</u>

Note 9: Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.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 ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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.

Basis of Presentation - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 9: Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued)

estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement 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.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2016	\$ 120,865	100%	\$ 3,155,841
6/30/2015	112,606	100%	2,557,410
6/30/2014	101,877	100%	2,546,947

Components of Net Pension Liability - At June 30, 2016, the District reported a liability of \$3,155,841 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was .01406%, which was an increase of .0004% from its proportion measured as of June 30, 2014.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 9: Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued)

Collective Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u>	<u>6/30/2015</u>
	July 1, 2015	July 1, 2014
Actuarial valuation date		
Deferred Outflows of Resources	\$ 521,461	\$ 255,036
Deferred Inflows of Resources	\$ 50,740	\$ 152,408
Net Pension Liability	\$ 3,155,841	\$ 2,557,410
District's portion of the Plan's total net pension Liability	0.01406%	0.01366%

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2016 the District recognized pension expense of \$230,338. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 75,287	\$ -
Changes of assumptions	338,912	-
Net difference between projected and actual earnings on pension plan investments	-	50,740
Changes in proportion and differences between District contributions and proportionate share of contributions	107,262	-
Total	<u>\$ 521,461</u>	<u>\$ 50,740</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June</u>	<u>PERS</u>
2017	\$ 89,609
2018	89,609
2019	89,609
2020	127,711
2021	74,183

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (continued):
 FOR THE YEAR ENDED JUNE 30, 2016**

Note 9: Pension Plans (continued):

A. Public Employees' Retirement System (PERS) (continued)

Actuarial Assumptions - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Acturial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (continued):
 FOR THE YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

A. Public Employees' Retirement System (PERS) (continued)

	<u>Decrease</u> <u>3.90%</u>		<u>Discount</u> <u>Rate (4.90%)</u>		<u>Increase</u> <u>5.90%</u>
District's proportionate share of the net pension liability	\$ 3,922,348	\$	3,155,841	\$	2,513,243

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

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

Basis of Presentation - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

Three-Year Trend Information for TPAF (Paid on behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2016	\$ 997,660	100%	\$ -
6/30/2015	804,736	100%	-
6/30/2014	661,600	100%	-

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (continued):
 FOR THE YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

	<u>TPAF</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 9: Pension Obligations (continued)

B. Teachers' Pension and Annuity Fund (TPAF) (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

C. Defined Contribution Retirement Program (DCRP)

The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 9: Pension Obligations (continued)

C. Defined Contribution Retirement Program (DCRP) (continued)

investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution. For the year ended June 30, 2016, employee contributions total \$4,402, and the District recognized pension expense of \$2,415.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2016, the District did not apply forfeitures to reduce the District's pension expense.

Note 10: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

Note 11: Risk Management

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

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the state. The District is billed quarterly for amounts

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016**

Note 11: Risk Management (continued):

due to the state. The following is a summary of district contributions, employee contributions, reimbursements to the state for benefits paid and the ending balance of the district’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 13,743	\$ 84	\$ 17,247	\$ 112,242
2014-2015	7,937	97	9,456	115,662
2013-2014	12,057	405	8,133	117,084

Note 12: Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Note 13: Joint Insurance Fund

The District participates in the Burlington County Insurance Pool Joint Insurance Fund (BCIPJIF), public entity risk pool. Coverage under this joint plan offers workers’ compensation, boiler and machinery, automobile liability, general liability, property, crime and school board legal liability coverage. The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies.

No contingency provision has been made in these financial statements as no deficiencies occurred as of June 30, 2016 for the joint insurance pool.

Note 14: Economic Dependency

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

Note 15: 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, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Equitable Valic

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 16: Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the district's school personnel policy. Upon termination, employees are paid for accrued vacation. The district's school'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 school for the unused sick leave in accordance with district's agreements with various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$381,156.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016 no liability existed for compensated absences in the proprietary fund types.

Note 17: Deficit Unrestricted Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$(46,579) at June 30, 2016. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – As reflected on Exhibit A-1, Statement of Net position, a deficit in unrestricted net position of \$(2,832,869) existed as of June 30, 2016 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED JUNE 30, 2016

Note 18: Fund Balance Disclosure

General Fund – Of the \$1,457,462 General Fund fund balance at June 30, 2016, \$788,651 has been restricted for the Capital Reserve Account; \$1 has been restricted for the Emergency Reserve Account; \$18,644 has been restricted for the Maintenance Reserve Account; \$195,426 has been appropriated and included as anticipated revenue for the year ended June 30, 2017; \$4,063 has been designated for subsequent year expenditures; \$221,333 is restricted current year excess surplus; \$35,575 has been committed to other purposes; and \$193,769 is unassigned.

Capital Projects Fund – The fund balance of \$1,802,269 has been restricted for future Capital Projects.

Debt Service Fund – Of the Debt Service Fund fund balance at June 30, 2016, \$1,968 is reserved in accordance with N.J.S.A 7F-41c(2).

Note 19: Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to restrict General Fund 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, 2016 is \$221,333.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016				POSITIVE/ (NEGATIVE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 10,590,484	\$ -	\$ 10,590,484	\$ 10,590,484	\$ -
Tuition	10-1300	1,000	-	1,000	-	(1,000)
Interest Earned on Current Expense						
Maintenance Reserve	10-xxxx	25	-	25	-	(25)
Interest Earned on Capital Reserve						
Funds	10-1500	900	-	900	-	(900)
Unrestricted Miscellaneous Revenues	10-1900	59,944	-	59,944	42,267	(17,677)
Total Local Sources		10,652,353	-	10,652,353	10,632,751	(19,602)
State Sources:						
Categorical Special Education Aid	10-3132	455,453	-	455,453	455,453	-
Equalization Aid	10-3176	425,897	-	425,897	425,897	-
Categorical Security Aid	10-3177	71,701	-	71,701	71,701	-
Adjustment Aid	10-3178	793,866	-	793,866	793,866	-
Categorical Transportation Aid	10-3121	366,769	-	366,769	366,769	-
Extraordinary Aid	10-3131	-	-	-	109,614	109,614
PARCC Readiness Aid	10-3XXX	7,280	-	7,280	7,280	-
Per Pupil Growth Aid	10-3XXX	7,280	-	7,280	7,280	-
Other State Aid	10-3XXX	-	-	-	2,262	2,262
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	455,402	455,402
On-Behalf Post Retirement Medical Contributions		-	-	-	542,258	542,258
Reimbursed TPAF Social Security Contributions		-	-	-	419,594	419,594
Total State Sources		2,128,246	-	2,128,246	3,657,376	1,529,130
Total Revenues		12,780,599	-	12,780,599	14,290,127	1,509,528
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool/Kindergarten	11-110-100-101	309,345	500	309,845	309,301	544
Grades 1 - 5	11-120-100-101	1,741,970	(84,250)	1,657,720	1,622,720	35,000
Benefits Social Security - Instruction	11-120-100-220	128,132	-	128,132	117,833	10,299
Benefits - PERS Employer Contrib - Instruction	11-120-100-241	96,402	(2,755)	93,647	93,647	-
Benefits - Workers Compensation - Instruction	11-120-100-260	46,820	1,283	48,103	48,103	-
Benefits - Health Benefits - Instruction	11-120-100-270	1,655,148	(41,042)	1,614,106	1,457,622	156,484
Benefits - Tuition Reimbursement	11-120-100-280	20,000	-	20,000	20,000	-
Benefits - Other Employee Benefits - Instruction	11-120-100-290	51,850	20,000	71,850	69,499	2,351
Benefits - Unused Sick Payment to Terminated/Retired Staff	11-120-100-299	29,788	-	29,788	29,105	683
Grades 6 - 8	11-130-100-101	1,088,642	(62,800)	1,025,842	1,017,805	8,037
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	6,000	-	6,000	4,797	1,203
Purchased Professional/Educational Services	11-150-100-320	2,000	-	2,000	-	2,000
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	123,972	(16,000)	107,972	103,113	4,859
Purchased Professional/Educational Services	11-190-100-320	100,100	60,000	160,100	138,223	21,877
General Supplies	11-190-100-610	220,800	5,108	225,908	196,495	29,413
Textbooks	11-190-100-640	8,000	5,986	13,986	13,316	670
Field trip - Nurse Coverage	11-190-100-890	47,220	-	47,220	38,592	8,628
Total Regular Programs		5,676,189	(113,970)	5,562,219	5,280,171	282,048
Special Education:						
Learning and/or Language Disabilities:						
LD & LD-L Teacher Substitute	11-204-100-101	212,840	(61,594)	151,246	150,823	423
LD-L Aide Substitute	11-204-100-106	30,184	15,700	45,884	43,863	2,021
Total Learning and/or Language Disabilities		243,024	(45,894)	197,130	194,686	2,444
Resource Room/ Resource Center:						
Salaries of Teachers	11-213-100-101	928,375	38,720	967,095	966,957	138
Total Resource Room		928,375	38,720	967,095	966,957	138
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	85,495	822	86,317	84,674	1,643
Other Salaries for Instruction	11-215-100-106	36,825	3,000	39,825	32,977	6,848
Other Objects	11-215-100-800	1,500	-	1,500	1,318	182
Total Preschool Disabilities - Part-Time		123,820	3,822	127,642	118,969	8,673

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Total Special Education		1,295,219	(3,352)	1,291,867	1,280,612	11,255
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	423,342	41,880	465,222	461,246	3,976
Purchased Professional/Educational Services	11-230-100-320	38,900	-	38,900	37,445	1,455
General Supplies	11-230-100-610	1,200	-	1,200	71	1,129
Total Basic Skills/Remedial		463,442	41,880	505,322	498,762	6,560
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	38,855	75	38,930	38,929	1
Purchased Services	11-401-100-500	700	(75)	625	-	625
Supplies & Materials	11-401-100-610	7,565	-	7,565	7,260	305
Total School Sponsored Cocurricular Activities		47,120	-	47,120	46,189	931
School Sponsored Athletics:						
Salaries	11-402-100-100	48,563	-	48,563	44,133	4,430
Purchased Services	11-402-100-500	6,462	-	6,462	4,381	2,081
Supplies & Materials	11-402-100-610	7,100	-	7,100	5,653	1,447
Total School Sponsored Athletics		62,125	-	62,125	54,167	7,958
Other Instruction Programs						
Summer Education Salaries	11-411-100-101	5,300	1,144	6,444	6,439	5
Total Other Instructional Programs		5,300	1,144	6,444	6,439	5
Total - Instruction		7,549,395	(74,298)	7,475,097	7,166,340	308,757
Undistributed Expenditures:						
Instruction:						
Tuition Other LEA's - In State Regular	11-000-100-561	-	38,936	38,936	36,064	2,872
Tuition Other LEA's - In State Special Education	11-000-100-562	185,604	(64,712)	120,892	120,881	11
Tuition to CSSD & Regional Day Schools	11-000-100-565	210,619	12,600	223,219	221,474	1,745
Tuition to Private Schools for the Handicapped - State	11-000-100-566	124,099	(23,951)	100,148	84,444	15,704
Total Instruction		520,322	(37,127)	483,195	462,863	20,332
Attendance & Social Work Services:						
Salaries	11-000-211-100	20,000	-	20,000	20,000	-
Purchased Profess & Technical Services	11-000-211-300	10,000	-	10,000	8,674	1,326
Total Attendance & Social Work Services		30,000	-	30,000	28,674	1,326
Health Services:						
Salaries	11-000-213-100	110,850	1,700	112,550	112,077	473
Purchased Professional & Technical Services	11-000-213-300	5,000	1,000	6,000	5,526	474
Supplies and Materials	11-000-213-610	4,300	(200)	4,100	2,710	1,390
Total Health Services		120,150	2,500	122,650	120,313	2,337
Other Support Services - Students - Related Services:						
Salaries	11-000-216-101	120,950	(2,300)	118,650	118,650	-
Purchased Professional & Educational Services	11-000-216-320	254,700	49,450	304,150	287,169	16,981
Supplies & Materials	11-000-216-610	14,000	(8,000)	6,000	3,170	2,830
Total Other Services - Students - Related Services		389,650	39,150	428,800	408,989	19,811
Other Support Services - Students - Extra Services:						
Salaries	11-000-217-101	179,972	300	180,272	178,235	2,037
Total Other Services - Students - Related Services		179,972	300	180,272	178,235	2,037
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	145,600	1,422	147,022	147,018	4
Purchased Professional & Educational Services	11-000-218-320	3,800	-	3,800	3,750	50
Other Purchased Professional & Technical Services	11-000-218-390	8,000	(1,250)	6,750	6,194	556
Supplies & Materials	11-000-218-610	1,800	450	2,250	1,893	357
Other Objects	11-000-218-890	-	400	400	-	400

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2016**

		JUNE 30, 2016				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Total Other Support Services - Students - Regular		159,200	1,022	160,222	158,855	1,367
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	270,550	4,400	274,950	273,388	1,562
Salaries of Secretarial & Clerical Assistants	11-000-219-105	29,500	(1,200)	28,300	28,202	98
Purchased Professional & Educational Services	11-000-219-320	2,900	200	3,100	3,095	5
Supplies & Materials	11-000-219-610	10,750	(1,619)	9,131	7,004	2,127
Other Objects	11-000-219-800	3,500	200	3,700	3,644	56
Total Other Support Services - Students - Special Services		317,200	1,981	319,181	315,333	3,848
Improvement of Instructional Staff						
Salaries of Supervisors of Instruction	11-000-221-102	43,570	5,630	49,200	49,200	-
Salaries of Secretarial & Clerical Assistants	11-000-221-105	22,000	4,801	26,801	26,800	1
Purchased Professional & Educational Services	11-000-221-320	20,000	3,500	23,500	23,500	-
Other Purchased Professional & Technical Services	11-000-221-390	9,200	2,565	11,765	11,765	-
Total Instructional Staff Training		94,770	16,496	111,266	111,265	1
Educational Media Services/School Library:						
Salaries	11-000-222-100	83,744	(16,759)	66,985	61,678	5,307
Salaries - Aides	11-000-222-106	-	19,259	19,259	16,885	2,374
Purchased Professional & Technical Services	11-000-222-300	3,000	-	3,000	2,380	620
Supplies and Materials	11-000-222-610	48,500	(11,550)	36,950	20,089	16,861
Other Objects	11-000-222-890	-	10,000	10,000	-	10,000
Total Educational Media Services/School Library		135,244	950	136,194	101,032	35,162
Instructional Staff Training:						
Salaries of Supervisors of Instruction	11-000-223-102	56,570	5,880	62,450	62,380	70
Other Objects	11-000-223-800	60,600	1,000	61,600	53,567	8,033
Total Instructional Staff Training		117,170	6,880	124,050	115,947	8,103
Support Services General Administration:						
Salaries	11-000-230-100	210,231	1,618	211,849	211,542	307
Benefits - Social Security Contributions	11-000-230-220	4,559	-	4,559	4,559	-
Benefits - PERS Employer Contribution	11-000-230-241	7,151	(695)	6,456	6,456	-
Benefits - Workers Comp	11-000-230-260	836	-	836	836	-
Benefits - Health Benefits	11-000-230-270	18,160	(770)	17,390	17,390	-
Benefits -Other Empl Benefits	11-000-230-290	3,250	-	3,250	2,094	1,156
Legal Services	11-000-230-331	40,000	11,738	51,738	51,210	528
Audit Fees	11-000-230-332	20,000	1,175	21,175	21,175	-
Architectural/Engineering Services	11-000-230-334	2,500	(2,500)	-	-	-
Communications/Telephone	11-000-230-530	33,300	(670)	32,630	22,212	10,418
Other Purchased Services	11-000-230-590	16,065	(200)	15,865	15,482	383
General Supplies	11-000-230-610	5,000	(4,275)	725	437	288
Miscellaneous Expenditures	11-000-230-890	20,000	2,011	22,011	20,834	1,177
BOE Membership Dues & Fees	11-000-230-895	6,500	-	6,500	6,433	67
Total Support Services General Administration		387,552	7,432	394,984	380,660	14,324
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	350,572	(18,291)	332,281	332,238	43
Salaries of Secretarial & Clerical Assistants	11-000-240-105	73,836	5,517	79,353	78,841	512
Benefits - Social Security Contributions	11-000-240-220	6,986	-	6,986	6,986	-
Benefits - PERS Employer Contribution	11-000-240-241	10,958	(569)	10,389	10,389	-
Benefits - Workers Comp	11-000-240-260	2,090	-	2,090	2,090	-
Benefits - Health Benefits	11-000-240-270	66,039	37,810	103,849	103,845	4
Benefits - Other Employee Benefits	11-000-240-290	25,890	-	25,890	25,872	18
Purchased Professional & Technical Services	11-000-240-300	7,500	-	7,500	6,578	922
Other Purchased Services	11-000-240-580	1,200	-	1,200	772	428
Supplies and Materials	11-000-240-610	11,000	436	11,436	7,083	4,353
Other Objects	11-000-240-800	5,000	520	5,520	5,520	-
Total Support Services School Administration		561,071	25,423	586,494	580,214	6,280
Central Services:						
Salaries	11-000-251-100	231,784	(94,406)	137,378	137,378	-
Salaries - Staff	11-000-251-105	-	96,680	96,680	96,679	1
Benefits - Social Security Contributions	11-000-251-220	7,324	-	7,324	7,324	-

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2016

	ACCOUNT NUMBERS	JUNE 30, 2016				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Benefits - PERS Employer Contribution	11-000-251-241	11,489	(1,116)	10,373	10,373	-
Benefits - Workers Comp	11-000-251-260	1,254	-	1,254	1,254	-
Benefits - Health Benefits	11-000-251-270	60,344	153	60,497	60,497	-
Purchased Professional Services	11-000-251-330	9,000	-	9,000	8,774	226
Supplies and Materials	11-000-251-610	5,800	(60)	5,740	4,677	1,063
Miscellaneous Expenditures	11-000-251-800	2,600	60	2,660	2,652	8
Total Central Services		329,595	1,311	330,906	329,608	1,298
Administrative Information Technology:						
Technology - Software - Website	11-000-252-320	-	4,915	4,915	4,915	-
Purchased Professional Services	11-000-252-330	100,000	-	100,000	97,120	2,880
Purchased Technical Services	11-000-252-340	3,000	(3,000)	-	-	-
Total Administrative Information Technology		103,000	1,915	104,915	102,035	2,880
Allowable Maintenance for School Facilities						
Cleaning, Repair & Maintenance Services	11-000-261-420	220,000	(63,280)	156,720	147,827	8,893
Supplies	11-000-261-610	15,700	(3,000)	12,700	3,848	8,852
Total Allowable Maintenance for School Facilities:		235,700	(66,280)	169,420	151,675	17,745
Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	518,095	(7,838)	510,257	501,734	8,523
Services	11-000-262-300	-	11,900	11,900	7,609	4,291
Cleaning, Repair & Maintenance Services	11-000-262-420	30,000	13,183	43,183	35,494	7,689
Other Purchased Property Services	11-000-262-490	30,000	6,100	36,100	35,392	708
Insurance	11-000-262-520	26,000	720	26,720	26,720	-
General Supplies	11-000-262-610	70,000	(2,775)	67,225	62,045	5,180
Energy (Natural Gas)	11-000-262-621	80,000	(15,000)	65,000	41,225	23,775
Energy (Electricity)	11-000-262-622	155,000	70,000	225,000	216,819	8,181
Other Objects	11-000-262-800	1,000	-	1,000	825	175
Total Operation & Maintenance of Plant Services		910,095	76,290	986,385	927,863	58,522
Student Transportation Services:						
Contracted Services - (Aid in Lieu of Payments)	11-000-270-503	13,260	(1,750)	11,510	10,765	745
Contracted Services (Between Home & School) - Vendors	11-000-270-511	335,000	7,900	342,900	342,875	25
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	24,228	6,000	30,228	27,420	2,808
Contracted Services (Special Education Students) - Joint Agreement	11-000-270-513	17,900	4,000	21,900	21,386	514
Contracted Services - (Jointures Special Education)	11-000-270-515	218,895	1,450	220,345	220,313	32
Other Objects	11-000-270-890	3,500	50	3,550	3,550	-
Total Student Transportation Services		612,783	17,650	630,433	626,309	4,124
Unallocated Benefits - Employee Benefits:						
Other Retirement Contributions-PERS	11-000-291-241	-	1,176	1,176	-	1,176
Health Benefits	11-000-291-270	-	-	-	-	-
Total Unallocated Benefits - Employee Benefits		-	1,176	1,176	-	1,176
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	455,402	(455,402)
On-Behalf Post Retirement Medical Contributions		-	-	-	542,258	(542,258)
Reimbursed TPAF Social Security Contributions		-	-	-	419,594	(419,594)
Total Undistributed Expenditures		5,203,474	97,069	5,300,543	6,517,124	(1,216,581)
Total Expenditures - Current Expense		12,752,869	22,771	12,775,640	13,683,464	(907,824)
Capital Outlay:						
Interest to Capital Reserve	10-606	25	-	25	-	25
Equipment:						
Other Purchased Property Services	12-000-260-730	-	105,133	105,133	105,128	5
Required Maintenance for School Facilities	12-000-261-730	78,000	(78,000)	-	-	-
Total Equipment		78,000	27,133	105,133	105,128	5
Facilities Acquisition & Construction Services:						
Purchased Professional Services	12-000-400-320	-	2,883	2,883	972	1,911
Legal Services	12-000-400-331	-	1,965	1,965	286	1,679
Architectural/Engineering Services	12-000-400-334	-	-	-	-	-
Construction Services	12-000-400-450	-	50,000	50,000	45,000	5,000

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Other Purchased Professional & Tech Services	12-000-400-390	-	-	-	-	-
Assessment of Debt Service on SDA Funding	12-000-400-896	23,805	-	23,805	23,805	-
Total Facilities Acquisition & Construction Services		23,805	54,848	78,653	70,063	8,590
Interest Deposit to Capital Reserve	10-604	900	-	900	-	900
Total Capital Outlay		102,730	81,981	184,711	175,191	9,520
Total Expenditures		12,855,599	104,752	12,960,351	13,858,655	(898,304)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(75,000)	(104,752)	(179,752)	431,472	611,224
Fund Balances, July 1		1,194,097	-	1,194,097	1,194,097	-
Fund Balances, June 30		<u>\$ 1,119,097</u>	<u>\$ (104,752)</u>	<u>\$ 1,014,345</u>	<u>\$ 1,625,569</u>	<u>\$ 611,224</u>

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 107,347
Cancellation of Prior Year Encumbrance	<u>(2,595)</u>
Total	<u><u>\$ 104,752</u></u>

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Capital Reserve	\$ 788,651
Emergency Reserve	1
Maintenance Reserve	18,644
Excess Surplus	221,333
Reserved Excess Surplus Designated for Subsequent Year's Expenditures	195,426
Committed Fund Balance:	
Year-end Encumbrances	35,575
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	4,063
Unassigned Fund Balance	<u>361,876</u>
Subtotal	1,625,569
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(168,107)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 1,457,462</u></u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Local Sources	\$ -	\$ 12,003	\$ 12,003	\$ 10,891	\$ (1,112)
Federal Sources	305,638	29,496	335,134	337,202	2,068
Total Revenues	305,638	41,499	347,137	348,093	956
EXPENDITURES:					
Instruction:					
Salaries of Teachers	77,508	9,047	86,555	86,555	-
Tuition	207,978	6,677	214,655	214,655	-
General Supplies	-	18,063	18,063	19,019	(956)
Miscellaneous	-	7,400	7,400	7,400	-
Total Instruction	285,486	41,187	326,673	327,629	(956)
Support Services:					
Personal Services - Employee Benefits	20,152	312	20,464	20,464	-
Total Support Services	20,152	312	20,464	20,464	-
Total Expenditures	305,638	41,499	347,137	348,093	(956)
Total Outflows	305,638	41,499	347,137	348,093	(956)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2016**

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

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue' From the Budgetary Comparison Schedule (C-Series)	\$ 14,290,127	\$ 348,093
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	154,567	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(168,107)	-
Total Revenues as Reported on the Statement of Revenues Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 14,276,587	\$ 348,093
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 13,858,655	\$ 348,093
Total Expenditures as Reported on the Statement of Revenues Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 13,858,655	\$ 348,093

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.01406%	0.01366%	0.01333%
District's proportionate share of the net pension liability (asset)	\$ 3,155,841	\$ 2,557,410	\$ 2,546,947
District's covered-employee payroll	\$ 1,005,656	\$ 960,517	\$ 964,241
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	313.81%	266.25%	264.14%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 120,865	\$ 120,865	112,606
Contributions in relation to the contractually required contribution	<u>120,865</u>	<u>120,865</u>	<u>112,606</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,005,656	\$ 960,517	964,241
Contributions as a percentage of covered- employee payroll	12.02%	12.58%	11.68%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT'S
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.05753%	0.09639%	0.09170%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 36,359,168	\$ 31,641,997	\$ 29,673,065
District's covered-employee payroll	\$ 5,815,216	\$ 5,748,143	\$ 5,691,902
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68) –
CHANGE OF BENEFIT TERMS AND ASSUMPTIONS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR FISCAL YEAR ENDED JUNE 30, 2016**

	NO CHILD LEFT BEHIND		
	TITLE I	TITLE II - PART A	I.D.E.A. PART B BASIC
Revenues:			
Federal Sources	\$ 96,124	\$ 26,423	\$ 202,039
Local Sources	-	-	-
Total Revenues	\$ 96,124	\$ 26,423	\$ 202,039
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 65,584	\$ 20,971	-
Tuition	-	-	202,039
General Supplies	8,128	-	-
Miscellaneous	7,400	-	-
Total Instruction	81,112	20,971	202,039
Support Services:			
Employee Benefits	15,012	5,452	-
Total Support Services	15,012	5,452	-
Total Expenditures	\$ 96,124	\$ 26,423	\$ 202,039

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	I.D.E.A. PRESCHOOL PROGRAM	STAR FOUNDATION	TOTALS
Revenues:			
Federal Sources	\$ 12,616	\$ -	\$ 337,202
Local Sources	-	10,891	10,891
Total Revenues	\$ 12,616	\$ 10,891	\$ 348,093
Expenditures:			
Instruction:			
Salaries of Teachers	\$ -	\$ -	\$ 86,555
Tuition	12,616	-	214,655
General Supplies	-	10,891	19,019
Miscellaneous	-	-	7,400
Total Instruction	12,616	10,891	327,629
Support Services:			
Employee Benefits	-	-	20,464
Total Support Services	-	-	20,464
Total Expenditures	\$ 12,616	\$ 10,891	\$ 348,093

F. Capital Projects Fund

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2016**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		TRANSFER TO DEBT SERVICE	REDUCTION OF PROJECT	UNEXPENDED BALANCE JUNE 30, 2016
			PRIOR YEARS	CURRENT YEAR			
Completion of Various Improvements & Renovations at School No. 2	6/01/03	\$ 3,529,149	\$ 3,240,421	\$ -	\$ 1,965	\$ -	\$ 286,763
Completion of Roof Replacement at School No. 1	1/6/2014	673,517	35,845	133,725	-	(104,110)	399,837
Addition of Air Conditioning at School No. 1	1/6/2014	2,030,000	305,279	1,678,065	-	-	46,656
Addition of Air Conditioning at School No. 2	2/24/2014	2,505,000	45,625	2,079,432	-	-	379,943
Addition of Air Conditioning at School No. 3	2/27/2014	3,000,000	47,297	1,211,407	-	-	1,741,296
Completion of Security Enhancements at School No. 3	2/24/2014	46,588	13,079	3,629	-	-	29,880
Completion of Intruder Doors at School No. 2	2/24/2014	131,763	-	24,567	-	-	107,196
Total		<u>\$ 11,916,017</u>	<u>\$ 3,687,546</u>	<u>\$ 5,130,825</u>	<u>\$ 1,965</u>	<u>\$ (104,110)</u>	<u>\$ 2,991,571</u>

Reconciliation - Unexpended Capital Project
Balances to Fund Balance - June 30, 2016:

Unexpended Project Balances June 30, 2016	<u>\$ 2,991,571</u>
Less:	
Unrecognized Capital Outlay Funds	<u>(65,736)</u>
Total Fund Balance (Budgetary Basis) - June 30, 2016	<u>\$ 2,925,835</u>
Less:	
Unexpended State Aid - ROD Grants	<u>(1,123,566)</u>
Total Fund Balance (GAAP Basis) - June 30, 2016	<u>\$ 1,802,269</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

Revenues:	
State Sources - SDA Grant	3,175,896
Bond Proceeds & Transfers	28,196
Interest Earnings	2
	<hr/>
Total Revenues	3,204,094
	<hr/>
Expenditures:	
Purchased Professional & Technical	
Technical Services	481,632
Construction Services	4,649,193
Transfer to Debt Service	1,967
	<hr/>
Total Expenditures	5,132,792
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(1,928,698)
	<hr/>
Fund Balance - Beginning	\$ 4,854,533
	<hr/>
Fund Balance - Ending	\$ 2,925,835
	<hr/> <hr/>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
SOUTHAMPTON - SCHOOL #2 RENOVATIONS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 1,780,559	\$ -	\$ 1,780,559	\$ 1,780,559
Bond Proceeds & Transfers	2,325,342	-	2,325,342	2,325,342
Total Revenues	4,105,901	-	4,105,901	4,105,901
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Technical Services	573,877	-	573,877	573,877
Land & Improvements	2,599,184	-	2,599,184	2,887,912
Equipment Purchases	67,360	-	67,360	67,360
Total Expenditures	3,240,421	-	3,240,421	3,529,149
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	865,480	-	865,480	576,752
Other Financing Sources/(Uses):				
Transfer to Debt Service	-	(1,965)	(1,965)	-
Cancellation of Prior Year Receivable	(576,752)	-	(576,752)	(576,752)
Total Other Financing Sources/Uses	(576,752)	(1,965)	(578,717)	(576,752)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	<u>\$ 288,728</u>	<u>\$ (1,965)</u>	<u>\$ 286,763</u>	<u>\$ -</u>

ADDITIONAL PROJECT INFORMATION

Project Number	4930-060-02-1103
Grant Date	October 30, 2002
Grant Award	\$ 1,780,559
Bond Authorization Date	May 15, 2003
Bonds Authorized	\$ 2,629,469
Bonds Issued	\$ 2,629,469
Original Authorized Cost	\$ 4,382,449
Reduced Authorized Cost	\$ (276,548)
Revised Authorized Cost	\$ 4,105,901
Percentage Increase Over Original Authorized Cost	-6.31%
Percentage Completion	79%
Original Target Completion Date	September 1, 2004
Revised Target Completion Date	1-Sep-07

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
SOUTHAMPTON - SCHOOL #1 ROOF REPLACEMENT
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	ADJUSTMENT	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:					
State Sources - SDA Grant	14,338	255,069	-	269,407	\$ 269,407
Bond Proceeds & Transfers	300,000	-	-	300,000	300,000
Total Revenues	314,338	255,069	-	569,407	569,407
Expenditures & Other Financing Uses:					
Purchased Professional & Technical		16,566	35,845	52,411	63,725
Construction Services	35,845	117,159	(35,845)	117,159	505,682
Total Expenditures	35,845	133,725	-	169,570	569,407
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	278,493	121,344	-	399,837	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ 278,493	\$ 121,344	\$ -	\$ 399,837	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	4930-050-13-1001
Grant Date	January 6, 2014
Grant Award	\$ 269,407
Bond Authorization Date	n/a
Bonds Authorized	n/a
Bonds Issued	n/a
Original Authorized Cost	\$ 673,517
Additional Authorized Cost	(104,110)
Revised Authorized Cost	\$ 569,407
Percentage Increase Over Original Authorized Cost	-15.46%
Percentage Completion	29.78%
Original Target Completion Date	September 30, 2016
Revised Target Completion Date	September 30, 2016

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
SOUTHAMPTON - SCHOOL #1 ADDITION OF AIR CONDITIONING
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 122,112	\$ 689,888	\$ 812,000	\$ 812,000
Bond Proceeds & Transfers	1,218,000	-	1,218,000	1,218,000
Total Revenues	1,340,112	689,888	2,030,000	2,030,000
Expenditures & Other Financing Uses:				
Legal Services	18,962	-	18,962	18,962
Purchased Professional & Technical Technical Services	161,196	44,059	205,255	205,255
Construction Services	125,121	1,634,006	1,759,127	1,805,783
Total Expenditures	305,279	1,678,065	1,983,344	2,030,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	1,034,833	(988,177)	46,656	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ 1,034,833	\$ (988,177)	\$ 46,656	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	4930-050-13-1002
Grant Date	January 6, 2014
Grant Award	\$ 812,000
Bond Authorization Date	9/1/14
Bonds Authorized	\$ 1,218,000
Bonds Issued	\$ 1,218,000
Original Authorized Cost	\$ 2,030,000
Additional Authorized Cost	0
Revised Authorized Cost	\$ 2,030,000
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	97.70%
Original Target Completion Date	September 30, 2016
Revised Target Completion Date	September 30, 2016

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
SOUTHAMPTON - SCHOOL #2 ADDITION OF AIR CONDITIONING
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 18,250	\$ 983,750	\$ 1,002,000	\$ 1,002,000
Bond Proceeds & Transfers	1,503,000	-	1,503,000	1,503,000
Total Revenues	1,521,250	983,750	2,505,000	2,505,000
Expenditures & Other Financing Uses:				
Legal Services	18,972	-	18,972	18,972
Purchased Professional & Technical Technical Services	26,653	191,821	218,474	218,474
Construction Services	-	1,887,611	1,887,611	2,267,554
Total Expenditures	45,625	2,079,432	2,125,057	2,505,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	1,475,625	(1,095,682)	379,943	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ 1,475,625	\$ (1,095,682)	\$ 379,943	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	4930-060-13-2003
Grant Date	February 24, 2014
Grant Award	\$ 1,002,000
Bond Authorization Date	9/1/14
Bonds Authorized	\$ 1,503,000
Bonds Issued	\$ 1,503,000
Original Authorized Cost	\$ 2,505,000
Additional Authorized Cost	0
Revised Authorized Cost	\$ 2,505,000
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	84.83%
Original Target Completion Date	September 30, 2016
Revised Target Completion Date	September 30, 2016

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
SOUTHAMPTON - SCHOOL #3 ADDITION OF AIR CONDITIONING
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 18,919	\$ 1,181,081	\$ 1,200,000	\$ 1,200,000
Bond Proceeds & Transfers	1,800,000	-	1,800,000	1,800,000
Total Revenues	1,818,919	1,181,081	3,000,000	3,000,000
Expenditures & Other Financing Uses:				
Legal Services	18,972	-	18,972	18,972
Purchased Professional & Technical Technical Services	28,325	229,186	257,511	257,511
Construction Services	-	982,221	982,221	2,723,517
Total Expenditures	47,297	1,211,407	1,258,704	3,000,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	1,771,622	(30,326)	1,741,296	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ 1,771,622	\$ (30,326)	\$ 1,741,296	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	4930-070-13-2007
Grant Date	February 27, 2014
Grant Award	\$ 1,200,000
Bond Authorization Date	9/1/14
Bonds Authorized	\$ 1,800,000
Bonds Issued	\$ 1,800,000
Original Authorized Cost	\$ 3,000,000
Additional Authorized Cost	0
Revised Authorized Cost	\$ 3,000,000
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	41.96%
Original Target Completion Date	September 30, 2016
Revised Target Completion Date	September 30, 2016

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
SOUTHAMPTON - SCHOOL #3 SECURITY ENHANCEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 5,232	\$ 13,403	\$ 18,635	\$ 18,635
Bond Proceeds & Transfers	13,079	3,629	16,708	27,953
Total Revenues	18,311	17,032	35,343	46,588
Expenditures & Other Financing Uses:				
Construction Services	13,079	3,629	16,708	46,588
Total Expenditures	13,079	3,629	16,708	46,588
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	5,232	13,403	18,635	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ 5,232	\$ 13,403	\$ 18,635	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	4930-070-13-2006
Grant Date	February 24, 2014
Grant Award	\$ 18,635
Bond Authorization Date	n/a
Bonds Authorized	n/a
Bonds Issued	n/a
Original Authorized Cost	\$ 46,588
Additional Authorized Cost	0
Revised Authorized Cost	\$ 46,588
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	35.86%
Original Target Completion Date	September 30, 2015
Revised Target Completion Date	September 30, 2016

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
SOUTHAMPTON - SCHOOL #2 INTRUDER DOORS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ -	\$ 52,705	\$ 52,705	\$ 52,705
Bond Proceeds & Transfers	-	24,567	24,567	79,058
Total Revenues	-	77,272	77,272	131,763
Expenditures & Other Financing Uses:				
Construction Services	-	24,567	24,567	131,763
Total Expenditures	-	24,567	24,567	131,763
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	-	52,705	52,705	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ 52,705	\$ 52,705	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	4930-070-13-2005
Grant Date	February 24, 2014
Grant Award	\$ 52,705
Bond Authorization Date	n/a
Bonds Authorized	n/a
Bonds Issued	n/a
Original Authorized Cost	\$ 131,763
Additional Authorized Cost	0
Revised Authorized Cost	\$ 131,763
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	18.64%
Original Target Completion Date	September 30, 2015
Revised Target Completion Date	September 30, 2016

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G. Proprietary Funds

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS <hr/> FOOD SERVICE
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 24,595
Accounts Receivable	
State	378
Federal	13,916
Inventories	<u>7,888</u>
Total Current Assets	<u>46,777</u>
Capital Assets:	
Equipment	172,992
Less: Accumulated Depreciation	<u>(56,958)</u>
Total Capital Assets	<u>116,034</u>
Total Assets	<u>162,811</u>
LIABILITIES	
Interfund Payable	7,100
Unearned Revenue	4,793
Accounts Payable	<u>33,143</u>
Total Liabilities	<u>45,036</u>
NET POSITION	
Net Investment in Capital Assets	116,034
Unrestricted	<u>1,741</u>
Total Net Position	<u><u>\$ 117,775</u></u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
	FOOD SERVICE
Operating Revenues:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 93,601
Daily Sales - Nonreimbursable Programs	49,481
	143,082
Total Operating Revenue	143,082
Operating Expenses:	
Salaries	119,073
Employee Benefits	3,966
Management Fee	19,695
Insurance	5,033
Repairs & Miscellaneous Expenses	791
Supplies and Materials	7,448
Cost of Sales	100,145
Depreciation	3,001
	259,152
Total Operating Expenses	259,152
Operating Income/(Loss)	(116,070)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,420
Federal Sources:	
National School Lunch Program	73,692
National School Breakfast Program	12,635
Special Milk Program	498
Food Distribution Program	24,427
	113,672
Total Nonoperating Revenues/ (Expenses)	113,672
Change in Net Position	(2,398)
Total Net Position - Beginning	120,173
Total Net Position - Ending	\$ 117,775

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT G-3

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS <hr/> FOOD SERVICE <hr/>
Cash Flows From Operating Activities	
Receipts from Customers	\$ 146,720
Payments to Employees	(119,073)
Payments for Employee Benefits	(3,966)
Payments to Suppliers	(106,602)
	<hr/>
Net Cash Provided/(Used) by Operating Activities	(82,921)
	<hr/>
Cash Flows From Noncapital Financing Activities	
State Sources	2,042
Federal Sources	97,336
	<hr/>
Net Cash Provided/(Used) by Noncapital Financing Activities	99,378
	<hr/>
Net Increase/(Decrease) in Cash & Cash Equivalents	16,457
Balances - Beginning of Year	8,138
	<hr/>
Balances - End of Year	<u><u>\$ 24,595</u></u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$ (116,070)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities	
Depreciation & Net Amortization	3,001
Increase/(Decrease) in Unearned Revenue	3,638
(Decrease)/Increase in Accounts Payable	29,901
(Increase)/Decrease in Inventories	(3,391)
	<hr/>
Total Adjustments	33,149
	<hr/>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (82,921)</u></u>

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H. Fiduciary Fund

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016**

	PRIVATE PURPOSE		AGENCY		2016
	SCHOLARSHIP ACCOUNT	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY	PAYROLL	
ASSETS					
Cash & Cash Equivalents	\$ 4,240	\$ 114,939	\$ 6,926	\$ 13,551	\$ 139,656
Interfund Receivable	-	-	-	-	-
Total Assets	4,240	114,939	6,926	13,551	139,656
LIABILITIES					
Payroll Deductions & Withholdings	-	-	-	11,343	11,343
Due to Student Groups	-	-	6,926	-	6,926
Accounts Payable	-	2,697	-	-	2,697
Interfund Payable	-	-	-	2,208	2,208
Total Liabilities	-	2,697	6,926	13,551	23,174
NET POSITION:					
Restricted	4,240	-	-	-	4,240
Held in Trust for Unemployment Claims & Other Purposes	-	112,242	-	-	112,242
Total Net Position	\$ 4,240	\$ 112,242	\$ -	\$ -	\$ 116,482

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016**

	PRIVATE PURPOSE		2016
	SCHOLARSHIP ACCOUNT	UNEMPLOYMENT COMPENSATION TRUST	
ADDITIONS			
Contributions:			
Other	\$ -	\$ 13,743	\$ 13,743
Total Contributions	-	13,743	13,743
Investment Earnings:			
Interest	3	84	87
Net Investment Earnings	3	84	87
Total Additions	3	13,827	13,830
DEDUCTIONS			
Unemployment Claims	-	17,247	17,247
Miscellaneous	455	-	455
Total Deductions	455	17,247	17,702
Change in Net Position	(452)	(3,420)	(3,872)
Net Position - Beginning of the Year	4,692	115,662	120,354
Net Position - End of the Year	\$ 4,240	\$ 112,242	\$ 116,482

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BALANCE JULY 1, 2015	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2016
Kindergarten through Eighth Grades	\$ 7,540	\$ 9,570	\$ 10,184	\$ 6,926
Total All Activity	\$ 7,540	\$ 9,570	\$ 10,184	\$ 6,926

**PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR FISCAL YEAR ENDED JUNE 30, 2016**

	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
ASSETS				
Cash & Cash Equivalents	\$ 9,484	\$ 8,662,742	\$ 8,658,675	\$ 13,551
Total Assets.	\$ 9,484	\$ 8,662,742	\$ 8,658,675	\$ 13,551
LIABILITIES				
Payroll Deductions & Withholdings	\$ 7,276	\$ 3,800,269	\$ 3,796,202	\$ 11,343
Interfund Payable	2,208	4,862,473	4,862,473	2,208
Total Liabilities	\$ 9,484	\$ 8,662,742	\$ 8,658,675	\$ 13,551

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I. Long-Term Debt

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF SERIAL BONDS
JUNE 30, 2016**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	AMOUNT	INTEREST RATE	BALANCE JUNE 30, 2015	ISSUED	RETIRED	BALANCE JUNE 30, 2016
School Refunding Bond, Series 2014	06/01/14	2,625,000	06/01/17	460,000	3.000%	\$ 1,815,000	\$ -	\$ 430,000	\$ 1,385,000
			06/01/18	465,000	2.500%				
			06/01/19	460,000	2.000%				
School Bond, Series 2014	09/01/14	4,521,000	09/01/16	300,000	2.125%	4,521,000	-	276,000	4,245,000
			09/01/17	325,000	2.125%				
			09/01/18	350,000	2.125%				
			09/01/19	550,000	2.125%				
			09/01/20	550,000	2.125%				
			09/01/21	550,000	2.125%				
			09/01/22	550,000	2.125%				
		09/01/23	550,000	2.250%					
		09/01/24	520,000	2.250%					
Total						\$ 6,336,000	\$ -	\$ 706,000	\$ 5,630,000

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	JUNE 30, 2016			ACTUAL (GAAP BASIS)	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Revenues:					
Local Sources:					
Local Tax Levy	\$ 849,598	\$ -	\$ 849,598	\$ 849,598	\$ -
Total Revenues	849,598	-	849,598	849,598	-
Expenditures:					
Regular Debt Service:					
Interest	160,700	-	160,700	160,699	1
Redemption of Principal	706,000	-	706,000	706,000	-
Total Expenditures	866,700	-	866,700	866,699	1
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(17,102)	-	(17,102)	(17,101)	1
Other Financing Sources (Uses):					
Transfer from Capital Projects	-	-	-	1,967	1,967
Total Other Financing Sources (Uses)	-	-	-	1,967	1,967
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(17,102)	-	(17,102)	(15,134)	1,968
Fund Balance, July 1	17,102	-	17,102	17,102	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 1,968	\$ 1,968

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF COMPENSATED ABSENCES
JUNE 30, 2016**

	OUTSTANDING BALANCE 2015		ADDITIONS		REDUCTIONS		OUTSTANDING BALANCE 2016
Compensated Absences	\$ 368,824	\$	68,173	\$	55,841	\$	381,156

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STATISTICAL SECTION (Unaudited)

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FINANCIAL TRENDS/INFORMATION SCHEDULES

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SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net Investment in Capital Assets	\$ 15,711,126	\$ 15,099,474	\$ 14,423,126	\$ 14,074,244	\$ 13,708,862	\$ 13,394,708	\$ 13,010,129	\$ 12,796,231	\$ 12,317,284	\$ 11,819,167
Restricted	2,979,745	795,156	970,688	1,392,967	931,002	614,560	656,688	904,768	555,588	862,915
Unrestricted	(2,832,869)	(2,778,573)	(223,116)	(337,142)	(14,959)	60,880	(218,809)	(747,876)	(248,510)	(498,241)
Total Governmental Activities	\$ 15,858,002	\$ 13,116,057	\$ 15,170,698	\$ 15,130,069	\$ 14,624,905	\$ 14,070,148	\$ 13,448,008	\$ 12,953,123	\$ 12,624,362	\$ 12,183,841
Business-Type Activities:										
Net Investment in Capital Assets	\$ 116,034	\$ 119,035	\$ 122,139	\$ 27,078	\$ 29,078	\$ 14,062	\$ 27,078	\$ -	\$ -	\$ -
Unrestricted	1,741	1,138	9,383	109,573	98,913	107,823	104,826	104,759	95,887	83,648
Total Business-Type Activities	\$ 117,775	\$ 120,173	\$ 131,522	\$ 136,651	\$ 127,991	\$ 121,885	\$ 131,904	\$ 104,759	\$ 95,887	\$ 83,648
Government-Wide:										
Net Investment in Capital Assets	\$ 15,827,160	\$ 15,218,509	\$ 14,545,265	\$ 14,101,322	\$ 13,737,940	\$ 13,408,770	\$ 13,037,207	\$ 12,796,231	\$ 12,317,284	\$ 11,819,167
Restricted	2,979,745	795,156	970,688	1,392,967	931,002	614,560	656,688	904,768	555,588	862,915
Unrestricted	(2,831,128)	(2,777,435)	(214,733)	(227,569)	83,954	168,703	(113,983)	(643,117)	(152,623)	(414,593)
Total District Net Position	\$ 15,975,777	\$ 13,236,230	\$ 15,301,220	\$ 15,266,720	\$ 14,752,896	\$ 14,192,033	\$ 13,579,912	\$ 13,057,882	\$ 12,720,249	\$ 12,267,489

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
Unaudited

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (5,607,800)	\$ (5,653,289)	\$ (3,877,885)	\$ (3,864,214)	\$ (3,931,818)	\$ (3,913,895)	\$ (3,853,066)	\$ (3,788,117)	\$ (3,779,713)	\$ (3,642,605)
Special Education	(1,280,612)	(1,238,381)	(1,312,127)	(1,272,287)	(1,258,510)	(1,153,052)	(1,380,195)	(1,360,493)	(1,222,760)	(1,154,406)
Other Special Education	(599,118)	(576,224)	(556,098)	(507,334)	(492,174)	(417,383)	(426,364)	(401,385)	(396,121)	(356,705)
Other Instruction	(6,439)	(10,647)	(7,965)	(10,364)	(9,258)	-	(19,007)	(4,200)	(18,575)	(17,117)
Support Services & Undistributed Costs:										
Instruction	(462,863)	(631,149)	(552,655)	(393,415)	(359,975)	(379,775)	(323,524)	(279,680)	(275,281)	(335,898)
Related Services	(408,989)	(380,124)	(321,808)	(293,904)	(270,435)	(239,514)	(247,321)	(238,735)	(209,533)	(227,412)
Health Services	(120,313)	(111,295)	(117,688)	(114,965)	(112,028)	(113,586)	(184,355)	(174,448)	(165,706)	(158,377)
Student & Instruction Related Services	(908,309)	(852,171)	(839,002)	(787,567)	(770,505)	(728,361)	(704,898)	(606,263)	(580,473)	(574,417)
Educational Media Services/School Library	(101,032)	(106,816)	(104,203)	(98,590)	(98,306)	(91,800)	(92,252)	(93,368)	(84,979)	(105,496)
School Administrative Services	(682,249)	(626,559)	(522,149)	(494,484)	(466,596)	(467,553)	(451,196)	(472,898)	(460,380)	(512,603)
Central Services	(329,608)	(321,377)	(238,955)	(235,230)	(237,517)	(226,022)	(246,750)	(221,872)	(215,551)	(201,800)
Other Administrative Services	(380,660)	(399,826)	(394,698)	(345,307)	(341,504)	(323,661)	(376,483)	(358,732)	(319,375)	(328,547)
Plant Operations & Maintenance	(1,079,538)	(1,031,091)	(1,242,042)	(991,561)	(857,184)	(917,225)	(855,623)	(964,501)	(924,582)	(896,595)
Pupil Transportation	(626,309)	(571,828)	(528,380)	(494,134)	(495,948)	(486,321)	(561,349)	(810,575)	(849,789)	(815,385)
Business and Other Support Services	-	-	(752)	(4,613)	(18,015)	(1,590)	(93,324)	(13,359)	(13,346)	(13,989)
Unallocated Benefits	(3,311,844)	(2,641,319)	(3,343,829)	(3,333,099)	(2,925,218)	(2,778,083)	(2,631,428)	(2,500,493)	(2,830,475)	(2,691,432)
Interest on Long-Term Debt	(174,045)	(114,093)	(141,803)	(149,824)	(178,514)	(218,838)	(231,073)	(261,051)	(290,309)	(319,097)
Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Increase in Compensated Absences - Unallocated	(12,332)	(1,467)	34,738	60,411	5,231	(22,777)	4,523	(23,817)	3,138	48,700
Unallocated Depreciation	(485,454)	(470,701)	(464,041)	(514,061)	(600,000)	(619,543)	(591,826)	(583,742)	(489,194)	(482,798)
Total Governmental Activities Expenses	(16,577,514)	(15,738,357)	(14,531,342)	(13,844,542)	(13,418,274)	(13,098,979)	(13,265,511)	(13,157,729)	(13,123,004)	(12,785,979)
Business-Type Activities:										
Food Service	(259,152)	(287,737)	(270,434)	(270,154)	(283,376)	(281,916)	(266,916)	(264,458)	(263,935)	(265,549)
Summer Recreation	-	-	-	-	-	(11,022)	(10,690)	(10,671)	(10,839)	(9,494)
Total Business-Type Activities Expense	(259,152)	(287,737)	(270,434)	(270,154)	(283,376)	(292,938)	(277,606)	(275,129)	(274,774)	(275,043)
Total District Expenses	<u>\$ (16,836,666)</u>	<u>\$ (16,026,094)</u>	<u>\$ (14,801,776)</u>	<u>\$ (14,114,696)</u>	<u>\$ (13,701,650)</u>	<u>\$ (13,391,917)</u>	<u>\$ (13,543,117)</u>	<u>\$ (13,432,858)</u>	<u>\$ (13,397,778)</u>	<u>\$ (13,061,022)</u>
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 3,530,000	\$ 2,913,068	\$ 373,563	\$ 386,319	\$ 376,193	\$ 400,421	\$ 545,022	\$ 476,520	\$ 489,942	\$ 403,182
Total Governmental Activities Program Revenues	<u>3,530,000</u>	<u>2,913,068</u>	<u>373,563</u>	<u>386,319</u>	<u>376,193</u>	<u>400,421</u>	<u>545,022</u>	<u>476,520</u>	<u>489,942</u>	<u>403,182</u>

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-Type Activities:										
Charges for Services:										
Food Service	143,082	170,091	160,612	174,639	181,133	191,308	198,094	205,575	210,214	207,783
Summer Recreation	-	-	-	-	-	10,150	10,520	12,005	10,455	9,488
Operating Grants & Contributions	113,672	107,289	104,534	103,694	108,349	91,621	84,291	65,856	62,715	54,746
Total Business Type Activities Program Revenues	256,754	277,380	265,146	278,333	278,333	289,482	293,079	292,905	283,436	283,384
Total District Program Revenues	\$ 3,786,754	\$ 3,190,448	\$ 638,709	\$ 664,652	\$ 654,526	\$ 689,903	\$ 838,101	\$ 769,425	\$ 773,378	\$ 686,566
Net (Expense)/Revenue:										
Governmental Activities	\$(13,047,514)	\$(12,825,289)	\$(14,157,779)	\$(13,458,223)	\$(13,042,081)	\$(12,698,558)	\$(12,720,489)	\$(12,681,209)	\$(12,633,062)	\$(12,382,797)
Business-Type Activities	(2,398)	(10,357)	(5,288)	8,179	(5,043)	(3,456)	15,473	17,776	8,662	8,341
Total Government-Wide Net Expense	\$ (13,049,912)	\$ (12,835,646)	\$ (14,163,067)	\$ (13,450,044)	\$ (13,047,124)	\$ (12,702,014)	\$ (12,705,016)	\$ (12,663,433)	\$ (12,624,400)	\$ (12,374,456)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 10,590,484	\$ 10,456,357	\$ 10,133,516	\$ 9,727,818	\$ 9,537,076	\$ 9,557,076	\$ 9,189,002	\$ 8,871,637	\$ 8,559,266	\$ 8,086,179
Taxes Levied for Debt Service	849,598	469,250	820,943	844,689	854,731	864,122	861,498	854,565	859,611	838,422
Unrestricted Grants & Contributions	4,268,021	2,301,525	3,204,263	3,340,948	3,138,373	2,757,995	3,088,269	3,192,716	3,520,833	3,369,845
Investment Earnings	-	1	7	14	24	24	24	1,546	26,290	45,692
Reduction of SCC Grant	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	81,356	90,462	58,115	49,918	66,634	84,399	76,581	89,506	108,482	175,666
Transfers	-	-	1,207	-	-	-	-	-	(899)	(12,624)
Cancellation of Prior Year Accounts Receivable	-	-	(30,583)	-	-	-	-	-	-	-
Cancellation of Current Year Accounts Payable	-	-	10,940	-	-	-	-	-	-	-
Total Governmental Activities	15,789,459	13,317,595	14,198,408	13,963,387	13,596,838	13,263,616	13,215,374	13,009,970	13,073,583	12,503,180
Business-Type Activities:										
Investment Earnings	-	8	366	481,000	-	885	801	565	2,730	2,785
Transfers	-	-	(1,207,000)	-	-	-	-	-	899	12,624
Total Business-Type Activities	8	8	(841)	481,000	885	885	801	565	3,629	15,409
Total Government-Wide	\$ 15,789,459	\$ 13,317,603	\$ 14,197,567	\$ 13,963,868	\$ 13,596,838	\$ 13,264,501	\$ 13,216,175	\$ 13,010,535	\$ 13,077,212	\$ 12,518,589
Change in Net Position:										
Governmental Activities	\$ 2,741,945	\$ 492,306	\$ 40,629	\$ 505,164	\$ 554,757	\$ 565,058	\$ 494,885	\$ 328,761	\$ 440,521	\$ 120,383
Business-Type Activities	(2,398)	(10,349)	(6,129)	8,660	(5,043)	(2,571)	16,274	18,341	12,291	23,750
Total District	\$ 2,739,547	\$ 481,957	\$ 34,500	\$ 513,824	\$ 549,714	\$ 562,487	\$ 511,159	\$ 347,102	\$ 452,812	\$ 144,133

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited**

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Restricted	\$ 1,224,055	\$ 827,722	\$ 957,878	\$ 778,676	\$ 1,302,469	\$ 1,009,751	\$ 868,551	\$ 1,014,082	\$ 574,388	\$ 805,588
Committed	35,575	107,347	34,131	173,025	-	-	-	-	-	-
Assigned	4,063	-	61,986	4,757	-	-	-	-	-	-
Unassigned	193,769	104,461	48,124	513,839	94,822	158,478	45,596	(370,197)	201,963	30,583
Total General Fund	\$ 1,457,462	\$ 1,039,530	\$ 1,102,119	\$ 1,470,297	\$ 1,397,291	\$ 1,168,229	\$ 914,147	\$ 643,885	\$ 776,351	\$ 836,171
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 814,737	\$ -
Restricted:									(948)	(948)
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Capital Projects Fund	1,802,269	4,854,533	288,728	264,362	264,362	264,362	261,149	261,149	94,356	1,309,648
Debt Service Fund	1,968	17,102	17,352.00	-	-	-	-	-	763	7,549
Total All Other Governmental Funds	\$ 1,804,237	\$ 4,871,635	\$ 306,080	\$ 264,362	\$ 264,362	\$ 264,362	\$ 261,149	\$ 261,149	\$ 908,908	\$ 1,316,249

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Tax Levy	\$ 11,440,082	\$ 10,925,607	\$ 10,954,459	\$ 10,572,507	\$ 10,391,807	\$ 10,421,198	\$ 10,050,500	\$ 9,726,202	\$ 9,418,877	\$ 8,924,601
Tuition Charges		3,000.00		1,000	2,000	1,000	2,000	26,333	2,000	1,600
Interest Earnings		1	1,404	3,611	7,997	1,958	1,539	2,223	32,357	53,129
Miscellaneous	81,356	87,462	56,718	45,321	56,661	81,465	73,066	62,496	100,415	166,629
State Sources	5,696,166	3,517,327	3,269,463	3,407,887	3,125,417	2,842,984	3,163,567	3,387,793	3,736,313	3,488,599
Federal Sources	337,202	305,638	308,363	319,380	389,149	315,432	469,724	281,443	274,462	284,428
Total Revenue	17,554,806	14,839,035	14,590,407	14,349,706	13,973,031	13,664,037	13,760,396	13,486,490	13,564,424	12,918,986
Expenditures:										
Instruction:										
Regular Instruction	5,607,800	5,653,289	3,877,885	3,864,214	3,931,818	3,913,895	3,853,066	3,788,117	3,779,713	3,642,605
Special Education Instruction	1,280,612	1,238,381	1,312,127	1,272,287	1,258,510	1,153,052	1,380,195	1,360,493	1,222,760	1,154,406
Other Special Instruction	599,118	576,224	556,098	507,334	492,174	417,383	426,364	401,385	396,121	356,705
Other Instruction	6,439	10,647	7,965	10,364	9,258	-	19,007	4,200	18,575	17,117
Support Services:										
Instruction	462,863	631,149	552,655	393,415	359,975	379,775	323,524	279,680	275,281	335,898
Attendance and Health Services	148,987	119,922	142,881	129,098	119,378	120,936	184,605	174,698	165,736	172,815
School Administrative Services	1,389,656	1,330,484	1,239,820	1,165,928	1,131,896	1,052,325	1,044,221	938,116	874,955	892,887
General & Business	380,660	399,826	394,698	345,307	341,504	323,661	376,483	358,732	319,375	328,547
Administration Services	682,249	626,559	522,149	494,484	466,596	467,553	451,196	472,898	460,380	512,603
Plant Operations & Maintenance	1,079,538	1,031,091	1,242,042	991,561	857,184	917,225	855,623	964,501	924,582	896,595
Pupil Transportation	626,309	571,828	528,380	494,134	495,948	486,321	561,349	810,575	849,789	815,385
Other Support Services	-	-	752	4,613	18,015	1,590	93,324	13,359	13,346	13,989
Central Services	329,608	321,377	238,955	235,230	237,517	226,022	246,750	221,872	215,551	201,800
Employee Benefits	20,464	20,202	2,260,086	2,089,348	1,938,134	1,941,321	1,766,055	1,662,816	1,685,797	1,591,036
Nonbudget Expenditures	1,417,254	1,200,789	1,083,743	1,243,751	987,084	836,762	865,373	837,677	1,144,678	1,100,396
Capital Outlay	5,306,016	655,801	83,272	134,882	185,403	300,253	105,724	1,045,633	737,866	247,061
Debt Service:										
Principal	706,000	415,000	770,000	760,000	740,000	720,000	700,000	665,000	650,000	635,000
Interest & Other Charges	160,699	54,500	129,724	140,750	173,575	205,750	237,275	266,963	296,181	324,931
Total Expenditures	20,204,272	14,857,069	14,943,232	14,276,700	13,743,969	13,463,824	13,490,134	14,266,715	14,030,686	13,239,776

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,649,466)	(18,034)	(352,825)	73,006	229,062	200,213	270,262	(780,225)	(466,262)	(320,790)
Other Financing Sources/(Uses):										
Cancellation of Prior Year A/R	-	-	(30,583)	-	-	-	-	-	-	-
Cancellation of Current Year A/P	-	-	10,940	-	-	-	-	-	-	-
Reduction in SCC Grant	-	-	-	-	-	-	-	-	-	-
Increase in Capital Reserve	1,967	313,080	1,214	14	24	-	-	191,546	-	50,000
Transfers in	(1,967)	(313,080)	(7)	(14)	(24)	-	-	(191,546)	(899)	(12,624)
Transfers Out	-	4,521,000	2,712,294	-	-	-	-	-	-	-
Bond Proceeds	-	-	(2,667,493)	-	-	-	-	-	-	-
Deposit of Refunding Escrow	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/ (Uses)	-	4,521,000	26,365	-	-	-	-	-	(899)	37,376
Net Change in Fund Balances	\$ (2,649,466)	\$ 4,502,966	\$ (326,460)	\$ 73,006	\$ 229,062	\$ 200,213	\$ 270,262	\$ (780,225)	\$ (467,161)	\$ (283,414)
Debt Service as a Percentage of Noncapital Expenditures	5.82%	3.31%	6.05%	6.37%	6.74%	7.03%	7.00%	7.05%	7.12%	7.39%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

Unaudited

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION	MISCELLANEOUS	TOTAL
2016	\$ -	-	\$ 42,267	\$ 42,267
2015		3,000	72,449	75,449
2014	1,397		42,850	44,247
2013	16,713	1,000	21,327	39,040
2012	34,530	2,000	18,191	54,721
2011	26,511	1,000	89,323	116,834
2010	32,469	2,000	27,124	61,593
2009	27,162	26,333	17,569	71,064
2008	70,862	2,000	19,898	92,760
2007	132,166	1,600	25,183	158,949

Source: District records

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REVENUE CAPACITY INFORMATION

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

Unaudited

FISCAL YEAR ENDED DECEMBER 31,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2016	\$ 14,669,400	\$ 833,445,300	\$ 50,101,500	\$ 6,638,600	\$ 80,048,800	\$ 10,739,300	\$ 995,642,900	\$ 2,100,580	\$ 997,743,480	1.894	\$ 1,084,105,945
2015	14,303,000	834,646,800	50,823,800	6,814,200	79,209,300	9,611,500	995,408,600	2,243,724	997,652,324	1.825	1,074,955,292
2014	15,320,300	834,643,300	50,398,400	6,727,500	79,316,700	9,611,500	996,017,700	2,187,873	998,205,573	1.789	1,077,707,964
2013	15,867,500	833,580,300	53,635,900	6,801,400	81,491,700	9,611,500	1,000,988,300	2,653,045	1,003,641,345	1.736	1,108,681,108
2012	17,056,300	837,588,300	53,165,700	6,761,800	80,928,600	9,720,000	1,005,220,700	3,367,457	1,008,588,157	1.722	1,183,587,307
2011	11,861,800	645,005,000	39,767,400	6,926,200	50,416,900	6,803,600	760,780,900	2,077,816	762,858,716	2.296	1,265,858,403
2010	11,496,900	647,353,100	40,310,300	6,907,100	52,341,300	6,445,600	764,854,300	2,178,094	767,032,394	2.304	1,353,006,015
2009	11,627,600	646,829,500	40,967,900	7,017,700	50,939,100	6,445,600	763,827,400	2,109,840	765,937,240	2.233	1,382,787,323
2008	12,746,200	640,443,000	41,126,500	6,080,900	50,742,900	6,445,600	757,585,100	2,014,606	759,599,706	2.219	1,329,719,973
2007	15,006,300	627,973,000	41,478,800	6,083,400	48,950,300	6,760,600	746,254,400	2,087,130	748,341,530	2.198	1,246,249,833

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b. Tax rates are per \$100

Total Direct School Tax Rate is a combined total of Southampton Township Board of Education and Lenape Regional High School District as detailed in Exhibit J-7

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES**

LAST TEN FISCAL YEARS

(Rate per \$100 of Assessed Value)

Unaudited

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		OVERLAPPING RATES						TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOWNSHIP OF SOUTHAMPTON	TOWNSHIP OPEN SPACE	BURLINGTON COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE		
2016	1.162	0.732	0.394	0.020	0.366	0.034	0.044	2.752	
2015	1.128	0.697	0.373	0.020	0.369	0.035	0.043	2.665	
2014	1.096	0.693	0.349	0.020	0.363	0.034	0.016	2.571	
2013	1.070	0.666	0.330	0.020	0.369	0.034	0.017	2.506	
2012	1.050	0.672	0.311	0.020	0.364	0.036	0.047	2.500	
2011	1.364	0.932	0.406	0.020	0.513	0.049	0.067	3.351	
2010	1.342	0.962	0.371	0.020	0.548	0.052	0.071	3.366	
2009	1.297	0.936	0.365	0.020	0.560	0.054	0.072	3.304	
2008	1.267	0.952	0.350	0.020	0.559	0.052	0.070	3.270	
2007	1.236	0.962	0.316	0.020	0.583	0.055	0.067	3.239	

Source: Municipal Tax Collector

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS.
CURRENT YEAR AND NINE YEARS AGO**
Unaudited

		2016			2007		
TAXPAYER	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXPAYER	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Mobile Estates of Southampton	\$ 9,951,300	1	1.00%	Mobile Estates of Southampton	\$4,863,600	1	0.65%
Singh Real Estate Ent. Inc.	5,611,200	2	0.56%	Singh Real Estate Ent. Inc.	4,547,900	2	0.61%
ARA 1869, LLC	3,764,900	3	0.38%	Diamond M. Lumber	3,975,300	3	0.53%
Diamond M. Lumber	3,688,100	4	0.37%	D R Horton	3,388,700	4	0.45%
Wawa, Inc.	2,948,600	5	0.30%	Verizon - NJ	2,204,732	5	0.29%
Southampton Industrial Park, LLC	2,734,400	6	0.27%	RCC Properties, Inc	1,390,700	6	0.19%
Lion Self Storage	2,296,200	7	0.23%	SKG Partners, LLC	1,314,800	7	0.18%
Verizon - NJ	2,100,580	8	0.21%	Taxpayer #1	1,073,400	8	0.14%
RCC Properties, Inc.	1,975,300	9	0.20%	SKG Partners, LLC	1,061,600	9	0.14%
Taxpayer #1	1,955,800	10	0.20%	Vincentown Enterprises LLC	922,000	10	0.12%
Total	\$ 37,026,380		3.71%		\$ 24,742,732		3.31%

Source: Municipal Tax Assessor

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
Unaudited

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2016	\$ 26,643,975	\$ 26,295,017	98.69%	\$ 348,958
2015	25,704,402	25,182,435	97.97%	521,967
2014	25,166,915	24,702,473	98.15%	464,442
2013	25,243,041	24,687,919	97.80%	555,122
2012	25,628,056	25,155,714	98.16%	472,342
2011	25,851,279	25,297,238	97.86%	554,041
2010	25,373,366	24,813,294	97.79%	560,072
2009	24,993,965	24,554,597	98.24%	439,368
2008	24,585,081	24,120,245	98.11%	464,836
2007	23,176,446	22,630,674	97.65%	545,772

Source: Municipal Audit Reports

DEBT CAPACITY INFORMATION

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SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
Unaudited

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES <hr/> GENERAL OBLIGATION BONDS	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
2016	\$5,630,000	N/A	N/A
2015	6,336,000	N/A	613
2014	2,230,000	0.40%	215
2013	3,005,000	0.56%	289
2012	3,765,000	0.70%	361
2011	4,305,000	0.82%	412
2010	5,225,000	1.04%	499
2009	5,925,000	1.14%	545
2008	6,590,000	1.27%	606
2007	7,240,000	1.44%	665

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

a See Exhibit NJ J-13 for personal income and population data.

b Includes Early Retirement Incentive Plan (ERIP) refunding

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
Unaudited

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2016	\$5,630,000	-	5,630,000	0.56%	N/A
2015	6,336,000	-	6,336,000	0.64%	N/A
2014	2,230,000	-	2,230,000	0.22%	N/A
2013	3,005,000	-	3,005,000	0.39%	214.77
2012	3,765,000	-	3,765,000	0.49%	359.81
2011	4,505,000	-	4,505,000	0.59%	430.52
2010	5,225,000	-	5,225,000	0.68%	480.90
2009	5,925,000	-	5,925,000	0.78%	546.39
2008	6,590,000	-	6,590,000	0.87%	634.39
2007	7,240,000	-	7,240,000	0.97%	656.51

RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015
Unaudited

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Southampton Township	\$ 6,795,000	100.000%	\$ 6,795,000
Lenape Regional School District	60,835,000	6.440%	3,917,774
Local School District	5,630,000	100.000%	5,630,000
Burlington County	282,131,755	2.308%	<u>6,512,216</u>
Subtotal, Overlapping Debt			<u>22,854,990</u>
Total Direct & Overlapping Debt			<u><u>\$ 22,854,990</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**
*(Dollars in Thousands)
Unaudited*

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 32,613,444	\$ 33,776,228	\$ 35,671,727	\$ 38,024,517	\$ 39,485,844	\$ 39,289,758	\$ 36,730,655	\$ 34,318,132	\$ 31,094,120	
Total Net Debt Applicable to Limit	5,630,000	6,336,000	2,230,000	3,005,000	3,765,000	4,505,000	5,225,000	5,925,000	6,590,000	7,240,000
Legal Debt Margin	\$ 26,983,444	\$ 27,403,545	\$ 31,546,228	\$ 32,666,727	\$ 34,259,517	\$ 34,980,844	\$ 30,805,655	\$ 27,728,132	\$ 23,854,120	
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.26%	18.78%	6.60%	8.42%	9.90%	11.41%	13.30%	16.13%	19.20%	23.28%

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized Valuation Basis	
2015	1,074,955,292
2014	1,077,707,964
2013	1,108,681,108
	\$ 3,261,344,364
Average Equalized Valuation of Taxable Property	\$ 1,087,114,788
Debt Limit (3 % of Average Equalization Value)	\$ 32,613,444
Net Bonded School Debt	5,630,000
Legal Debt Margin	\$ 26,983,444

Source: Equalized valuation bases were obtained from the Burlington County Board of Taxation Abstract of Ratables

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DEMOGRAPHIC AND ECONOMIC STATISTICS

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
*Unaudited***

YEAR	POPULATION (a)	PERSONAL INCOME(b)	BURLINGTON COUNTY PER CAPITA	UNEMPLOYMENT RATE (d)
			PERSONAL INCOME (c)	
2016	N/A	N/A	N/A	N/A
2015	10,337	N/A	N/A	6.30%
2014	10,379	557,840,113	53,747	7.70%
2013	10,390	538,046,150	51,785	6.40%
2012	10,436	536,306,040	51,390	11.90%
2011	10,453	522,179,615	49,955	11.50%
2010	10,470	503,052,090	48,047	11.50%
2009	10,865	517,706,385	47,649	11.10%
2008	10,867	519,616,472	47,816	6.50%
2007	10,890	502,987,320	46,188	4.80%

Source:

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

^b Column (a) x Column (c)

^c Per Capita Bureau of Economic Analysis: Regional Economic Information System

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
*Unaudited***

	2016			2007		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT
Southampton Board of Education	123	1	78.85%	121	1	77.56%
Southampton Township	33	2	21.15%	35	2	22.44%
	156		100.00%	156		100.00%

Source: Township and Board of Education Officials

OPERATING INFORMATION

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEAR**

Unaudited

FUNCTION/PROGRAM	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:										
Regular	55	55	55	55	55	52	54	57	56	56
Special Education	23	23	23	23	23	25	25	25	31	28
Other Special Education	3	3	3	3	3	3	3	3	3	3
Support Services:										
Student & Instruction Related Services	19	19	16	16	16	13	13	15	13	13
School Administrative Services	8	8	7	7	7	7	7	7	7	7
General & Business Administrative Services	5	5	5	5	5	5	5	5	5	5
Plant Operations & Maintenance	10	9	9	9	9	9	9	9	10	10
Food Service										
Total	123	122	118	118	118	118	114	116	121	125

Source: District Personnel Records

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**
Unaudited

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO ELEMENTARY	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2016	699	\$ 14,031,557	20,074	0.0056%	78	8.96	690.3	668.2	-0.1360%	95.59%
2015	728	13,731,768	18,862	0.0051%	78	9.33	710.8	701.0	-0.1374%	96.29%
2014	725	13,960,236	19,255	0.0065%	78	9.29	723.2	714.3	-0.1342%	98.52%
2013	767	13,241,068	17,263	0.0067%	78	9.83	739.0	729.5	-0.1290%	95.11%
2012	790	12,644,991	16,006	0.0067%	78	10.13	783.9	751.9	-0.1310%	95.18%
2011	792	12,241,557	15,457	0.0065%	80	9.90	793.8	757.7	-0.1304%	95.67%
2010	805	12,447,135	15,462	0.0065%	83	9.70	797.7	762.4	-0.1308%	94.71%
2009	797	12,289,119	15,419	0.0065%	83	9.60	797.1	763.4	-0.1294%	95.78%
2008	802	12,346,639	15,395	0.0069%	83	9.66	802.7	768.1	-0.1361%	95.77%
2007	804	12,032,784	14,966	0.0079%	78	10.31	804.8	751.3	-0.1264%	93.45%

Sources: District records

Note: Enrollment based on annual October district count.

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

b. Teaching staff includes only full-time equivalents of certificated staff

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR
*Unaudited***

DISTRICT BUILDINGS	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elementary Schools:										
School #1 (1921, 1922, 1952, 1959)										
Square Feet	35,109	35,109	35,109	35,109	35,109	35,109	35,109	35,109	35,109	35,109
Capacity (Students)	223	223	223	223	223	223	223	223	223	223
Enrollment	236	241	239	241	238	249	238	246	241	244
School #2 (1962, 1969)										
Square Feet	40,674	40,674	40,674	40,674	40,674	40,674	40,674	40,674	40,674	40,674
Capacity (Students)	279	279	279	279	279	279	279	279	279	279
Enrollment (a)	227	232	231	232	237	251	275	258	284	274
Middle School:										
School # 3 (1994)										
Square Feet	52,280	52,280	52,280	52,280	52,280	52,280	52,280	52,280	52,280	52,280
Capacity (Students)	417	417	417	417	417	417	417	417	417	417
Enrollment	236	255	255	255	292	292	281	276	271	281
Total District Enrollment:	699	728	725	728	767	792	794	780	796	799
Other Buildings:										
Administration Building (1910)										
Square Feet	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394
Storage Building - Garage (1930)										
Square Feet	900	900	900	900	900	900	900	900	900	900
Storage Building - Barn (1930)										
Square Feet	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520
Storage Building - Stable (1930)										
Square Feet	396	396	396	396	396	396	396	396	396	396
Storage Building - Bus Garage (1938)										
Square Feet	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516

Number of Schools at June 30, 2016:

- Elementary = 2
- Middle School = 1
- Senior High School = 0

Source: District Facilities Office

Note: Year of original construction is shown in parentheses.
Enrollment is based on the annual October district count.
Capacity is from five year Long Range Facility Plan October 2005

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

*	SCHOOL #1	SCHOOL#2	SCHOOL #3	DISTRICT TOTAL
2016	\$ 121,091	\$ 14,486	\$ 16,098	\$ 151,675
2015	24,231	37,211	31,025	92,467
2014	167,949	79,742	130,423	378,114
2013	35,660	73,485	82,599	191,744
2012	18,917	15,275	19,175	53,367
2011	23,958	42,511	34,859	101,328
2010	13,508	14,136	13,191	40,835
2009	26,022	27,686	28,761	82,469
2008	16,479	30,977	41,330	88,786
2007	25,312	33,751	27,042	86,105

* 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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2016
Unaudited**

	COVERAGE	DEDUCTIBLE
Burlington County Insurance Pool, Joint Insurance Fund (BCIPJIF):		
Property / Inland Marine / Automobile Physical Damages (per occurrence)	\$ 250,000	\$ 500
General Liability / Auto Liability	250,000	
Educators Legal Liability	175,000	
Workers Compensation	250,000	
Crime	250,000	500
School Pool For Excess Liability Limits		
Property / Inland Marine / Automobile Physical Damages (per occurrence)	150,000,000	
Crime	500,000	
Workers Compensation	Statutory	
Employers Liability	20,000,000	
General Liability / Auto Liability	20,000,000	
Educators' Legal Liability	20,000,000	
Travelers Insurance Company		
Boiler and Machinery	125,000,000	1,000
AIG Environmental		
Pollution Liability	3,000,000	25,000
Beazley Insurance Company, Inc.		
Cyber Liability	1,000,000	25,000
Western Surety:		
Surety - Treasurer of Monies	215,000	
Surety - Board Secretary	120,000	

Excess and Reinsurance Carriers Involved **

Property and Crime.....	SPELLJIF, Great American Insurance Company Axis Surplus Insurance Company Westchester Fire Insurance Company Alterra Excess & Surplus Insurance Company Ironshore Specialty Insurance Company Steadfast Insurance Company RSUI Indemnity Company James River Insurance Company BRIT / Lloyd's of London Arch Specialty Insurance Company
General Liability and Automobile Liability.....	SPELLJIF, Great American Insurance Company
Workers Compensation.....	SPELLJIF, Great American Insurance Company, Safety National Casualty Company
Educators Legal Liability	SPELLJIF, Great American Insurance Company, General Reinsurance Corp.

Source: District Records

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SINGLE AUDIT SECTION

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EXHIBIT K-1

INDEPENDENT AUDITOR’S 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
Southampton Township School District
County of Burlington
Southampton, New Jersey 08075

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 and business-type activities, each major fund and the aggregate remaining fund information of the Southampton Township School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Southampton Township School District’s basic financial statements, and have issued our report thereon dated October 14, 2016 .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southampton Township 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 Southampton Township School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Southampton Township School 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 District’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
October 14, 2016

EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Southampton Township School District
County of Burlington
Southampton, New Jersey 08075

Report on Compliance for Each Major State Program

We have audited Southampton Township School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and 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, 2016. Southampton Township School District’s major state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Southampton Township School District’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to

above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Southampton Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, Southampton Township School 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, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin Frenia
Certified Public Accountant
Public School Accountant, No. 1011

Medford, New Jersey
October 14, 2016

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SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FEDERAL FINANCIAL AID
FOR FISCAL YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM/TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	FEDERAL FAIN NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECIPIENT EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2016	DEFERRED REVENUE AT JUNE 30, 2016	DUE TO GRANTOR AT JUNE 30, 2016
U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:													
Child Nutrition Cluster:													
Noncash Assistance Program	10.555		16161N1304N1099	\$ 27,432	7/1/15-6/30/16	\$ -	\$ -	\$ 27,432	\$ (24,427)	\$ -	\$ -	\$ 3,005	\$ -
Cash Assistance:													
National School Lunch Program	10.555	N/A	16161N1304N1099	73,692	7/1/15-6/30/16	-	-	62,119	(73,692)	-	(11,573)	-	-
Breakfast Program	10.553	N/A	16161N1304N1099	12,635	7/1/15-6/30/16	-	-	10,376	(12,635)	-	(2,259)	-	-
Special Milk Program	10.556	N/A	16161N1304N1099	498	7/1/15-6/30/16	-	-	414	(498)	-	(84)	-	-
Total Child Nutrition Cluster								100,341	(111,252)		(13,916)	3,005	
Total U.S. Department of Agriculture								100,341	(111,252)		(13,916)	3,005	
U.S. DEPARTMENT OF EDUCATION PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:													
Title I	84.010A		S010A150030	96,125	7/1/15-6/30/16	-	-	96,124	(96,124)	-	-	-	-
Title II, Part A	84.367A		S367A150029	26,423	7/1/15-6/30/16	-	-	26,423	(26,423)	-	-	-	-
Special Education Cluster:													
I.D.E.A. Part B	84.027		H027A150100	202,039	7/1/15-6/30/16	-	-	202,039	(202,039)	-	-	-	-
I.D.E.A. Part B, Preschool	84.173		H173A150114	12,616	7/1/15-6/30/16	-	-	12,616	(12,616)	-	-	-	-
Total Special Education Cluster								214,655	(214,655)		-	-	-
Total Special Revenue Fund Assistance								337,202	(337,202)		-	-	-
Total U.S. Department of Education								337,202	(337,202)		-	-	-
Total Federal Financial Assistance								437,543	(448,454)		(13,916)	3,005	\$ -

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2016

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CASH RECEIVED	ADJUSTMENTS	BUDGETARY EXPENDITURES	SUBRECIPIENT EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2016	MEMO		
										BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:												
Equalization Aid	16-495-034-5120-078	\$ 425,897	7/1/15-6/30/16	\$ -	\$ 425,897	\$ -	-(425,897)	\$ -	\$ -	\$ 33,641	\$ 425,897	
Special Education Categorical Aid	16-495-034-5120-085	455,453	7/1/15-6/30/16	-	455,453	-	-(455,453)	-	-	35,976	455,453	
Adjustment Aid	15-495-034-5120-085	793,866	7/1/15-6/30/16	-	793,866	-	-(793,866)	-	-	62,706	793,866	
Categorical Security Aid	15-495-034-5120-084	71,701	7/1/15-6/30/16	-	71,701	-	-(71,701)	-	-	5,663	71,701	
Categorical Transportation Aid	15-495-034-5120-014	366,769	7/1/15-6/30/16	-	366,769	-	-(366,769)	-	-	28,971	366,769	
PARCC Readiness Aid	15-495-034-5120-098	7,280	7/1/15-6/30/16	-	7,280	-	-(7,280)	-	-	575	7,280	
Per Pupil Growth Aid	15-495-034-5120-097	7,280	7/1/15-6/30/16	-	7,280	-	-(7,280)	-	-	575	7,280	
Extraordinary Aid	16-100-034-5120-473	109,614	7/1/15-6/30/16	-	-	-	-	-	(109,614)	-	109,614	
Non Public Transportation Costs	16-495-034-5120-014	2,262	7/1/15-6/30/16	-	-	-	-	-	(2,262)	-	2,262	
Non Public Transportation Costs	15-495-034-5120-014	4,386	7/1/14-6/30/15	(4,386)	4,386	-	-	-	-	-	-	
On-Behalf TPAF Pension Contributions	15-495-034-5095-001	455,402	7/1/15-6/30/16	-	455,402	-	-(455,402)	-	-	-	455,402	
On-Behalf TPAF Post-Retirement	15-495-034-5095-001	542,258	7/1/15-6/30/16	-	542,258	-	-(542,258)	-	-	-	542,258	
Reimbursed TPAF Social Security	14-495-034-5095-003	419,594	7/1/15-6/30/16	-	399,716	-	-(19,878)	-	(19,878)	-	419,594	
Reimbursed TPAF Social Security	14-495-034-5095-003	396,053	7/1/14-6/30/15	(20,002)	20,002	-	-	-	-	-	-	
Total General Fund Assistance				(24,388)	3,550,010	-	(3,657,376)	-	(131,754)	168,107	3,657,376	
Capital Projects Fund:												
SDA Grant	11-4930-060-09-1003	35,686	Indefinite	-	-	-	-	-	-	-	-	
SDA Grant	11-4930-070-09-1004	23,580	Indefinite	(35,686)	-	-	-	-	(35,686)	-	-	
SDA Grant	04-4930-070-02-1104	120,169	Indefinite	(23,580)	-	-	-	-	(23,580)	-	-	
SDA Grant	04-4930-050-02-1102	982,165	Indefinite	(54,219)	54,219	-	-	-	-	-	-	
SDA Grant	04-4930-060-02-1103	1,208,912	Indefinite	(210,716)	210,716	-	-	-	-	-	-	
SDA Grant	04-4930-050-13-1001	269,407	Indefinite	(262,048)	262,048	-	-	-	-	-	-	
SDA Grant	04-4930-050-13-1002	812,000	Indefinite	(14,338)	-	-	-(53,490)	-	(67,828)	-	53,490	
SDA Grant	04-4930-060-13-2003	1,002,000	Indefinite	(122,112)	-	-	-(793,338)	-	(935,450)	-	671,226	
SDA Grant	04-4930-070-13-2007	1,200,000	Indefinite	(18,250)	-	-	(831,773)	-	(850,023)	-	831,773	
SDA Grant	04-4930-070-13-2006	18,635	Indefinite	(5,232)	-	(1)	-(484,563)	-	(489,795)	-	484,563	
SDA Grant	04-4930-070-13-2005	52,705	Indefinite	-	-	-	-(9,827)	-	(9,827)	-	1,451	
Total Capital Projects Fund				(765,100)	526,983	(1)	(2,052,330)	-	(2,290,448)	-	2,052,330	
Enterprise Fund:												
National School Lunch Program	16-100-010-3360-067	2,420	7/1/15-6/30/16	-	2,042	-	-(2,420)	-	(378)	-	2,420	
Total Enterprise Fund				-	2,042	-	-(2,420)	-	(378)	-	2,420	
Total State Assistance				-(789,488)	4,079,035	-(1)	-(5,712,126)	-	-(2,422,580)	168,107	5,712,126	
										\$	455,402	
										\$	542,258	
										\$	(4,714,466)	

See Accompanying Notes to Schedule of State Financial Assistance

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Southampton Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards 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 schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures federal awards and of state financial assistance, the Southampton Township School District did not provide any federal or state awards to sub recipients.

Southampton Township Board of Education has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

Note 3. Relationship to Basic Financial Statements

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Note 3. Relationship to Basic Financial Statements (continued):

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 grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(13,540) for the general fund and \$0 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as presented as follows:

	State	Federal	Total
General Fund	\$3,643,836	\$ -	\$3,643,836
Special Revenue Fund	-	337,202	337,202
Capital Projects Fund	2,052,330	-	2,052,330
Food Service Fund	2,420	111,252	113,672
Total Financial Assistance	<u>\$5,698,586</u>	<u>\$ 448,454</u>	<u>\$6,147,040</u>

Note 4. Relationship to State Financial Reports

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

Note 5. Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions 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, 2016.

Note 6. Federal and State Loans Outstanding

The Southampton Township School District had no loan balances outstanding at June 30, 2016.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified? No
- 2) Significant deficiencies identified that are not considered to be material weaknesses? None Reported

Noncompliance material to basic financial Statements noted? No

Federal Awards – NOT APPLICABLE

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee?

Internal Control over major programs:

- 1) Material weakness(es) identified?
- 2) Significant deficiencies identified that are not considered To be material weaknesses?

Type of auditor’s report issued on compliance for major programs

Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200 Section .516(a) of the Uniform Guidance?

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
		NOT APPLICABLE

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016**

Section I – Summary of Auditor’s Results

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance With 2 CFR 200 Section .516(a) of the Uniform Guidance or NJOMB Circular Letter 15-08 as applicable?	No

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
4930-050-13-1002	SDA Grant – School 1 AC
4930-070-13-2007	SDA Grant – School 3 AC
4930-050-13-1001	SDA Grant – School 1 Roof
4930-070-13-2006	SDA Grant – School 3 Security Upgrade
4930-060-13-2003	SDA Grant – School 2 AC
4930-060-13-2005	SDA Grant – School 2 Security Upgrade

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016
(continued)**

Section II – Financial Statement Findings

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

No Current Year Findings

Section III – Schedule of Federal Award Findings & Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Not Applicable

Section IV – State Financial Assistance Findings & Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

No Current Year Findings

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (¶.511 (a)(b)) and NJOMB's Circular 04-04 and/or 15-08, as applicable.

No Prior Year Findings