

**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, 2017**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**SOUTHAMPTON, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**OUTLINE OF CAFR**

**PAGE**

**INTRODUCTORY SECTION**

Letter of Transmittal	1
Organizational Chart	9
Roster of Officials	11
Consultants and Advisors	13

**FINANCIAL SECTION**

Independent Auditor's Report	17
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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

Management's Discussion & Analysis	23
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**BASIC FINANCIAL STATEMENTS**

A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	35
A-2 Statement of Activities	36
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	41
B-2 Statement of Revenues, Expenditures & Changes in Fund Balance	42
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balance of Governmental Funds to the Statement of Activities	43
Proprietary Funds:	
B-4 Statement of Net Position	47
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	48
B-6 Statement of Cash Flows	49
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	53
B-8 Statement of Changes in Fiduciary Net Position	54
Notes to Financial Statements	57

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	97
C-1a Combining Schedule of Revenue, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b Community Development Block Grant	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	103
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	104

(continued)

**OUTLINE OF CAFR (continued):**

**PAGE**

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	109
L-2 Schedule of the District Contributions – PERS	110
L-3 State's Proportionate Share of the Net Pension Liability Associated With the District's – TPAF	111
L-4 Schedule of the District Contributions – TPAF	112
Notes to the Required Supplementary Information - Part III	113

**Other Supplementary Information**

E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures - Special Revenue Fund - Budgetary Basis	119
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures	123
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	124
F-2a Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - School #2 Renovations	125
F-2b Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - School #1 Roof Replacement	126
F-2c Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - School #1 Addition of Air Conditioning	127
F-2d Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - School #2 Addition of Air Conditioning	128
F-2e Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - School #3 Addition of Air Conditioning	129
F-2f Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - School #1 Addition of Air Conditioning	130
F-2g Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - School #2 Intruder Doors	131
G. Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Statement of Net Position	N/A
G-2 Combining Statement of Revenues, Expenses & Changes in Fund Net Position	N/A
G-3 Combining Statement of Cash Flows	N/A
Internal Service Funds:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses & Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A

**OUTLINE OF CAFR (continued):****PAGE**

H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	135
H-2 Combining Statement of Changes in Fiduciary Net Position	136
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	137
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	137
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	141
I-2 Schedule of Obligations Under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	142
I-4 Schedule of Compensated Absences	143

**STATISTICAL SECTION (unaudited)**

Financial Trends:	
J-1 Net Position by Component	149
J-2 Changes in Net Position	150
J-3 Fund Balances - Governmental Funds	152
J-4 Changes in Fund Balance - Governmental Funds	153
J-5 Other Local Revenue by Source - General Fund	155
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	159
J-7 Direct & Overlapping Property Tax Rates	160
J-8 Principal Property Taxpayers	161
J-9 Property Tax Levies & Collections	162
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	165
J-11 Ratios of General Bonded Debt Outstanding	166
J-12 Direct & Overlapping Governmental Activities Debt	167
J-13 Legal Debt Margin Information	168
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	171
J-15 Principal Employers	172
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	175
J-17 Operating Statistics	176
J-18 School Building Information	177
J-19 Schedule of Required Maintenance	178
J-20 Insurance Schedule	179

**SINGLE AUDIT SECTION**

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 <i>Government Auditing Standards</i>	183
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	185
K-3 Schedule of Expenditures of Federal Awards, Schedule A	189
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	190
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	191
K-6 Schedule of Findings & Questioned Costs - Section I - Summary of Auditor's Results	193
K-7 Schedule of Findings & Questioned Costs - Section II - Financial Statement Findings & Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs	195
K-8 Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by Management	197





**INTRODUCTORY SECTION**

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# SOUTHAMPTON TOWNSHIP SCHOOLS

*in Historic Vincentown Village*

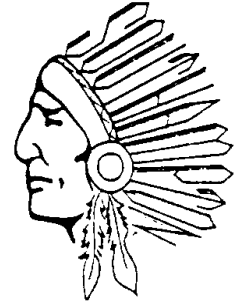
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***"Building a Tradition of Excellence"***



Michael L. Harris  
*Superintendent of Schools*

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September 22, 2017

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

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Southampton Township School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Southampton Township School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Financial Report is presented in four sections as follows:

Introductory Section:

Section contains a Letter of Transmittal, Roster of Officials, Consultants and Advisors, and an Organizational Chart.

Financial Section:

Section contains the Independent Auditors’ Report and includes the Management’s Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information (RSI) and Other Supplementary Information.

Statistical Section:

Section contains selected financial trends, revenue and debt capacity, demographic, economic and other operating information, generally presented on a multi-year basis.

Single Audit Section:

The School District is required to undergo an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08 OMB, “*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*”. Information related to this Single Audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the Single Audit Section of this report.

**REPORTING ENTITY AND ITS SERVICES**

The Southampton Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB) as established by NCGA Statement No. 3. All funds of the School District are included in this report. The School District has no component units.

The School District provides a full range of educational services appropriate to grade levels Pre-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. The School District’s enrollment as of October 15<sup>th</sup> for the past ten fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	709	2.75%
2015-2016	690	-2.82%
2014-2015	710	-1.80%
2013-2014	723	-2.17%
2012-2013	739	-5.62%
2011-2012	783	-1.39%
2010-2011	794	-0.38%
2009-2010	797	0.00%
2008-2009	797	-0.75%
2007-2008	803	-0.03%

## **ECONOMIC CONDITION AND OUTLOOK**

The economic condition of Southampton Township continues to be stable. The ratables in the township are presently flat. No significant change in business or industrial growth is projected. Property values in the area during the past couple of years are slowly increasing after several years of a flat real estate market.

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.

## **MAJOR INITIATIVES**

The Board of Education and administration have continued to be aggressively committed to upgrading and maintaining the school grounds and facilities.

Six (6) ROD4 grants approved via the School Development Authority were used to install air conditioning in all three schools as well as security enhancements, and replacement of the School #1 roof. These six (6) grants were approved to receive 40% state funding for each project.

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

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 was completed during 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 2016-2017 school year.

The FY18 budget allocated funds to replace the hallway carpeting in School #1, replace the lockers in the School #3 sixth grade wing, to convert the School #1 Computer Lab into a Maker Space, and facilitate further enhancements to the School #2/#3 I-STEAM Lab. All of these projects were completed during the summer of 2017.

The school district's focus on educational programming and educational achievement for the 2017-2018 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:

## **MAJOR INITIATIVES (CONTINUED)**

**GOAL #1:** The superintendent will lead the administrative team, lead teachers, and Readers' Workshop consultants in developing an action plan to guide the successful implementation of the Readers' Workshop (Guided Reading Program) in grades K-5 to address student achievement pertaining to literacy. During the 2017-2018 school year, the pilot program for Readers' Workshop will be implemented. By June 2018, two (2) sections at each grade level will have implemented Readers' Workshop. Implementation will include benchmarking, a tiered Student Growth Objective for pilot teachers, transition to a standards based report card pertaining to reading, ongoing professional development for the K-5 teaching staff, and a plan developed to train teachers not piloting the program.

**GOAL #2:** The superintendent will lead the administrative team in developing a comprehensive action plan to guide the district in the enhancement of the I-STEAM initiative. By June 2018, "Southampton Spark" (Genius Hour) will have been successfully piloted in grades 2-5, a new unit of study related to I-STEAM will be developed and implemented in the middle school, further modifications pertaining to the School #2/#3 I-STEAM Lab will be completed, and the School #1 Computer Lab will be converted into an I-STEAM Lab.

**GOAL #3:** The superintendent and administrative team will develop a comprehensive action plan to guide a review of the Response to Intervention (RtI) program, a review of the Intervention and Referral System (I&RS) and to effect revisions to enhance RtI and I&RS. By June 2018, the I&RS Teams will be re-trained, 100% of the teaching staff will participate in refresher training pertaining to the RtI and I&RS process / procedures, and there will be a 20% reduction in the number of students being referred to the Child Study Team.

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 New Jersey Student Learning Standards, K-5 guided reading (Reader's Workshop), K-5 writing program (Writer's Workshop), and Integrated Science, Technology, Engineering, Mathematics (I-S.T.E.A.M.). All four 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 2017-2018 include yearlong consultation with an outside consultant pertaining to the implementation of Reader's Workshop, continued support of Writer's Workshop, Intervention and Referral Service training, and facilitating effective special education inclusion practices. This professional development will consist not only of workshops for staff, but also classroom imbedded instruction including demonstration lessons.

As a component of the I-S.T.E.A.M. initiative, the School #2/#3 computer lab and School #1 Computer labs were converted to I-S.T.E.A.M. labs. This conversion included replacing the computer tables with new furniture that enables students to work in cooperative learning teams, replacing desktop computers with laptops, and enhancing the electrical supplies.

In addition, a major grant of \$41,000 from the STAR Foundation was used to significantly enhance the equipment / tools of these labs. During the Summer of 2017, a laser cutter / engraver, vinyl cutter, heat press, and 3 additional 3D printers were procured and installed in the School #2/#3 I-STEAM Lab.

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.

## **MAJOR INITIATIVES (CONTINUED)**

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 in 2018-2019.

The curricula of the Southampton Township School District are aligned to and in accordance with the New Jersey Student Learning 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 New Jersey Student Learning 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 and will be completed by September 1, 2018.

Enhancements to the school district's curricula during the 2016-2017 school year included the review and revision of the following content areas to ensure that the New Jersey Student Learning Standards are effectively addressed:

- K-2 Art
- K-2 Library
- K-2 Physical Education
- K-2, Technology
- K-5 Reading
- K-5 Writing
- K-8 Science
- Grades 3-6, Technology
- Grades 6-8 English Language Arts
- Grade 6, Mathematics – Advanced
- Grade 8, Algebra
- Grade 8, I-STEAM, Green Architecture

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 two (2) I-STEAM labs, one (1) computer lab and twenty-seven (27) mobile carts.

## **MAJOR INITIATIVES (CONTINUED)**

The superintendent and Board developed a vision during the 2015-2016 school year of achieving a one to one initiative of laptop devices for every student. With this in mind the district procured of 350 laptops in 2016-2017.

During the summer of 2017-2018 the district procured 350 Chromebooks. With this procurement a one to one initiative has been achieved with Chromebooks for grades 5-8 and the district is close to achieving one to one with laptops in grades K-3.

The school district has 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.

During the 2016-2017 school year, our district completed its' goal of installing short throw wall mounted projectors for use with the Smart Boards.

Our school district utilizes a Virtual Machine (VM) environment to facilitate the computer network. 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. During the 2017-2018 school year, our school district is transitioning to the Realtime teacher evaluation platform to conduct pre-observation conferences, teacher classroom evaluations, post-observation conferences, teacher student growth objectives, teacher professional development plans, and teacher summative evaluations.

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 be 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 be 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.



## **MAJOR INITIATIVES (CONTINUED)**

The Board of Education has developed four (4) 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 2017-2018 are as follows:

**Goal #1:** The Board of Education will develop an action plan to enhance its governance and operations through participation in the NJSBA Academy Program to achieve The Carole E. Larsen Master Board Certification by June 30, 2018.

**Goal #2:** The Board of Education will use effective fiscal planning, including reserving funds in capital reserve and the regular budgetary process to address long-range facility needs pertaining to the demolition of existing storage facilities and the construction of a new storage facility.

**Goal #3:** The Board of Education will develop an action plan to delineate the parameters and timeline for negotiations with the Southampton Township Education Association, Southampton Administrators / Supervisors Association and the support staff to ensure that successor collective bargaining agreements are reached.

**Goal #4:** The Board of Education will develop and implement an action plan to update the Long Range Facilities Plan and the Demographic Study by June 2018.

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.

## **INTERNAL ACCOUNTING CONTROLS**

Management of the School 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 and misuse and to ensure that adequate accounting data are completed to allow for the preparation of financial statement in conformity with general 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 recognizes that (1) the cost of a control should not exceed the benefits likely to be delivered; and (2) the valuation of costs and benefits require 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 evaluations by the district management.

As part of the School 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.

## BUDGETARY CONTROLS

In addition to internal accounting controls, the School 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 the 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 projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

## ACCOUNTING SYSTEM AND REPORTS

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

## OTHER INFORMATION


### *INDEPENDENT AUDIT*

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman, Frenia & Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

## ACKNOWLEDGEMENTS

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

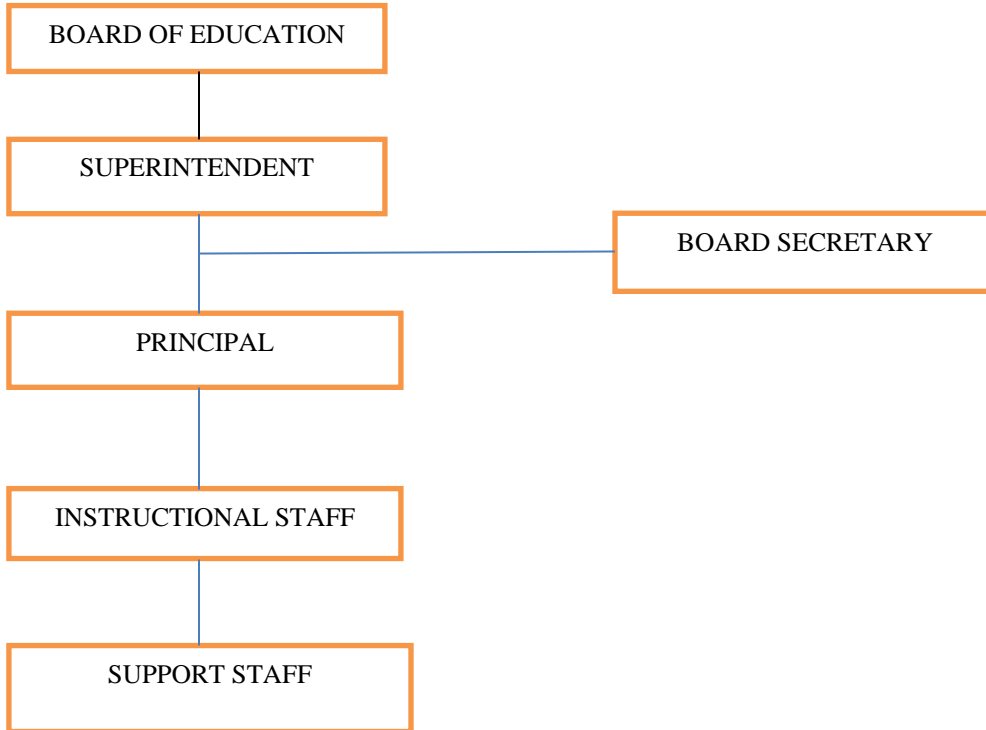
Respectfully submitted,

  
Michael L. Harris, Superintendent

  
Barbara A. Godfrey, School Business Administrator/Board Secretary

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

**ORGANIZATIONAL CHART**



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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2017**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Jeffrey Hicks, President	12/31/2019
Jennifer Potter, Vice President	12/31/2018
Joseph Caputo	12/31/2019
Suzanne Phillips	12/31/2019
Donald Bozarth	12/31/2018
Betty Wright	12/31/2018
Tracey Walker	12/31/2017
Russell Hann	12/31/2017
Arnold E. Harrison, III	12/31/2017

**OTHER OFFICIALS**

Michael L. Harris, Superintendent of Schools

Barbara A. Godfrey, School Business Administrator/Board Secretary

Dawn Emmons, Treasurer

David Serlin, Esq., Solicitor

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**  
**Southampton, New Jersey**

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Beneficial Bank  
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Southampton, New Jersey 08088

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**FINANCIAL SECTION**

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6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639  
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010  
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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Southampton Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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, statistical section and schedule of expenditures of federal awards 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 state financial assistance, as required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 related major fund supporting statements and schedules and schedules 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 September 22, 2017 on our consideration of the 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 the 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. 1101

Medford, New Jersey  
September 22, 2017

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**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

**Management's Discussion & Analysis**

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited)**

As management of the Southampton Township School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund.

**Fund Financial Statements**

*Fund financial statements* are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Overview of the Basic Financial Statements (continued)**

**Fund Financial Statements (continued)**

*Governmental funds* account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

*Proprietary funds* are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains one type of proprietary fund – the Enterprise Fund. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

The School District's one enterprise fund (Food Service Fund) is listed individually and is considered to be a major fund.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Financial Analysis of the School District as a Whole**

Table 1 provides a summary of the School Districts net position for the fiscal years 2017 and 2016.

**Table 1**  
**Summary of Net Position**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ (Decrease)	Percentage <u>Change</u>
Current & Other Assets	\$ 8,287,318	\$ 4,238,418	\$ 4,048,900	96%
Capital Assets, Net	23,804,980	21,484,394	2,320,586	11%
Total Assets	<u>32,092,298</u>	<u>25,722,812</u>	<u>6,369,486</u>	25%
Deferred Outflow of Resources	<u>1,330,069</u>	<u>541,965</u>	<u>788,104</u>	145%
Current and other Liabilities	6,424,923	1,023,525	5,401,398	528%
Noncurrent Liabilities	<u>9,356,057</u>	<u>9,214,735</u>	<u>141,322</u>	2%
Total Liabilities	<u>15,780,980</u>	<u>10,238,260</u>	<u>5,542,720</u>	54%
Deferred Inflow of Resources		<u>50,740</u>	<u>(50,740)</u>	-100%
Net Position:				
Net Investment in Capital Assets	18,917,084	15,827,160	3,089,924	20%
Restricted	1,687,156	2,979,745	(1,292,589)	-43%
Unrestricted (Deficit)	<u>(2,962,853)</u>	<u>(2,831,128)</u>	<u>(131,725)</u>	5%
Total Net Position	<u>\$ 17,641,387</u>	<u>\$ 15,975,777</u>	<u>\$ 1,665,610</u>	10%

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Financial Analysis of the School District as a Whole (continued)**

Table 2 reflects the changes in net position for fiscal years 2017 and 2016.

**Table 2**  
**Summary of Changes in Net Position**

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 147,687	\$ 143,082	\$ 4,605	3%
Operating Grants & Contributions	2,030,109	1,879,019	151,090	8%
General Revenues:				
Property Taxes	11,683,951	11,440,082	243,869	2%
Federal & State Aid	3,127,517	4,268,021	(1,140,504)	-27%
Other General Revenues	66,842	81,356	(14,514)	-18%
Total Revenues	<u>17,056,106</u>	<u>17,811,560</u>	<u>(755,454)</u>	-4%
<b>Function/Program Expenses:</b>				
Regular Instruction	5,675,307	5,607,800	67,507	1%
Special Education Instruction	1,208,338	1,280,612	(72,274)	-6%
Other Instruction	663,887	605,557	58,330	10%
Tuition	546,451	462,863	83,588	18%
Student & Instruction Related Services	1,639,258	1,538,643	100,615	7%
General Administrative	392,521	380,660	11,861	3%
School Administrative Services	594,096	682,249	(88,153)	-13%
Central Services	342,386	329,608	12,778	4%
Administrative Information Technology	120,470	102,035	18,435	18%
Plant Operations & Maintenance	1,146,193	977,503	168,690	17%
Pupil Transportation	622,201	626,309	(4,108)	-1%
Unallocated Benefits	204,158	129,937	74,221	57%
On Behalf TPAF Pension and Social				
Security Contributions	1,574,195	1,417,254	156,941	11%
Interest & Other Charges	117,591	174,045	(56,454)	-32%
Unallocated Depreciation	288,141	497,786	(209,645)	-42%
Food Service	255,303	259,152	(3,849)	-1%
Total Expenses	<u>15,390,496</u>	<u>15,072,013</u>	<u>318,483</u>	2%
Change In Net Position	1,665,610	2,739,547	(1,073,937)	-39%
Net Position - Beginning	15,975,777	13,236,230	2,739,547	21%
Net Position - Ending	<u>\$ 17,641,387</u>	<u>\$ 15,975,777</u>	<u>\$ 1,665,610</u>	10%

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Governmental Activities**

Governmental activities increased the net position of the School District by \$1,654,263 or 10.43% from during the current fiscal year.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$17,512,265 with an unrestricted deficit balance of \$2,978,941. As mentioned earlier, deficit unrestricted net position are primarily due to accounting treatment for compensated absences payable, the capital improvement program, net pension liability, the last 2 state aid payments, and state statutes that prohibit school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance. The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Unrestricted Net Position (With GASB 68)	\$	(2,978,941)
Add back: PERS Pension Liability		4,166,101
Less: Deferred Outflows related to pensions		<u>(1,316,595)</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>(129,435)</u>

**Business-type Activities**

At the end of the current fiscal year, the School District's proprietary funds (Food Service Fund) reported a combined ending fund balance of \$129,122, an increase of \$11,347 from the prior year.

**General Fund Budgeting Highlights**

Final budgeted revenues was \$12,979,602, which was equal to the original budget. Final budgeted appropriations was \$13,464,666, which was an increase of \$285,575 from the original budget. The difference is prior year reserve for encumbrances in the amount of \$35,575 and transfer to capital projects in the amount of \$250,000.

**Financial Analysis of the Government's Funds**

**Governmental Funds** - At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$2,008,322, a decrease of \$1,253,377 or -38.43% from the prior year fund balance in the amount of \$3,261,699. The primary reason for the decrease is due to an increase in capital project expenditures.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Capital Assets**

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$23,804,980 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net increase in the School District's investment in capital assets for the current fiscal year in the amount of \$2,556,924. This increase is primarily due to construction in progress in the amount of \$2,575,955 during the fiscal year. Table 3 reflects the capital assets.

**Table 3**  
**Summary of Capital Assets**

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2017</u>	June 30, <u>2016</u>
Land	\$ 564,918	\$ 564,918
Construction in Progress	8,153,905	5,577,950
Building and Improvements	14,047,349	14,335,490
Equipment	1,038,808	1,006,036
	<u>\$ 23,804,980</u>	<u>\$ 21,484,394</u>
Depreciation Expense	<u>\$ 291,141</u>	<u>\$ 485,454</u>

Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

**Debt Administration**

**Long-term debt** – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$4,870,000, which is a decrease of \$760,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

**Factors on the School District's Future**

The following factors were considered and incorporated into the preparation of the School District's budget for the 2017-18 fiscal year:

The Southampton Township Board of Education is in good financial condition presently. The School District is proud of its community support. As evidenced by the financial statement contained herein, the district exhibits fiscal restraint while continuing to provide an excellent educational program for its students.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2017**  
**(Unaudited) (Continued)**

**Factors on the School District's Future (continued)**

A major concern is the lack of state and federal revenues, which have resulted in increased property taxes. The delay of payment into the next fiscal year of the June payment, now representing ten percent (10%) of total State aid is of great concern to the Board of Education. The State of New Jersey has continued to diminish its' share of funding for the Southampton Township School District. In fiscal year 1992, direct state aid was \$2,350,000, representing 36% of the \$6.7 million general operating budget. In fiscal year 2017 direct state aid was \$2,152,673 representing a mere 15.6% of the \$13 million general operating budget. Consequently the lack of proportionate state support has shifted the burden to the taxpayers of the community with tax levy now representing 84.4% of the general operating budget versus 56% in fiscal year 1992.

In conclusion, the Southampton Township Board of Education has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

**Contacting the School Districts Financial Management**

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Southampton Township School District Business Administrator, 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, 2017**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Cash & Cash Equivalents	\$ 4,043,860	\$ 16,102	\$ 4,059,962
Receivables, Net (Note 4)	3,315,509		3,315,509
Inventory		4,551	4,551
Restricted Cash & Cash Equivalents	907,296		907,296
Capital Assets, Net (Note 5)			
Non-depreciable	564,918		564,918
Depreciable	23,127,028	113,034	23,240,062
	<hr/>		
Total Assets	31,958,611	133,687	32,092,298
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 9)	1,316,595	-	1,316,595
Related to Loss on Debt Refunding	13,474		13,474
	<hr/>		
Total Deferred Outflow of Resources	1,330,069	-	1,330,069
<b>LIABILITIES:</b>			
Accounts Payable	230,343		230,343
Due to Other Governments	132,000		132,000
Unearned Revenue	-	4,565	4,565
Accrued Interest	30,015		30,015
Grant Anticipation Note	6,028,000		6,028,000
Internal Balances			-
Noncurrent Liabilities (Note 7):			
Due within one year	806,368		806,368
Due in more than one year	8,549,689		8,549,689
	<hr/>		
Total Liabilities	15,776,415	4,565	15,780,980
<b>NET POSITION:</b>			
Net Investment in Capital Assets	18,804,050	113,034	18,917,084
Restricted for:			
Capital Projects	1,226,796		1,226,796
Debt Service	1,969		1,969
Emergency Reserve	1		1
Maintenance Reserve	18,644		18,644
Excess Surplus	439,746		439,746
Unrestricted (Deficit)	(2,978,941)	16,088	(2,962,853)
	<hr/>		
Total Net Position	\$ 17,512,265	\$ 129,122	\$ 17,641,387
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The accompanying Notes to Financial Statements are an integral part of this statement.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE)/REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 5,675,307		\$ 313,623		\$ (5,361,684)		\$ (5,361,684)
Special Education Instruction	1,208,338		-		(1,208,338)		(1,208,338)
Other Instruction	663,887		-		(663,887)		(663,887)
Support Services:							
Tuition	546,451		-		(546,451)		(546,451)
Student & Instruction Related Services	1,639,258		23,328		(1,615,930)		(1,615,930)
General Administrative	392,521		-		(392,521)		(392,521)
School Administrative Services	594,096		-		(594,096)		(594,096)
Central Services	342,386		-		(342,386)		(342,386)
Administrative Information Technology	120,470		-		(120,470)		(120,470)
Plant Operations & Maintenance	1,146,193		-		(1,146,193)		(1,146,193)
Pupil Transportation	622,201		-		(622,201)		(622,201)
Unallocated Benefits	204,158		-		(204,158)		(204,158)
On Behalf TPAF Pension and Social Security Contributions	1,574,195		1,574,195		-		-
Interest & Other Charges	117,591		-		(117,591)		(117,591)
Unallocated Depreciation	288,141		-		(288,141)		(288,141)
Total Governmental Activities:	15,135,193	-	1,911,146	-	(13,224,047)	-	(13,224,047)
Business-Type Activities:							
Food Service	255,303	147,687	118,963		-	11,347	11,347
Total Business-Type Activities	255,303	147,687	118,963	-	-	11,347	11,347
<b>Total Primary Government</b>	<b>\$ 15,390,496</b>	<b>\$ 147,687</b>	<b>\$ 2,030,109</b>	<b>\$ -</b>	<b>(13,224,047)</b>	<b>11,347</b>	<b>(13,212,700)</b>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					10,802,294		10,802,294
Property Taxes, Levied for Debt Service					881,657		881,657
Federal & State Aid Restricted					861,831		861,831
Federal & State Aid Not Restricted					2,265,686		2,265,686
Tuition Charges					2,160		2,160
Miscellaneous					64,682		64,682
Total General Revenues					14,878,310	-	14,878,310
Change In Net Position					1,654,263	11,347	1,665,610
Net Position - Beginning					15,858,002	117,775	15,975,777
<b>Net Position - Ending</b>					<b>\$ 17,512,265</b>	<b>\$ 129,122</b>	<b>\$ 17,641,387</b>

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

B. Fund Financial Statements

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Governmental Funds

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>					
Cash & Cash Equivalents	\$ 801,439		\$ 3,262,637		\$ 4,064,076
Receivables, Net:					
Interfund Receivable	2,207		519	\$ 1,967	4,693
Due from Other Governments:					
State	120,776		3,152,279		3,273,055
Federal		\$ 28,134			28,134
Other Receivables	2,300	9,811		2	12,113
Restricted Cash & Cash Equivalents	907,296	-			907,296
<b>Total Assets</b>	<b>\$ 1,834,018</b>	<b>\$ 37,945</b>	<b>6,415,435</b>	<b>\$ 1,969</b>	<b>\$ 8,289,367</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<b>Liabilities:</b>					
Cash Deficit		\$ 20,216			\$ 20,216
Accounts Payable	\$ 165,291	17,729			183,020
Interest Payable			\$ 47,323		47,323
Interfund Payable	519		1,967		2,486
Grant Anticipation Note			6,028,000		6,028,000
<b>Total Liabilities</b>	<b>165,810</b>	<b>37,945</b>	<b>6,077,290</b>	<b>-</b>	<b>6,281,045</b>
<b>Fund Balances:</b>					
Restricted for:					
Capital Reserve	888,651				888,651
Emergency reserve	1				1
Maintenance reserve	18,644				18,644
Excess Surplus - Current year	218,413				218,413
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	221,333				221,333
Capital Projects			338,145		338,145
Debt Service				\$ 1,969	1,969
Assigned to:					
Designated for Subsequent Year's Expenditures	86,354				86,354
Other Purposes	19,909				19,909
Unassigned	214,903				214,903
<b>Total Fund Balances</b>	<b>\$ 1,668,208</b>	<b>-</b>	<b>338,145</b>	<b>1,969</b>	<b>2,008,322</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 1,834,018</b>	<b>\$ 37,945</b>	<b>\$ 6,415,435</b>	<b>\$ 1,969</b>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$32,791,800 and the accumulated depreciation is \$9,009,854.					
					23,691,946
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.					
					1,316,595
					13,474
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.					
					(30,015)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.					
					(132,000)
Long-term liabilities, including net pension liability on bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.					
					(9,356,057)
<b>Net Position of Governmental Activities</b>					<b>\$ 17,512,265</b>

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 10,802,294			\$ 881,657	\$ 11,683,951
Tuition Charges	2,160				2,160
Miscellaneous	64,682	18,844		-	83,526
Total Local Sources	10,869,136	18,844	-	881,657	11,769,637
State Sources	3,833,919	-	861,831	-	4,695,750
Federal Sources	5,962	318,107		-	324,069
Total Revenues	14,709,017	336,951	861,831	881,657	16,789,456
Expenditures:					
Instruction:					
Regular Instruction	5,361,684	313,623			5,675,307
Special Education Instruction	1,208,338				1,208,338
Other Instruction	663,887				663,887
Support Services:					
Tuition	546,451				546,451
Student & Instruction Related Services	1,615,930	23,328			1,639,258
General Administrative	392,521				392,521
School Administrative Services	594,096				594,096
Central Services	342,386				342,386
Administrative Information Technology	120,470				120,470
Plant Operations & Maintenance	1,146,193				1,146,193
Pupil Transportation	622,201				622,201
Unallocated Benefits	342				342
On Behalf TPAF Pension and Social Security Contributions	1,574,195				1,574,195
Capital Outlay	35,772		2,575,955		2,611,727
Debt Service:					
Principal				760,000	760,000
Interest & Other Charges	23,805			121,656	145,461
Total Expenditures	14,248,271	336,951	2,575,955	881,656	18,042,833
Excess/(Deficiency) of Revenues over Expenditures	460,746	-	(1,714,124)	1	(1,253,377)
Other Financing Sources (Uses):					
Transfers in			250,000	-	250,000
Transfers out	(250,000)		-		(250,000)
Total Other Financing Sources (Uses)	(250,000)	-	250,000	-	-
Net changes in fund balances	210,746	-	(1,464,124)	1	(1,253,377)
Fund Balance, July 1	1,457,462		1,802,269	1,968	3,261,699
Fund Balance, June 30	\$ 1,668,208	\$ -	\$ 338,145	\$ 1,969	\$ 2,008,322

**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 FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Changes in Fund Balances - Governmental Funds (B-2)		(1,253,377)
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	(288,141)
	Capital Outlays	<u>2,611,727</u>
		2,323,586
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		(296,386)
Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		760,000
Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:		
	Amortization of premium on bonds	16,368
	Amortization of loss on Bond Refunding	<u>(7,030)</u>
		9,338
In the statement of activities, 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. The accrued interest is an addition in the reconciliation (+).		
		18,532
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>92,570</u>
Change in Net Position of Governmental Activities		<u>\$ 1,654,263</u>

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Proprietary Funds

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2017**

ASSETS	<u>FOOD SERVICE</u>
Current Assets:	
Cash & Cash Equivalents	\$ 16,102
Inventories	<u>4,551</u>
Total Current Assets	<u>20,653</u>
Noncurrent Assets:	
Equipment	172,992
Less: Accumulated Depreciation	<u>(59,958)</u>
Total Capital Assets	<u>113,034</u>
Total Assets	<u>133,687</u>
LIABILITIES	
Current Liabilities:	
Unearned Revenue	<u>4,565</u>
Total Liabilities	<u>4,565</u>
NET POSITION	
Net Position:	
Investment in Capital Assets	113,034
Unrestricted	<u>16,088</u>
Total Net Position	<u><u>\$ 129,122</u></u>

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, 2017**

	<u>FOOD SERVICE</u>
Operating Revenues:	
Charges for service:	
Daily sales - reimbursable programs	\$ 96,592
Daily sales - non-reimbursable programs	47,987
Special Functions	3,108
	<u>147,687</u>
Total Operating Revenue	<u>147,687</u>
Operating Expenses:	
Cost of Sales - reimbursable programs	81,010
Cost of Sales - nonreimbursable programs	20,570
Salaries	112,016
Employee Benefits	3,155
Management Fee	19,695
Insurance	4,695
Miscellaneous	3,797
Supplies and Materials	7,365
Depreciation	3,000
	<u>255,303</u>
Total Operating Expenses	<u>255,303</u>
Operating Income/(Loss)	<u>(107,616)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,528
Federal Sources:	
National School Lunch Program	76,515
Healthy Hunger-Free Kids Act	3,304
School Breakfast Program	13,900
Special Milk Program for Children	305
Food Distribution Program	22,411
	<u>118,963</u>
Total Nonoperating Revenues/Expenses	<u>118,963</u>
Change in Net Position	11,347
Total Net Position - Beginning	<u>117,775</u>
Total Net Position - Ending	<u>\$ 129,122</u>

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, 2017**

	FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 147,459
Payments to Employees	(115,171)
Payments for Supplies and Services	(151,627)
Net Cash Provided by/(Used for) Operating Activities	(119,339)
Cash Flows From Noncapital Financing Activities:	
State Sources	2,906
Federal Sources	107,940
Net Cash Provided by (Used for) Non Capital & Related Financing Activities	110,846
Net Increase/(Decrease) in Cash & Cash Equivalents	(8,493)
Cash & Cash Equivalents, July 1	24,595
Cash & Cash Equivalents, June 30	\$ 16,102

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

Operating Income/(Loss)	\$ (107,616)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:	
Food Distribution Program	22,411
Depreciation & Net Amortization	3,000
Increase/(Decrease) in Unearned Revenue	(228)
(Decrease)/Increase in Accounts Payable	(33,143)
(Decrease)/Increase in Interfund Payable	(7,100)
(Increase)/Decrease in Inventories	3,337
Total Adjustments	(11,723)
Net Cash Provided/(Used) by Operating Activities	\$ (119,339)

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

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Fiduciary Funds

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

	PRIVATE PURPOSE TRUST FUNDS		AGENCY FUNDS		
	SCHOLARSHIP TRUST	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY	PAYROLL	TOTAL
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 4,002	\$ 92,216	\$ 7,138	\$ 10,551	\$ 113,907
Total Assets	4,002	92,216	7,138	10,551	113,907
<b>LIABILITIES</b>					
Payroll Deductions & Withholdings				8,344	8,344
Due to Student Groups			7,138		7,138
Accounts Payable		585			585
Interfund Payable				2,207	2,207
Total Liabilities	-	585	7,138	10,551	18,274
<b>NET POSITION:</b>					
Held in Trust for Scholarships	4,002	-	-	-	4,002
Held in Trust for Unemployment Claims	-	91,631	-	-	91,631
Total Net Position	\$ 4,002	\$ 91,631	\$ -	\$ -	\$ 95,633

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, 2017**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>		<u>TOTAL</u>
	<u>SCHOLARSHIP TRUST</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	
<b>ADDITIONS</b>			
Local Sources:			
Employee Withholdings		\$ 11,568	11,568
Interest on Investments	\$ 1		1
	<hr/>		
Total Additions	1	11,568	11,569
	<hr/>		
<b>DEDUCTIONS</b>			
Unemployment Claims	-	32,179	32,179
Scholarships	239	-	239
	<hr/>		
Total Deductions	239	32,179	32,418
	<hr/>		
Change in Net Position	(238)	(20,611)	(20,849)
Net Position, July 1	4,240	112,242	116,482
	<hr/>		
Net Position, June 30	\$ 4,002	\$ 91,631	\$ 95,633
	<hr/>		

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



**NOTES TO FINANCIAL STATEMENTS**

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## SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

#### Note 1. Summary of Significant Accounting Policies

##### **Basis of Presentation**

The financial statements of the Southampton Township School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

##### **Reporting Entity**

The Southampton Township School District is a Type II School District located in the County of Burlington, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through eighth grade at its three schools located in Southampton Township. The School District has an approximate enrollment at June 30, 2017 of 709 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

##### **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*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

# SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

#### **Basis of Accounting, Measurement Focus and Financial Statement Presentation**

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

#### **A. Government-Wide Financial Statements**

The School 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 School District accompanied by a total column. Fiduciary activities of the School 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 School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the 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 School District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

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.

#### **B. 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. The School 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 School 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 School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

## SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### B. Governmental Fund Financial Statements (continued)

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 asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the School 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 School 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.

## SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **B. Governmental Fund Financial Statements (continued)**

**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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

##### **C. 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 would also be presented in these statements. However, internal service funds balances and activities would be 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.

The School District reports the following major proprietary funds:

**Food Service Fund** – The food service fund accounts for the financial transactions related to the food service operations of the School District.

## SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **D. Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds and, 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.

The School District reports the following 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 School 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 School District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

**Agency Funds** - Agency funds (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

##### **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 School 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.

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 one or more June 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.

# SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

#### Budgets/Budgetary Control (continued)

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 School 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 School 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, Cash Equivalents and Investments

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 considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). 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.



## SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### **Cash, Cash Equivalents and Investments (continued)**

*N.J.S.A.17:9-41* et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the 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. 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.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

##### **Tuition Receivable/Payable**

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are 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.

##### **Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in 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 market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. 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. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Capital Assets (continued)**

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 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 School 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 School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

**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 School 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.

# SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

#### Accounting 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 reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

#### Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

#### 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.

#### 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.

#### 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.

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.

# SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

### Note 1. Summary of Significant Accounting Policies (continued)

#### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

#### Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- 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.
- 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.

## SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School 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 School 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 into the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of 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

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

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. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School 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*. The adoption of this Statement had no impact on the School District's financial statements.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Impact of Recently Issued Accounting Principles (continued)**

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. The adoption of this Statement had no impact on the School District's financial statements.

**Recently Issued Accounting Pronouncements**

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

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. 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 School 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 have a material impact on the School 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 have a material impact on the School 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 School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

## SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 1. Summary of Significant Accounting Policies (continued)

##### Impact of Recently Issued Accounting Principles (continued)

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

#### Note 2. Deposits and Investments

##### Deposits

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 fund or other funds that 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, 2017, the School District's bank balance of \$5,677,061 was exposed to custodial credit risk as follows:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 2. Deposits and Investments**

**Deposits (continued)**

Insured under FDIC and GUDPA	\$ 5,677,061
Uninsured and Uncollateralized	<u>-</u>
	<u>\$ 5,677,061</u>

**Investments**

The School District had no investments at June 30, 2017.

**Note 3. Reserve Accounts**

**Capital Reserve**

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

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *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 LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 788,651
Increased by:	
Deposits approved by Board	<u>350,000</u>
	1,138,651
Decreased by:	
Budget Withdrawals	<u>(250,000)</u>
Ending Balance, June 30, 2017	<u>\$ 888,651</u>



**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 3. Reserve Accounts (continued)**

**Maintenance Reserve**

The School District established a maintenance reserve account for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account 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. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	18,644
Increased by:		
Deposits approved by Board		_____
		18,644
Decreased by:		
Budget Withdrawals		_____
Ending Balance, June 30, 2017	\$	<u>18,644</u>

**Emergency Reserve**

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

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.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 3. Reserve Accounts (continued)**

**Emergency Reserve (continued)**

The activity of the emergency reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$	1
Increased by:		
Deposits approved by Board		1
Decreased by:		
Budget Withdrawals		1
Ending Balance, June 30, 2017	\$	1

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District’s governmental and business-type activities as of June 30, 2017, consisted of the following:

<u>Description</u>	Governmental Funds				Total Governmental Activities
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
Federal Awards		\$ 28,134			\$ 28,134
State Awards	\$ 120,776			\$ 3,152,279	3,273,055
Other	4,507	9,811	\$ 2		14,320
Total	\$ 125,283	\$ 37,945	\$ 2	\$ 3,152,279	\$ 3,315,509

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 5. Capital Assets**

Capital assets activity for the year ended June 30, 2017 was as follows:

	<b>Balance July 1, 2016</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>Balance June 30, 2017</b>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 564,918	\$ -	\$ -	\$ 564,918
Construction in Progress	5,577,950	2,575,955	-	8,153,905
Total Capital Assets not being depreciated	<u>6,142,868</u>	<u>2,575,955</u>	-	<u>8,718,823</u>
Capital Assets being depreciated:				
Buildings and Improvements	22,502,850	-	-	22,502,850
Equipment	1,534,355	35,772	-	1,570,127
Total Capital Assets being depreciated	<u>24,037,205</u>	<u>35,772</u>	-	<u>24,072,977</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(8,167,360)	(210,932)	-	(8,378,292)
Equipment	(644,353)	(77,209)	-	(721,562)
Total Accumulated Depreciation	<u>(8,811,713)</u>	<u>(288,141)</u>	-	<u>(9,099,854)</u>
Total Capital Assets being depreciated, net	<u>15,225,492</u>	<u>(252,369)</u>	-	<u>14,973,123</u>
Total Governmental Activities Capital Assets, net	<u>\$ 21,368,360</u>	<u>\$ 2,323,586</u>	<u>\$ -</u>	<u>\$ 23,691,946</u>

	<b>Balance July 1, 2016</b>	<b>Additions</b>	<b>Retirements and Transfers</b>	<b>Balance June 30, 2017</b>
<b>Business-Type Activities:</b>				
Equipment	172,992.00	-	-	172,992.00
	<u>172,992.00</u>	-	-	<u>172,992.00</u>
Less: Accumulated Depreciation:				
Equipment	(56,958.00)	(3,001.00)	-	(59,959.00)
	<u>(56,958.00)</u>	<u>(3,001.00)</u>	-	<u>(59,959.00)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 116,034.00</u>	<u>\$ (3,001.00)</u>	<u>\$ -</u>	<u>\$ 113,033.00</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 6. Interfund Receivables, Payables and Transfers**

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,207	\$ 519
Capital Projects Fund	519	1,967
Debt Service Fund	1,967	
Payroll Fund		2,207
	<hr/>	<hr/>
	<u>\$ 4,693</u>	<u>\$ 4,693</u>

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.

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$ 250,000
Special Revenue Fund		
Capital Projects Fund	\$ 250,000	
Debt Service Fund		
	<hr/>	<hr/>
	<u>\$ 250,000</u>	<u>\$ 250,000</u>

The purpose of the interfund transfer was to fund capital projects with capital reserve funds

**Note 7. Long-Term Obligations**

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2017</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 5,630,000		\$ 760,000	\$ 4,870,000	\$ 790,000
Unamortized Bond Premiums	47,738		16,368	31,370	16,368
Compensated Absences	381,156		92,570	288,586	
Net Pension Liability	3,155,841	\$ 1,010,260		4,166,101	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 9,214,735</u>	<u>\$ 1,010,260</u>	<u>\$ 868,938</u>	<u>\$ 9,356,057</u>	<u>\$ 806,368</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7. Long-Term Obligations (continued)**

For governmental activities, the bonds payable are liquidated from the School District’s debt service fund. Compensated absences, grant anticipation notes and net pension liability are liquidated by the general fund.

**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.

On September 1, 2014, the School District issued \$4,521,000 of General Obligation Bonds. The General Obligation Bonds were issued at interest rates varying from 2.125% to 2.250% and mature on September 1, 2024. The purpose of the bonds is to fund capital improvement projects consisting of (i) the acquisition and installation of an air conditioning system at School #1 for use in educational spaces; (ii) the acquisition and installation of an air conditioning system at School #2 for use in educational spaces; (iii) the acquisition and installation of a generator at School #2 for emergency management use; (iv) the acquisition and installation of an air conditioning system at School #3 for use in educational spaces; (v) the acquisition of all equipment and the completion of all work necessary or desirable to make said renovations and improvements compatible with existing facilities; and (vi) the costs of issuance with respect to the Bonds (collectively, the "Project").

On January 31, 2014, the School District issued \$2,625,000 of Refunding Bonds to refund the callable portion of the outstanding 2003 Bond Issue. The Refunding Bonds generated \$94,755 in net present value savings. The Refunding Bonds were issued at interest rates varying from 2.00% to 3.00% and mature on June 1, 2019.

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

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	550,000	41,606	591,606
2023-2027	1,620,000	53,656	1,673,656
	\$ 4,870,000	\$ 398,497	\$ 5,268,497

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 7. Long-Term Obligations (continued)**

**Bonds Authorized but not Issued**

As of June 30, 2017, the School District had no bonds authorized but not issued.

**Note 8. 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/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

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

**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 2016, 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.

**Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources** - At June 30, 2017, the School District reported a liability of \$4,166,101 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was .01406%, which was an increase of .00001% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$421,345 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 77,477	\$ -
Changes of Assumptions	862,994	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	158,857	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	85,267	-
School District contributions subsequent to measurement date	132,000	
	\$ 1,316,595	\$ -

\$132,000 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2016-2017 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	
2018	\$ 271,185
2019	271,185
2020	309,289
2021	254,425
2022	78,510
	\$ 1,184,594



**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

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

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

**Actuarial Assumptions** – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

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

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

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

	<b>At 1% Decrease <u>(2.98%)</u></b>	<b>At Current Discount Rate <u>(3.98%)</u></b>	<b>At 1% Increase <u>(4.98%)</u></b>
School District's Proportionate Share of the Net Pension Liability	\$ 5,105,071	\$ 4,166,101	\$ 3,390,900

**Additional Information** - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
 School District's portion	 0.01407%	 0.01406%

**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](http://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.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

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

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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, 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, the School District is 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 School District does 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.

**Pension Liability and Pension Expense** - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$44,745,283. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

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

liability attributable to the School District was .05688%, which a decrease of .00065% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$3,361,985 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

**Actuarial Assumptions** – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

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

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (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>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**Discount Rate** - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution rate in the most recent fiscal year. The State contributed 30% of the 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

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

	<b>At 1% Decrease <u>(2.22%)</u></b>	<b>At Current Discount Rate <u>(3.22%)</u></b>	<b>At 1% Increase <u>(4.22%)</u></b>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 53,435,867	\$ 44,745,283	\$ 37,648,299
	\$ 53,435,867	\$ 44,745,283	\$ 37,648,299

**Pension Plan Fiduciary Net Position** - 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.

**C. Defined Contribution Plan (DCRP)**

**Plan Description** - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.



**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 8. Pension Plans (continued)**

**C. Defined Contribution Plan (DCRP) (continued)**

- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

**Contributions** - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, there were no employees enrolled in the DCRP

**Note 9. State Post-Retirement Medical 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 10. On-Behalf Payments for Fringe Benefits and Salaries**

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers’ Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$634,969, \$529,073 and \$1,930, respectively.

**Note 11. Risk Management**

The School 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.

**New Jersey Unemployment Compensation Insurance** – The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the School 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 School District is billed quarterly for amounts due to the State. The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District’s trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 11,568	\$ -	\$ 32,179	\$ 91,631
2015-2016	13,743	84	17,247	112,242
2014-2015	7,937	97	9,456	115,662

**Property and Liability Insurance** – The School 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.

**Joint Insurance Pool** – The School District also participates in the Burlington County Insurance Joint Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds Environmental Impairment Liability School Board Legal Liability Employers Liability	General & Automobile Liability Workers’ Compensation Excess Liability Comprehensive Crime Coverage
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## SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)

#### Note 12. Contingencies

**State and Federal Grantor Agencies** - The School 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 School 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, 2017 may be impaired. In the opinion of the School 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.

**Litigation** – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

**Economic Dependency** – The School 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 School District’s programs and activities.

#### Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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 Planning  
AXA Equitable  
Valic Investments

#### Note 14. Compensated Absences

The School 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.

School District employees are granted varying amount of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District 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 School District for the unused sick leave in accordance with School Districts’ agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide and on the proprietary fund Statement of Net Position was \$288,586 and \$0, respectively.

## **SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017 (continued)**

#### **Note 15. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

#### **Note 16. Commitments**

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$19,909.

#### **Note 17. Grant Anticipation Notes**

On July 6, 2016, the School District issued \$3,014,000 in Grant Anticipation Notes, 2016 Series A to temporary finance the School Development Authority (SDA) grant portion of the capital projects. The Notes bear an interest rate of 2.00% and mature on July 5, 2017.

On June 29, 2017, the School District issued \$3,014,000 in Grant Anticipation Notes, 2017 Series A to pay off the Grant Anticipation Notes, Series 2016. The purpose of the notes are to temporarily finance the School Development Authority (SDA) grant portion of the capital projects. The new notes bear an interest rate of 2.25% and mature on June 28, 2018.

#### **Note 18. Calculation of Excess Surplus**

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve 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, 2017 was \$304,767.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2017 (continued)**

**Note 19. Fund Balances**

**General Fund** – Of the \$1,668,208 General Fund fund balance at June 30, 2017, \$888,651 has been restricted for the Capital Reserve Account; \$18,644 has been restricted for the Maintenance Reserve Account; \$1 has been restricted for the Emergency Reserve Account; \$218,413 has been restricted for current year excess surplus; \$221,333 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$19,909 has been assigned to other purposes; \$86,354 has been assigned and included as anticipated revenue for the year ending June 30, 2018; and \$214,903 has been unassigned.

**Capital Projects Fund** – Of the \$338,145 Capital Projects Fund fund balance at June 30, 2017, \$338,145 is restricted for future capital projects approved by the School District.

**Debt Service Fund** – Of the \$1,969 Debt Service Fund fund balance at June 30, 2017, \$1,969 is restricted for future debt service payments.

**Note 20. Deficit in Net Position**

**Unrestricted Net Position** – The School District had a deficit in unrestricted net position in the amount of \$2,978,941 at June 30, 2017. The deficit is caused by the implementation of GASB 68 which requires the School District to report their proportionate share of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2017.

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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, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Revenues:</b>						
<b>Local Sources:</b>						
Local Tax Levy	10-1210	\$ 10,802,294	\$ -	\$ 10,802,294	\$ 10,802,294	\$ -
Tuition	10-1300	1,000	-	1,000	2,160	1,160
Interest Earned on Capital Reserve Funds	10-1500	20	-	20	-	(20)
Unrestricted Miscellaneous Revenues	10-1900	23,525	-	23,525	64,682	41,157
<b>Total Local Sources</b>		<b>10,826,839</b>	<b>-</b>	<b>10,826,839</b>	<b>10,869,136</b>	<b>42,297</b>
<b>State Sources:</b>						
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	-	-	-	98,925	98,925
PARCC Readiness Aid	10-3XXX	7,280	-	7,280	7,280	-
Per Pupil Growth Aid	10-3XXX	7,280	-	7,280	7,280	-
Professional Learning Community Aid	10-3183	6,950	-	6,950	6,950	-
Non Public Transportation Aid	10-3XXX	-	-	-	2,088	2,088
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contributions		-	-	-	634,969	634,969
On-Behalf TPAF Post Retirement Medical Contributions		-	-	-	529,073	529,073
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,930	1,930
Reimbursed TPAF Social Security Contributions		-	-	-	408,223	408,223
<b>Total State Sources</b>		<b>2,135,196</b>	<b>-</b>	<b>2,135,196</b>	<b>3,810,404</b>	<b>1,675,208</b>
<b>Federal Sources:</b>						
Medicaid Reimbursement	10-4200	17,567	-	17,567	5,962	(11,605)
<b>Total Federal Sources</b>		<b>17,567</b>	<b>-</b>	<b>17,567</b>	<b>5,962</b>	<b>(11,605)</b>
<b>Total Revenues</b>		<b>12,979,602</b>	<b>-</b>	<b>12,979,602</b>	<b>14,685,502</b>	<b>1,705,900</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
<b>Instruction - Regular Programs:</b>						
<b>Salaries of Teachers:</b>						
Preschool/Kindergarten	11-110-100-101	331,087	(21,000)	310,087	301,184	8,903
Grades 1 - 5	11-120-100-101	1,678,197	(61,560)	1,616,637	1,595,923	20,714
Benefits Social Security - Instruction	11-120-100-220	96,645	(3,000)	93,645	89,821	3,824
Benefits - PERS Employer Contrib - Instruction	11-120-100-241	92,071	7,000	99,071	97,734	1,337
Benefits - Workers Compensation - Instruction	11-120-100-260	50,439	823	51,262	51,262	-
Benefits - Health Benefits - Instruction	11-120-100-270	1,158,607	130,800	1,289,407	1,274,751	14,656
Benefits - Tuition Reimbursement	11-120-100-280	20,000	-	20,000	10,688	9,312
Benefits - Other Employee Benefits - Instruction	11-120-100-290	51,850	24,640	76,490	73,401	3,089
Benefits - Unused Sick Payment to Terminated/Retired Staff	11-120-100-299	29,788	2,100	31,888	31,792	96
Grades 6 - 8	11-130-100-101	1,112,523	(29,000)	1,083,523	1,075,237	8,286
<b>Regular Programs - Home Instruction:</b>						
Salaries of Teachers	11-150-100-101	6,000	9,000	15,000	9,506	5,494
Purchased Professional/Educational Services	11-150-100-320	1,500	1,000	2,500	1,739	761
<b>Regular Programs - Undistributed Instruction:</b>						
Other Salaries for Instruction	11-190-100-106	-	-	-	-	-
Purchased Professional/Educational Services	11-190-100-320	175,332	(1,229)	174,103	167,866	6,237
Substitutes Contracted	11-190-100-329	-	177,332	177,332	166,470	10,862
Purchased Technical Services	11-190-100-340	174,103	(174,103)	-	-	-
Other Purchased Services	11-190-100-500	70,533	(70,533)	-	-	-
General Supplies	11-190-100-610	252,378	15,950	268,328	250,891	17,437
Textbooks	11-190-100-640	99,000	31,300	130,300	130,275	25
Other Objects	11-190-100-800	48,250	-	48,250	33,144	15,106
<b>Total Regular Programs</b>		<b>5,448,303</b>	<b>39,520</b>	<b>5,487,823</b>	<b>5,361,684</b>	<b>126,139</b>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Special Education:</b>						
Learning and/or Language Disabilities:						
LD & LD-L Teacher Substitute	11-204-100-101	242,854	(29,000)	213,854	205,122	8,732
Purchased Profess. & Educ. Services	11-204-100-320	25,551	(900)	24,651	23,109	1,542
<b>Total Learning and/or Language Disabilities</b>		<b>268,405</b>	<b>(29,900)</b>	<b>238,505</b>	<b>228,231</b>	<b>10,274</b>
<b>Resource Room/ Resource Center:</b>						
Salaries of Teachers	11-213-100-101	909,272	(60,000)	849,272	844,512	4,760
Purchased Professional/Educational Services	11-213-100-320	33,235	10,680	43,915	43,910	5
<b>Total Resource Room</b>		<b>942,507</b>	<b>(49,320)</b>	<b>893,187</b>	<b>888,422</b>	<b>4,765</b>
<b>Preschool Disabilities - Part-Time:</b>						
Salaries of Teachers	11-215-100-101	86,217	(34,970)	51,247	51,243	4
Purchased Profess. & Educ. Services	11-215-100-320	32,722	2,190	34,912	34,907	5
General Supplies	11-215-100-610	4,200	2,500	6,700	5,459	1,241
Other Objects	11-215-100-800	-	500	500	76	424
<b>Total Preschool Disabilities - Part-Time</b>		<b>123,139</b>	<b>(29,780)</b>	<b>93,359</b>	<b>91,685</b>	<b>1,674</b>
<b>Total Special Education</b>		<b>1,334,051</b>	<b>(109,000)</b>	<b>1,225,051</b>	<b>1,208,338</b>	<b>16,713</b>
<b>Basic Skills/Remedial:</b>						
Salaries of Teachers	11-230-100-101	502,316	7,700	510,016	497,195	12,821
Purchased Professional/Educational Services	11-230-100-320	49,700	(17,000)	32,700	32,682	18
General Supplies	11-230-100-610	1,200	7,600	8,800	5,483	3,317
<b>Total Basic Skills/Remedial</b>		<b>553,216</b>	<b>(1,700)</b>	<b>551,516</b>	<b>535,360</b>	<b>16,156</b>
<b>School Sponsored Cocurricular Activities:</b>						
Salaries	11-401-100-100	44,604	-	44,604	43,939	665
Purchased Services	11-401-100-500	950	-	950	40	910
Supplies & Materials	11-401-100-600	6,737	94	6,831	6,791	40
<b>Total School Sponsored Cocurricular Activities</b>		<b>52,291</b>	<b>94</b>	<b>52,385</b>	<b>50,770</b>	<b>1,615</b>
<b>School Sponsored Athletics:</b>						
Salaries	11-402-100-100	50,462	(4,800)	45,662	44,790	872
Purchased Services	11-402-100-500	6,604	(500)	6,104	4,498	1,606
Supplies & Materials	11-402-100-610	11,995	500	12,495	12,495	-
<b>Total School Sponsored Athletics</b>		<b>69,061</b>	<b>(4,800)</b>	<b>64,261</b>	<b>61,783</b>	<b>2,478</b>
<b>Other Instruction Programs</b>						
Salaries	11-410-100-101	9,300	(5,600)	3,700	2,392	1,308
PSH Summer Salaries Aides	11-410-100-106	-	5,750	5,750	5,740	10
Purchased Services	11-4XX-100-500	6,900	(6,900)	-	-	-
Summer Education Salaries	11-411-100-101	-	7,850	7,850	7,842	8
<b>Total Other Instructional Programs</b>		<b>16,200</b>	<b>1,100</b>	<b>17,300</b>	<b>15,974</b>	<b>1,326</b>
<b>Total - Instruction</b>		<b>7,473,122</b>	<b>(74,786)</b>	<b>7,398,336</b>	<b>7,233,909</b>	<b>164,427</b>
<b>Undistributed Expenditures:</b>						
<b>Instruction:</b>						
Tuition Other LEA's - In State - Regular	11-000-100-561	10,000	25,100	35,100	35,093	7
Tuition Other LEA's - In State - Special Education	11-000-100-562	257,705	(72,000)	185,705	185,617	88
Tuition to CSSD & Regional Day Schools	11-000-100-565	238,423	94,600	333,023	315,907	17,116
Tuition to Private Schools for the Handicapped - State	11-000-100-566	63,555	(53,700)	9,855	9,834	21
<b>Total Instruction</b>		<b>569,683</b>	<b>(6,000)</b>	<b>563,683</b>	<b>546,451</b>	<b>17,232</b>
<b>Attendance &amp; Social Work Services:</b>						
Salaries	11-000-211-100	20,000	-	20,000	20,000	-
Purchased Profess & Technical Services	11-000-211-300	10,000	-	10,000	257	9,743
<b>Total Attendance &amp; Social Work Services</b>		<b>30,000</b>	<b>-</b>	<b>30,000</b>	<b>20,257</b>	<b>9,743</b>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Health Services:</b>						
Salaries	11-000-213-100	111,850	2,800	114,650	114,108	542
Purchased Professional & Technical Services	11-000-213-300	5,000	-	5,000	4,888	112
Supplies and Materials	11-000-213-610	6,000	484	6,484	6,249	235
Other Objects	11-000-213-890	500	-	500	234	266
<b>Total Health Services</b>		<b>123,350</b>	<b>3,284</b>	<b>126,634</b>	<b>125,479</b>	<b>1,155</b>
<b>Other Support Services - Students - Related Services:</b>						
Salaries	11-000-216-101	123,700	(2,000)	121,700	121,700	-
Purchased Professional/Educational Services	11-000-216-320	332,169	-	332,169	290,928	41,241
Supplies & Materials	11-000-216-610	15,300	(9,500)	5,800	4,107	1,693
<b>Total Other Services - Students - Related Services</b>		<b>471,169</b>	<b>(11,500)</b>	<b>459,669</b>	<b>416,735</b>	<b>42,934</b>
<b>Other Support Services - Students - Extra Services:</b>						
Purchased Professional Services	11-000-217-320	288,477	(55,000)	233,477	220,898	12,579
<b>Total Other Services - Students - Related Services</b>		<b>288,477</b>	<b>(55,000)</b>	<b>233,477</b>	<b>220,898</b>	<b>12,579</b>
<b>Other Support Services - Students - Regular:</b>						
Salaries of Other Professional Staff	11-000-218-104	148,925	19,500	168,425	159,475	8,950
Purchased Professional/Educational Services	11-000-218-320	3,800	-	3,800	3,750	50
Purchased Professional & Technical Services	11-000-218-390	8,000	-	8,000	5,350	2,650
Supplies & Materials	11-000-218-600	1,800	-	1,800	468	1,332
Other Objects	11-000-218-800	500	-	500	181	319
<b>Total Other Support Services - Students - Regular</b>		<b>163,025</b>	<b>19,500</b>	<b>182,525</b>	<b>169,224</b>	<b>13,301</b>
<b>Other Support Services - Students - Special Services:</b>						
Salaries of Other Professional Staff	11-000-219-104	282,053	8,000	290,053	284,895	5,158
Salaries of Secretarial & Clerical Assistants	11-000-219-105	33,600	-	33,600	33,000	600
Purchased Professional/Educational Services	11-000-219-320	3,000	-	3,000	2,940	60
Supplies & Materials	11-000-219-610	14,550	(505)	14,045	10,410	3,635
Other Objects	11-000-219-800	3,300	730	4,030	4,030	-
<b>Total Other Support Services - Students - Special Services</b>		<b>336,503</b>	<b>8,225</b>	<b>344,728</b>	<b>335,275</b>	<b>9,453</b>
<b>Improvement of Instructional Staff</b>						
Salaries of Supervisors of Instruction	11-000-221-102	50,553	19,400	69,953	62,640	7,313
Salaries of Secretarial & Clerical Assistants	11-000-221-105	30,700	-	30,700	30,700	-
Purchased Professional/Educational Services	11-000-221-320	20,200	(2,000)	18,200	17,000	1,200
Purchased Professional & Technical Services	11-000-221-390	19,918	200	20,118	20,085	33
Supplies and Materials	11-000-221-600	100	-	100	-	100
<b>Total Instructional Staff Training</b>		<b>121,471</b>	<b>17,600</b>	<b>139,071</b>	<b>130,425</b>	<b>8,546</b>
<b>Educational Media Services/School Library:</b>						
Salaries	11-000-222-100	69,345	(33,600)	35,745	25,308	10,437
Salaries - Aides	11-000-222-106	-	30,200	30,200	23,101	7,099
Purchased Professional & Technical Services	11-000-222-300	3,000	-	3,000	-	3,000
Supplies and Materials	11-000-222-610	40,500	3,327	43,827	30,283	13,544
<b>Total Educational Media Services/School Library</b>		<b>112,845</b>	<b>(73)</b>	<b>112,772</b>	<b>78,692</b>	<b>34,080</b>
<b>Instructional Staff Training:</b>						
Salaries of Supervisors of Instruction	11-000-223-102	69,788	165	69,953	62,640	7,313
Other Objects	11-000-223-800	57,130	1,000	58,130	56,305	1,825
<b>Total Instructional Staff Training</b>		<b>126,918</b>	<b>1,165</b>	<b>128,083</b>	<b>118,945</b>	<b>9,138</b>
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	211,821	(1,130)	210,691	210,165	526
Benefits - Social Security Contributions	11-000-230-220	4,718	-	4,718	4,718	-
Benefits - PERS Employer Contribution	11-000-230-241	7,401	(2,500)	4,901	4,901	-
Benefits - Workers Comp	11-000-230-260	829	-	829	829	-
Benefits - Health Benefits	11-000-230-270	18,444	-	18,444	18,444	-

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Benefits -Other Empl Benefits	11-000-230-290	3,250	9,060	12,310	11,795	515
Legal Services	11-000-230-331	43,000	10,000	53,000	42,579	10,421
Audit Fees	11-000-230-332	23,000	-	23,000	22,840	160
Architectural/Engineering Services	11-000-230-334	1,500	(1,500)	-	-	-
Communications/Telephone	11-000-230-530	36,000	3,733	39,733	31,067	8,666
Other Purchased Services	11-000-230-590	17,250	2,804	20,054	19,843	211
General Supplies	11-000-230-610	5,000	(2,210)	2,790	-	2,790
Miscellaneous Expenditures	11-000-230-890	24,000	(1,500)	22,500	18,907	3,593
BOE Membership Dues & Fees	11-000-230-895	6,500	-	6,500	6,433	67
<b>Total Support Services General Administration</b>		<b>402,713</b>	<b>16,757</b>	<b>419,470</b>	<b>392,521</b>	<b>26,949</b>
<b>Support Services School Administration:</b>						
Salaries of Principals & Assistant Principals	11-000-240-103	331,590	15,400	346,990	344,737	2,253
Salaries of Secretarial & Clerical Assistants	11-000-240-105	87,820	100	87,920	84,194	3,726
Benefits - Social Security Contributions	11-000-240-220	8,055	-	8,055	8,055	-
Benefits - PERS Employer Contribution	11-000-240-241	12,636	-	12,636	12,636	-
Benefits - Workers Comp	11-000-240-260	2,488	-	2,488	2,488	-
Benefits - Health Benefits	11-000-240-270	104,559	-	104,559	104,559	-
Benefits - Other Employee Benefits	11-000-240-290	25,890	-	25,890	25,872	18
Purchased Professional & Technical Services	11-000-240-300	7,800	(7,200)	600	600	-
Other Purchased Services	11-000-240-500	600	-	600	143	457
Supplies and Materials	11-000-240-610	9,000	(2,000)	7,000	5,999	1,001
Other Objects	11-000-240-800	4,000	2,600	6,600	4,813	1,787
<b>Total Support Services School Administration</b>		<b>594,438</b>	<b>8,900</b>	<b>603,338</b>	<b>594,096</b>	<b>9,242</b>
<b>Central Services:</b>						
Salaries	11-000-251-100	239,221	(97,722)	141,499	141,499	-
Salaries - Staff	11-000-251-105	-	99,097	99,097	99,097	-
Benefits - Social Security Contributions	11-000-251-220	7,581	-	7,581	7,581	-
Benefits - PERS Employer Contribution	11-000-251-241	11,891	(1,375)	10,516	10,516	-
Benefits - Workers Comp	11-000-251-260	1,244	-	1,244	1,244	-
Benefits - Health Benefits	11-000-251-270	64,321	-	64,321	64,321	-
Purchased Professional Services	11-000-251-330	10,500	(600)	9,900	9,610	290
Supplies and Materials	11-000-251-600	5,800	600	6,400	6,069	331
Miscellaneous Expenditures	11-000-251-800	2,700	-	2,700	2,449	251
<b>Total Central Services</b>		<b>343,258</b>	<b>-</b>	<b>343,258</b>	<b>342,386</b>	<b>872</b>
<b>Administrative Information Technology:</b>						
Technology - Software - Website	11-000-252-320	-	4,950	4,950	4,950	-
Purchased Professional Services	11-000-252-330	45,470	78,550	124,020	115,520	8,500
Purchased Technical Services	11-000-252-340	3,500	(3,500)	-	-	-
<b>Total Administrative Information Technology</b>		<b>48,970</b>	<b>80,000</b>	<b>128,970</b>	<b>120,470</b>	<b>8,500</b>
<b>Allowable Maintenance for School Facilities:</b>						
Cleaning, Repair & Maintenance Services	11-000-261-420	100,000	(36,287)	63,713	63,343	370
Supplies	11-000-261-610	15,000	2,005	17,005	10,139	6,866
Other Objects	11-000-261-800	87,300	77,000	164,300	145,361	18,939
<b>Total Allowable Maintenance for School Facilities</b>		<b>202,300</b>	<b>42,718</b>	<b>245,018</b>	<b>218,843</b>	<b>26,175</b>
<b>Operation &amp; Maintenance of Plant Services:</b>						
Salaries	11-000-262-100	501,844	(8,993)	492,851	491,927	924
Salaries - Aides	11-000-262-106	-	10,000	10,000	9,309	691
Purchased Professional & Technical Services	11-000-262-300	9,700	(3,125)	6,575	591	5,984
Cleaning, Repair & Maintenance Services	11-000-262-420	36,000	5,330	41,330	40,097	1,233
Other Purchased Property Services	11-000-262-490	30,000	-	30,000	27,354	2,646
Insurance	11-000-262-520	28,000	724	28,724	28,724	-
General Supplies	11-000-262-610	70,000	(2,724)	67,276	48,931	18,345
Energy (Natural Gas)	11-000-262-621	80,000	(20,765)	59,235	49,717	9,518
Energy (Electricity)	11-000-262-622	264,000	-	264,000	230,001	33,999
Other Objects	11-000-262-800	1,000	-	1,000	699	301
<b>Total Operation &amp; Maintenance of Plant Services</b>		<b>1,020,544</b>	<b>(19,553)</b>	<b>1,000,991</b>	<b>927,350</b>	<b>73,641</b>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
<b>Student Transportation Services:</b>						
Contracted Services - (Aid in Lieu of Payments)	11-000-270-503	13,260	-	13,260	11,757	1,503
Contracted Services (Between Home & School) - Vendors	11-000-270-511	345,000	(4,000)	341,000	337,108	3,892
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	25,020	-	25,020	17,995	7,025
Contracted Services (Special Education Students) - Joint Agreement	11-000-270-513	17,900	4,000	21,900	20,082	1,818
Contracted Services - (Jointures Special Education)	11-000-270-515	258,500	-	258,500	231,709	26,791
Other Objects	11-000-270-800	3,800	-	3,800	3,550	250
<b>Total Student Transportation Services</b>		<b>663,480</b>	<b>-</b>	<b>663,480</b>	<b>622,201</b>	<b>41,279</b>
<b>Unallocated Benefits - Employee Benefits:</b>						
Other Retirement Contributions-PERS	11-000-291-241	-	1,176	1,176	-	1,176
Workmen's Compensation	11-000-291-260	-	342	342	342	-
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>-</b>	<b>1,518</b>	<b>1,518</b>	<b>342</b>	<b>1,176</b>
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contributions		-	-	-	634,969	(634,969)
On-Behalf TPAF Post Retirement Medical Contributions		-	-	-	529,073	(529,073)
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,930	(1,930)
Reimbursed TPAF Social Security Contributions		-	-	-	408,223	(408,223)
<b>Total Undistributed Expenditures</b>		<b>5,619,144</b>	<b>107,541</b>	<b>5,726,685</b>	<b>6,954,785</b>	<b>(1,228,200)</b>
<b>Total Expenditures - Current Expense</b>		<b>13,092,266</b>	<b>32,755</b>	<b>13,125,021</b>	<b>14,188,694</b>	<b>(1,063,773)</b>
<b>Capital Outlay:</b>						
<b>Equipment:</b>						
Undist. Expenditures - Admin IT	12-000-252-730	48,000	-	48,000	35,772	12,228
Undist. Expenditures - Security	12-000-266-730	15,000	-	15,000	-	15,000
<b>Total Equipment</b>		<b>63,000</b>	<b>-</b>	<b>63,000</b>	<b>35,772</b>	<b>27,228</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Other Purchased Professional & Tech Services	12-000-400-390	-	2,820	2,820	-	2,820
Assessment of Debt Service on SDA Funding	12-000-400-896	23,805	-	23,805	23,805	-
<b>Total Facilities Acquisition &amp; Construction Services</b>		<b>23,805</b>	<b>2,820</b>	<b>26,625</b>	<b>23,805</b>	<b>2,820</b>
Interest Deposit to Capital Reserve	10-604	20	-	20	-	20
<b>Total Capital Outlay</b>		<b>86,825</b>	<b>2,820</b>	<b>89,645</b>	<b>59,577</b>	<b>30,068</b>
<b>Total Expenditures</b>		<b>13,179,091</b>	<b>35,575</b>	<b>13,214,666</b>	<b>14,248,271</b>	<b>(1,033,705)</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>		<b>(199,489)</b>	<b>(35,575)</b>	<b>(235,064)</b>	<b>437,231</b>	<b>672,295</b>
<b>Other Financing Sources/(Uses)</b>						
Operating Transfers Out - Capital Reserve Transferred to Capital Projects		-	(250,000)	(250,000)	(250,000)	-
<b>Total Other Financing Sources/(Uses)</b>		<b>-</b>	<b>(250,000)</b>	<b>(250,000)</b>	<b>(250,000)</b>	<b>-</b>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(199,489)	(285,575)	(485,064)	187,231	672,295
Fund Balances, July 1	1,625,569	-	1,625,569	1,625,569	-
Fund Balances, June 30	<u>\$ 1,426,080</u>	<u>\$ (285,575)</u>	<u>\$ 1,140,505</u>	<u>\$ 1,812,800</u>	<u>\$ 672,295</u>

**RECAPITULATION OF BUDGET TRANSFERS**

Prior Year Encumbrances	\$ 35,575
Withdrawal from Capital Reserve	<u>250,000</u>
Total	<u>\$ 285,575</u>

**RECAPITULATION OF FUND BALANCE:**

Restricted Fund Balance:	
Capital Reserve	\$ 888,651
Emergency Reserve	1
Maintenance Reserve	18,644
Excess Surplus	218,413
Reserved Excess Surplus Designated for Subsequent Year's Expenditures	221,333
Committed Fund Balance:	
Year-end Encumbrances	19,909
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	86,354
Unassigned Fund Balance	<u>359,495</u>
Subtotal	1,812,800
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(144,592)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,668,208</u>



**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Local Sources	\$ -	\$ 51,840	\$ 51,840	\$ 18,844	\$ (32,996)
Federal Sources	337,202	(19,095)	318,107	318,107	-
<b>Total Revenues</b>	<b>337,202</b>	<b>32,745</b>	<b>369,947</b>	<b>336,951</b>	<b>(32,996)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	122,547	(39,698)	82,849	82,849	-
Tuition	214,655	(8,667)	205,988	205,988	-
General Supplies	-	57,782	57,782	24,786	32,996
<b>Total Instruction</b>	<b>337,202</b>	<b>9,417</b>	<b>346,619</b>	<b>313,623</b>	<b>32,996</b>
Support Services:					
Personal Services - Employee Benefits	-	17,728	17,728	17,728	-
Purchase of Professional Education	-	5,100	5,100	5,100	-
General Supplies	-	500	500	500	-
<b>Total Support Services</b>	<b>-</b>	<b>23,328</b>	<b>23,328</b>	<b>23,328</b>	<b>-</b>
<b>Total Expenditures</b>	<b>337,202</b>	<b>32,745</b>	<b>369,947</b>	<b>336,951</b>	<b>32,996</b>
<b>Total Outflows</b>	<b>337,202</b>	<b>32,745</b>	<b>369,947</b>	<b>336,951</b>	<b>32,996</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

**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)	\$ 14,685,502	\$ 336,951
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	168,107	-
State aid payment recognized for budgetary purposes not recognized for GAAP statements until the subsequent year.	(144,592)	-
	14,709,017	336,951
Total Revenues as Reported on the Statement of Revenues Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 14,709,017	\$ 336,951
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 14,248,271	\$ 336,951
Total Expenditures as Reported on the Statement of Revenues Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 14,248,271	\$ 336,951

**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 SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)**  
**LAST FOUR FISCAL YEARS\***

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00000%	0.05753%	0.09639%	0.09170%
School District's proportionate share of the net pension liability	\$ 4,166,101	\$ 3,155,841	\$ 2,557,410	\$ 2,546,947
School District's covered payroll	\$ 1,005,656	\$ 960,517	\$ 964,241	\$ 925,671
School District's proportionate share of the net pension liability as a percentage of its covered payroll	414.27%	328.56%	265.23%	275.15%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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 SCHOOL DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
LAST FOUR FISCAL YEARS**

	2017	2016	2015	2014
School District's contractually required contribution	\$ 132,000	\$ 124,965	\$ 120,865	\$ 112,606
Contributions in relation to the contractually required contribution	(132,000)	(124,965)	(120,865)	(112,606)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 708,665	\$ 1,005,656	\$ 960,517	\$ 964,241
Contributions as a percentage of covered payroll	18.63%	12.43%	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**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS' PENSION AND ANNUITY FUND (TPAF)**  
**LAST FOUR FISCAL YEARS\***

	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	44,745,283	36,359,168	31,641,997	29,673,065
	<u>\$ 44,745,283</u>	<u>\$ 36,359,168</u>	<u>\$ 31,641,997</u>	<u>\$ 29,673,065</u>
School District's covered payroll	\$ 5,815,216	\$ 5,748,143	\$ 5,691,902	\$ 5,464,226
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

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 SCHOOL DISTRICT CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND (TPAF)  
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Teachers Pension and Annuity Fund (TPAF)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

**Public Employees' Retirement System (PERS)**

**Changes in Benefit Terms** - None.

**Changes in Assumptions** - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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**OTHER SUPPLEMENTARY INFORMATION**

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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, 2017**

	NO CHILD LEFT BEHIND		
	TITLE I	TITLE II - PART A	I.D.E.A. PART B BASIC
Revenues:			
Federal Sources	\$ 87,294	\$ 24,825	\$ 193,334
Total Revenues	<u>\$ 87,294</u>	<u>\$ 24,825</u>	<u>\$ 193,334</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 67,194	\$ 15,655	\$ -
Tuition	-	-	193,334
General Supplies	5,942	-	-
Total Instruction	<u>73,136</u>	<u>15,655</u>	<u>193,334</u>
Support Services:			
Employee Benefits	13,658	4,070	-
Purchase of Professional Education	-	5,100	-
Supplies	500	-	-
Total Support Services	<u>14,158</u>	<u>9,170</u>	<u>-</u>
Total Expenditures	<u>\$ 87,294</u>	<u>\$ 24,825</u>	<u>\$ 193,334</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2017**

	I.D.E.A. PRESCHOOL PROGRAM	STAR FOUNDATION	TOTALS
<b>Revenues:</b>			
Federal Sources	\$ 12,654	\$ -	\$ 318,107
Local Sources	-	18,844	18,844
<b>Total Revenues</b>	<b>\$ 12,654</b>	<b>\$ 18,844</b>	<b>\$ 336,951</b>
<b>Expenditures:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ -	\$ -	\$ 82,849
Tuition	12,654	-	205,988
General Supplies	-	18,844	24,786
Miscellaneous	-	-	-
<b>Total Instruction</b>	<b>12,654</b>	<b>18,844</b>	<b>313,623</b>
<b>Support Services:</b>			
Employee Benefits	-	-	17,728
Purchase of Professional Education	-	-	5,100
General Supplies	-	-	500
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>23,328</b>
<b>Total Expenditures</b>	<b>\$ 12,654</b>	<b>\$ 18,844</b>	<b>\$ 336,951</b>

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, 2017**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE JUNE 30, 2016
			PRIOR YEARS	CURRENT YEAR	
Completion of Various Improvements & Renovations at School No. 2	6/01/03	\$ 3,527,184	\$ 3,240,421	\$ -	\$ 286,763
Completion of Roof Replacement at School No. 1	1/6/2014	569,407	169,570	71,291	328,546
Addition of Air Conditioning at School No. 1	1/6/2014	2,030,000	1,983,344	-	46,656
Addition of Air Conditioning at School No. 2	2/24/2014	2,755,000	2,125,057	801,319	(171,376)
Addition of Air Conditioning at School No. 3	2/27/2014	3,000,000	1,258,704	1,703,345	37,951
Completion of Security Enhancements at School No. 3	2/24/2014	35,343	16,708	-	18,635
Completion of Intruder Doors at School No. 2	2/24/2014	77,272	24,567	-	52,705
Total		\$ 11,994,206	\$ 8,818,371	\$ 2,575,955	\$ 599,880
Reconciliation to Governmental Funds (GAAP):					
Unexpended Balance as of June 30, 2017					\$ 599,880
SDA Grant Revenue not Recognized on GAAP Basis					(261,735)
					<u>\$ 338,145</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, 2017**

Revenues and Other Financing Sources:	
Transfer from Capital Reserve	\$ 250,000
	<hr/>
Total Revenues	250,000
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional & Technical Services	75,984
Construction Services	2,499,971
	<hr/>
Total Expenditures	2,575,955
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(2,325,955)
Fund Balance - Beginning	2,925,835
	<hr/>
Fund Balance - Ending	\$ 599,880
	<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, 2017**

	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
<b>Total Revenues</b>	<b>4,105,901</b>	<b>-</b>	<b>4,105,901</b>	<b>4,105,901</b>
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Technical Services	573,877	-	573,877	573,877
Land & Improvements	2,599,184	-	2,599,184	2,885,947
Equipment Purchases	67,360	-	67,360	67,360
<b>Total Expenditures</b>	<b>3,240,421</b>	<b>-</b>	<b>3,240,421</b>	<b>3,527,184</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	865,480	-	865,480	578,717
Other Financing Sources/(Uses):				
Transfer to Debt Service	(1,965)	-	(1,965)	(1,965)
Cancellation of Prior Year Receivable	(576,752)	-	(576,752)	(576,752)
<b>Total Other Financing Sources/Uses</b>	<b>(578,717)</b>		<b>(578,717)</b>	<b>(578,717)</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	<u>\$ 286,763</u>	<u>\$ -</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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 269,407		\$ 269,407	\$ 269,407
Transfer from Capital Reserve	300,000		300,000	300,000
<b>Total Revenues</b>	<b>569,407</b>	<b>-</b>	<b>569,407</b>	<b>569,407</b>
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	52,411	11,950	64,361	64,361
Construction Services	117,159	59,341	176,500	505,046
<b>Total Expenditures</b>	<b>169,570</b>	<b>71,291</b>	<b>240,861</b>	<b>569,407</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	<b>\$ 399,837</b>	<b>\$ (71,291)</b>	<b>\$ 328,546</b>	<b>\$ -</b>

**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	42.30%
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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 812,000	\$ -	\$ 812,000	\$ 812,000
Bond Proceeds	1,218,000	-	1,218,000	1,218,000
Total Revenues	2,030,000	-	2,030,000	2,030,000
Expenditures & Other Financing Uses:				
Legal Services	18,962	-	18,962	18,962
Purchased Professional & Technical Services	205,255	-	205,255	205,255
Construction Services	1,759,127	-	1,759,127	1,805,783
Total Expenditures	1,983,344	-	1,983,344	2,030,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 46,656	\$ -	\$ 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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 1,002,000	\$ -	\$ 1,002,000	\$ 1,002,000
Bond Proceeds	1,503,000	-	1,503,000	1,503,000
Transfer from Capital Reserve		250,000	250,000	250,000
<b>Total Revenues</b>	<b>2,505,000</b>	<b>250,000</b>	<b>2,755,000</b>	<b>2,755,000</b>
Expenditures & Other Financing Uses:				
Legal Services	18,972	-	18,972	18,972
Purchased Professional & Technical Technical Services	218,474	29,237	247,711	247,711
Construction Services	1,887,611	772,082	2,659,693	2,488,317
<b>Total Expenditures</b>	<b>2,125,057</b>	<b>801,319</b>	<b>2,926,376</b>	<b>2,755,000</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	379,943	(551,319)	(171,376)	-

**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	\$ 2,755,000
Additional Authorized Cost	0
Revised Authorized Cost	\$ 2,755,000
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	106.22%
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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 1,200,000	\$ -	\$ 1,200,000	\$ 1,200,000
Bond Proceeds	1,800,000	-	1,800,000	1,800,000
<b>Total Revenues</b>	<b>3,000,000</b>	<b>-</b>	<b>3,000,000</b>	<b>3,000,000</b>
Expenditures & Other Financing Uses:				
Legal Services	18,972	-	18,972	18,972
Purchased Professional & Technical Technical Services	257,511	34,797	292,308	292,308
Construction Services	982,221	1,668,548	2,650,769	2,688,720
<b>Total Expenditures</b>	<b>1,258,704</b>	<b>1,703,345</b>	<b>2,962,049</b>	<b>3,000,000</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	1,741,296	(1,703,345)	37,951	-

**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	98.73%
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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 18,635	\$ -	\$ 18,635	\$ 18,635
Transfers from Capital Outlay	16,708	-	16,708	16,708
<b>Total Revenues</b>	<b>35,343</b>	<b>-</b>	<b>35,343</b>	<b>35,343</b>
Expenditures & Other Financing Uses:				
Construction Services	16,708	-	16,708	35,343
<b>Total Expenditures</b>	<b>16,708</b>	<b>-</b>	<b>16,708</b>	<b>35,343</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	<u>\$ 18,635</u>	<u>\$ -</u>	<u>\$ 18,635</u>	<u>\$ -</u>

**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	(11,245)
Revised Authorized Cost	\$ 35,343
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	47.27%
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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 52,705	\$ -	\$ 52,705	\$ 52,705
Transfers from Capital Outlay	24,567	-	24,567	24,567
<b>Total Revenues</b>	<b>77,272</b>	<b>-</b>	<b>77,272</b>	<b>77,272</b>
Expenditures & Other Financing Uses:				
Construction Services	24,567	-	24,567	77,272
<b>Total Expenditures</b>	<b>24,567</b>	<b>-</b>	<b>24,567</b>	<b>77,272</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 52,705	\$ -	\$ 52,705	\$ -

**ADDITIONAL PROJECT INFORMATION**

Project Number	4930-060-13-2005
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	(54,491)
Revised Authorized Cost	\$ 77,272
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	0.00%
Original Target Completion Date	September 30, 2015
Revised Target Completion Date	September 30, 2016

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H. Fiduciary Funds

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2017**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>		<u>AGENCY FUNDS</u>		<u>TOTAL</u>
	<u>SCHOLARSHIP TRUST</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	
<b>ASSETS</b>					
Cash & Cash Equivalents	\$ 4,002	\$ 92,216	\$ 7,138	\$ 10,551	\$ 113,907
Interfund Receivable	-	-	-	-	-
<b>Total Assets</b>	<u>4,002</u>	<u>92,216</u>	<u>7,138</u>	<u>10,551</u>	<u>113,907</u>
<b>LIABILITIES</b>					
Payroll Deductions & Withholdings	-	-	-	8,344	8,344
Due to Student Groups	-	-	7,138	-	7,138
Accounts Payable	-	585	-	-	585
Interfund Payable	-	-	-	2,207	2,207
<b>Total Liabilities</b>	<u>-</u>	<u>585</u>	<u>7,138</u>	<u>10,551</u>	<u>18,274</u>
<b>NET POSITION:</b>					
Held in Trust for Scholarships	4,002	-	-	-	4,002
Held in Trust for Unemployment Cla	-	91,631	-	-	91,631
<b>Total Net Position</b>	<u>\$ 4,002</u>	<u>\$ 91,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,633</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>		<u>TOTAL</u>
	<u>SCHOLARSHIP TRUST</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	
<b>ADDITIONS</b>			
Local Sources:			
Employee Withholdings		\$ 11,568	\$ 11,568
Interest on Investments	\$ 1		1
<b>Total Additions</b>	<b>1</b>	<b>11,568</b>	<b>11,569</b>
<b>DEDUCTIONS</b>			
Unemployment Claims		32,179	32,179
Scholarships	239	-	239
<b>Total Deductions</b>	<b>239</b>	<b>32,179</b>	<b>32,418</b>
Change in Net Position	(238)	(20,611)	(20,849)
Net Position, July 1	4,240	112,242	116,482
Net Position, June 30	\$ 4,002	\$ 91,631	\$ 95,633

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BALANCE JULY 1, <u>2015</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2016</u>
Kindergarten through Eighth Grades	\$ 6,926	\$ 8,244	\$ 8,032	\$ 7,138
Total All Activity	<u>\$ 6,926</u>	<u>\$ 8,244</u>	<u>\$ 8,032</u>	<u>\$ 7,138</u>

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

ASSETS	BALANCE JULY 1, <u>2015</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2016</u>
Cash & Cash Equivalents	\$ 13,551	\$ 7,811,709	\$ 7,814,709	\$ 10,551
Total Assets.	<u>\$ 13,551</u>	<u>\$ 7,811,709</u>	<u>\$ 7,814,709</u>	<u>\$ 10,551</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 11,343	\$ 3,537,512	\$ 3,540,511	\$ 8,344
Net Payroll		4,274,197	4,274,197	-
Interfund Payable	2,208		1	2,207
Total Liabilities	<u>\$ 13,551</u>	<u>\$ 7,811,709</u>	<u>\$ 7,814,709</u>	<u>\$ 10,551</u>

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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, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2016	ISSUED	RETIRED	BALANCE JUNE 30, 2017
			DATE	AMOUNT					
School Refunding Bond, Series 2014	1/31/14	2,625,000	06/01/18	465,000	2.500%	\$ 1,385,000	\$ -	\$ 460,000	\$ 925,000
			06/01/19	460,000	2.000%				
School Bond, Series 2014	09/01/14	4,521,000	09/01/17	325,000	2.125%	4,245,000	-	300,000	3,945,000
			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									
						\$ 5,630,000	\$ -	\$ 760,000	\$ 4,870,000

**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, 2017**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 881,657	\$ -	\$ 881,657	\$ 881,657	\$ -
Total Revenues	881,657	-	881,657	881,657	-
Expenditures:					
Regular Debt Service:					
Interest	121,657	-	121,657	121,656	1
Redemption of Principal	760,000	-	760,000	760,000	-
Total Expenditures	881,657	-	881,657	881,656	1
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	1	1
Fund Balance, July 1	1,968	-	1,968	1,968	-
Fund Balance, June 30	\$ 1,968	\$ -	\$ 1,968	\$ 1,969	\$ 1



**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF COMPENSATED ABSENCES  
 JUNE 30, 2017**

	OUTSTANDING BALANCE 2016	ADDITIONS	REDUCTIONS	OUTSTANDING BALANCE 2017
Compensated Absences	\$ 381,156	\$ -	\$ 92,570	\$ 288,586

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**STATISTICAL SECTION (unaudited)**

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note the the Exhibits are presented for the last ten fiscal years.

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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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 18,804,050	\$ 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
Restricted	1,687,156	2,979,745	795,156	970,688	1,392,967	931,002	614,560	656,688	904,768	555,588
Unrestricted	(2,978,941)	(2,832,869)	(2,778,573)	(223,116)	(337,142)	(14,959)	60,880	(218,809)	(747,876)	(248,510)
<b>Total Governmental Activities</b>	<b>\$ 17,512,265</b>	<b>\$ 15,858,002</b>	<b>\$ 13,116,057</b>	<b>\$ 15,170,698</b>	<b>\$ 15,130,069</b>	<b>\$ 14,624,905</b>	<b>\$ 14,070,148</b>	<b>\$ 13,448,008</b>	<b>\$ 12,953,123</b>	<b>\$ 12,624,362</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 113,034	\$ 116,034	\$ 119,035	\$ 122,139	\$ 27,078	\$ 29,078	\$ 14,062	\$ 27,078	\$ -	\$ -
Unrestricted	16,088	1,741	1,138	9,383	109,573	98,913	107,823	104,826	104,759	95,887
<b>Total Business-Type Activities:</b>	<b>\$ 129,122</b>	<b>\$ 117,775</b>	<b>\$ 120,173</b>	<b>\$ 131,522</b>	<b>\$ 136,651</b>	<b>\$ 127,991</b>	<b>\$ 121,885</b>	<b>\$ 131,904</b>	<b>\$ 104,759</b>	<b>\$ 95,887</b>
<b>Government-Wide:</b>										
Net Investment in Capital Assets	\$ 18,917,084	\$ 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
Restricted	1,687,156	2,979,745	795,156	970,688	1,392,967	931,002	614,560	656,688	904,768	555,588
Unrestricted	(2,962,853)	(2,831,128)	(2,777,435)	(214,733)	(227,569)	83,954	168,703	(113,983)	(643,117)	(152,623)
<b>Total District Net Position</b>	<b>\$ 17,641,387</b>	<b>\$ 15,975,777</b>	<b>\$ 13,236,230</b>	<b>\$ 15,301,220</b>	<b>\$ 15,266,720</b>	<b>\$ 14,752,896</b>	<b>\$ 14,192,033</b>	<b>\$ 13,579,912</b>	<b>\$ 13,057,882</b>	<b>\$ 12,720,249</b>

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

	FISCAL YEAR ENDING JUNE 30.									
	2017.00	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses:</b>										
<b>Governmental Activities</b>										
<b>Instruction:</b>										
Regular	\$ (5,675,307)	\$ (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)
Special Education	(1,208,338)	(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)
Other Special Education	(663,887)	(599,118)	(576,224)	(556,098)	(507,334)	(492,174)	(417,383)	(426,364)	(401,385)	(396,121)
Other Instruction	-	(6,439)	(10,647)	(7,965)	(10,364)	(9,258)	-	(19,007)	(4,200)	(18,575)
<b>Support Services &amp; Undistributed Costs:</b>										
Tuition	(546,451)	(462,863)	(631,149)	(552,655)	(393,415)	(359,975)	(379,775)	(323,524)	(279,680)	(275,281)
Student & Instruction Related Services	(1,639,258)	(1,437,611)	(1,343,590)	(1,278,498)	(1,196,436)	(1,152,968)	(1,081,461)	(1,136,574)	(1,019,446)	(955,712)
General Administrative Services	(392,521)	(380,660)	(399,826)	(394,698)	(345,307)	(341,504)	(323,661)	(376,483)	(358,732)	(319,375)
Administrative Information Technology	(120,470)	(101,032)	(106,816)	(104,203)	(98,590)	(98,306)	(91,800)	(92,252)	(93,368)	(84,979)
School Administrative Services	(594,096)	(682,249)	(626,559)	(522,149)	(494,484)	(466,596)	(467,553)	(451,196)	(472,898)	(460,380)
Central Services	(342,386)	(329,608)	(321,377)	(238,955)	(235,230)	(237,517)	(226,022)	(246,750)	(221,872)	(215,551)
Plant Operations & Maintenance	(1,146,193)	(1,079,538)	(1,031,091)	(1,242,042)	(991,561)	(857,184)	(917,225)	(855,623)	(964,501)	(924,582)
Pupil Transportation	(622,201)	(626,309)	(571,828)	(528,380)	(494,134)	(495,948)	(486,321)	(561,349)	(810,575)	(849,789)
Business and Other Support Services	-	-	-	(752)	(4,613)	(18,015)	(1,590)	(93,324)	(13,359)	(13,346)
Unallocated Benefits	(204,158)	(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)
On Behalf TPAF Pension and Social Security Contributions	(1,574,195)									
Interest & Other Charges	(117,591)	(174,045)	(114,093)	(141,803)	(149,824)	(178,514)	(218,838)	(231,073)	(261,051)	(290,309)
Increase in Compensated Absences - Unallocated	-	(12,332)	(1,467)	34,738	60,411	5,231	(22,777)	4,523	(23,817)	3,138
Unallocated Depreciation	(288,141)	(485,454)	(470,701)	(464,041)	(514,061)	(600,000)	(619,543)	(591,826)	(583,742)	(489,194)
<b>Total Governmental Activities Expenses</b>	<b>(15,135,193)</b>	<b>(16,577,514)</b>	<b>(15,738,357)</b>	<b>(14,531,342)</b>	<b>(13,844,542)</b>	<b>(13,418,274)</b>	<b>(13,098,979)</b>	<b>(13,265,511)</b>	<b>(13,157,729)</b>	<b>(13,123,004)</b>
<b>Business-Type Activities:</b>										
Food Service	(255,303)	(259,152)	(287,737)	(270,434)	(270,154)	(283,376)	(281,916)	(266,916)	(264,458)	(263,935)
Summer Recreation	-	-	-	-	-	-	(11,022)	(10,690)	(10,671)	(10,839)
<b>Total Business-Type Activities Expense</b>	<b>(255,303)</b>	<b>(259,152)</b>	<b>(287,737)</b>	<b>(270,434)</b>	<b>(270,154)</b>	<b>(283,376)</b>	<b>(292,938)</b>	<b>(277,606)</b>	<b>(275,129)</b>	<b>(274,774)</b>
<b>Total District Expenses</b>	<b>\$ (15,390,496)</b>	<b>\$ (16,836,666)</b>	<b>\$ (16,026,094)</b>	<b>\$ (14,801,776)</b>	<b>\$ (14,114,696)</b>	<b>\$ (13,701,650)</b>	<b>\$ (13,391,917)</b>	<b>\$ (13,543,117)</b>	<b>\$ (13,432,858)</b>	<b>\$ (13,397,778)</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Operating Grants & Contributions	\$ 1,911,146	\$ 3,530,000	\$ 2,913,068	\$ 373,563	\$ 386,319	\$ 376,193	\$ 400,421	\$ 545,022	\$ 476,520	\$ 489,942
<b>Total Governmental Activities Program Revenues</b>	<b>1,911,146</b>	<b>3,530,000</b>	<b>2,913,068</b>	<b>373,563</b>	<b>386,319</b>	<b>376,193</b>	<b>400,421</b>	<b>545,022</b>	<b>476,520</b>	<b>489,942</b>



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

	FISCAL YEAR ENDING JUNE 30,									
	2017-00	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service	147,687	143,082	170,091	160,612	174,639	181,133	191,308	198,094	205,575	210,214
Summer Recreation				0	0	0	10,150	10,520	12,005	10,455
Operating Grants & Contributions	118,963	113,672	107,289	104,534	103,694	108,349	91,621	84,291	65,856	62,715
<b>Total Business Type Activities Program Revenues</b>	<b>266,650</b>	<b>256,754</b>	<b>277,380</b>	<b>265,146</b>	<b>278,333</b>	<b>278,333</b>	<b>289,482</b>	<b>293,079</b>	<b>292,905</b>	<b>283,436</b>
<b>Total District Program Revenues</b>	<b>\$ 2,177,796</b>	<b>\$ 3,786,754</b>	<b>\$ 3,190,448</b>	<b>\$ 638,709</b>	<b>\$ 664,652</b>	<b>\$ 654,526</b>	<b>\$ 689,903</b>	<b>\$ 838,101</b>	<b>\$ 769,425</b>	<b>\$ 773,378</b>
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (13,224,047)	\$ (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)
Business-Type Activities	11,347	(2,398)	(10,357)	(5,288)	8,179	(5,043)	(3,456)	15,473	17,776	8,662
<b>Total Government-Wide Net Expense</b>	<b>\$ (13,212,700)</b>	<b>\$ (13,049,912)</b>	<b>\$ (12,835,646)</b>	<b>\$ (14,163,067)</b>	<b>\$ (13,450,044)</b>	<b>\$ (13,047,124)</b>	<b>\$ (12,702,014)</b>	<b>\$ (12,705,016)</b>	<b>\$ (12,663,433)</b>	<b>\$ (12,624,400)</b>
<b>General Revenues &amp; Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 10,802,294	\$ 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
Taxes Levied for Debt Service	881,657	849,598	469,250	820,943	844,689	854,731	864,122	861,498	854,565	859,611
Unrestricted Grants & Contributions	3,127,517	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
Investment Earnings			1	7	14	24	24	24	1,546	26,290
Miscellaneous Income	66,842	81,356	90,462	58,115	49,918	66,634	84,399	76,581	89,506	108,482
Transfers				1,207				0		(899)
Cancellation of Prior Year Accounts				(30,583)						
Accounts Receivable										
Cancellation of Current Year										
Accounts Payable				10,940						
<b>Total Governmental Activities</b>	<b>14,878,310</b>	<b>15,789,459</b>	<b>13,317,595</b>	<b>14,198,408</b>	<b>13,963,387</b>	<b>13,596,838</b>	<b>13,263,616</b>	<b>13,215,374</b>	<b>13,009,970</b>	<b>13,073,583</b>
<b>Business-Type Activities:</b>										
Investment Earnings			8	366	481	0	885	801	565	2,730
Transfers				(1,207)				0	0	899
<b>Total Business-Type Activities</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>(841,000)</b>	<b>481</b>	<b>0</b>	<b>885</b>	<b>801</b>	<b>565</b>	<b>3,629</b>
<b>Total Government-Wide</b>	<b>\$ 14,878,310</b>	<b>\$ 15,789,459</b>	<b>\$ 13,317,603</b>	<b>\$ 14,197,567</b>	<b>\$ 13,963,868</b>	<b>\$ 13,596,838</b>	<b>\$ 13,264,501</b>	<b>\$ 13,216,175</b>	<b>\$ 13,010,535</b>	<b>\$ 13,077,212</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ 1,654,263	\$ 2,741,945	\$ 492,306	\$ 40,629	\$ 505,164	\$ 554,757	\$ 565,058	\$ 494,885	\$ 328,761	\$ 440,521
Business-Type Activities	11,347	(2,398)	(10,349)	(6,129)	8,660	(5,043)	(2,571)	16,274	18,341	12,291
<b>Total District</b>	<b>\$ 1,665,610</b>	<b>\$ 2,739,547</b>	<b>\$ 481,957</b>	<b>\$ 34,500</b>	<b>\$ 513,824</b>	<b>\$ 549,714</b>	<b>\$ 562,487</b>	<b>\$ 511,159</b>	<b>\$ 347,102</b>	<b>\$ 452,812</b>

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 1,347,042	\$ 1,224,055	\$ 827,722	\$ 957,878	\$ 778,676	\$ 1,302,469	\$ 1,009,751	\$ 868,551	\$ 1,014,082	\$ 574,388
Committed	106,263	35,575	107,347	34,131	173,025	-	-	-	-	-
Assigned	214,903	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
<b>Total General Fund</b>	<b>\$ 1,668,208</b>	<b>\$ 1,457,462</b>	<b>\$ 1,039,530</b>	<b>\$ 1,102,119</b>	<b>\$ 1,470,297</b>	<b>\$ 1,397,291</b>	<b>\$ 1,168,229</b>	<b>\$ 914,147</b>	<b>\$ 643,885</b>	<b>\$ 776,351</b>
All Other Governmental Funds:										
Reserved			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 814,737
Restricted:										(948)
Special Revenue Fund	338,145	1,802,269	4,854,533	288,728	264,362	264,362	264,362	261,149	261,149	94,356
Capital Projects Fund	1,969	1,968	17,102.00	17,352.00	-	-	-	0	0	763
Debt Service Fund										
<b>Total All Other Governmental Funds</b>	<b>\$ 340,114</b>	<b>\$ 1,804,237</b>	<b>\$ 4,871,635</b>	<b>\$ 306,080</b>	<b>\$ 264,362</b>	<b>\$ 264,362</b>	<b>\$ 264,362</b>	<b>\$ 261,149</b>	<b>\$ 261,149</b>	<b>\$ 908,908</b>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**

*(Modified Accrual Basis of Accounting)*  
*Unaudited*

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>										
Tax Levy	\$ 11,683,951	\$ 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
Tuition Charges	2,160	-	3,000	0	1,000	2,000	1,000	2,000	26,333	2,000
Interest Earnings	-	-	1	1,404	3,611	7,997	1,958	1,539	2,223	32,357
Miscellaneous	83,526	81,356	87,462	56,718	45,321	56,661	81,465	73,066	62,496	100,415
State Sources	4,695,750	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
Federal Sources	324,069	337,202	305,638	308,363	319,380	389,149	315,432	469,724	281,443	274,462
<b>Total Revenue</b>	<b>16,789,456</b>	<b>17,554,806</b>	<b>14,839,035</b>	<b>14,590,407</b>	<b>14,349,706</b>	<b>13,973,031</b>	<b>13,664,037</b>	<b>13,760,396</b>	<b>13,486,490</b>	<b>13,564,424</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	5,675,307	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
Special Education Instruction	1,208,338	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
Other Special Instruction	663,887	599,118	576,224	556,098	507,334	492,174	417,383	426,364	401,385	396,121
Other Instruction	-	6,439	10,647	7,965	10,364	9,258	-	19,007	4,200	18,575
<b>Support Services:</b>										
Tuition	546,451	462,863	631,149	552,655	393,415	359,975	379,775	323,524	279,680	275,281
Student & Instruction Related Services	1,639,258	1,538,643	1,450,406	1,382,701	1,295,026	1,251,274	1,173,261	1,228,826	1,112,814	1,040,691
General Administration Services	392,521	682,249	626,559	522,149	494,484	466,596	467,553	451,196	472,898	460,380
School Administrative Services	594,096	380,660	399,826	394,698	345,307	341,504	323,661	376,483	358,732	319,375
Central Services	342,386	329,608	321,377	238,955	235,230	237,517	226,022	246,750	221,872	215,551
Other Support Services	120,470	-	-	752	4,613	18,015	1,590	93,324	13,359	13,346
Plant Operations & Maintenance	1,146,193	1,079,538	1,031,091	1,242,042	991,561	857,184	917,225	855,623	964,501	924,582
Pupil Transportation	622,201	626,309	571,828	528,380	494,134	495,948	486,321	561,349	810,575	849,789
Unallocated Benefits	342	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
On Behalf TPAF Pension and Social Security Contributions	1,574,195	1,417,254	1,200,789	1,083,743	1,243,751	987,084	836,762	865,373	837,677	1,144,678
Capital Outlay	2,611,727	5,306,016	655,801	83,272	134,882	185,403	300,253	105,724	1,045,633	737,866
Debt Service:										
Principal	760,000	706,000	415,000	770,000	760,000	740,000	720,000	700,000	665,000	650,000
Interest & Other Charges	145,461	160,699	54,500	129,724	140,750	173,575	205,750	237,275	266,963	296,181
<b>Total Expenditures</b>	<b>18,042,833</b>	<b>20,204,272</b>	<b>14,857,069</b>	<b>14,943,232</b>	<b>14,276,700</b>	<b>13,743,969</b>	<b>13,463,824</b>	<b>13,490,134</b>	<b>14,266,715</b>	<b>14,030,686</b>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS**

*(Modified Accrual Basis of Accounting)  
Unaudited*

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,253,377)	(2,649,466)	(18,034)	(352,825)	73,006	229,062	200,213	270,262	(780,225)	(466,262)
Other Financing Sources/(Uses):										
Proceeds from Borrowing	-	-	-	-	-	-	-	-	-	-
Proceeds from Capital Leases	-	-	-	-	-	-	-	-	-	-
Cancellation of Prior Year A/R	-	-	-	(30,583)	-	-	-	-	-	-
Cancellation of Current Year A/P	-	-	-	10,940	-	-	-	-	-	-
Reduction in SCC Grant	-	-	-	-	-	-	-	-	-	-
Increase in Capital Reserve	-	-	-	-	-	-	-	-	-	-
Transfers in	250,000	1,967	313,080	1,214	14	24	-	-	191,546	-
Transfers Out	(250,000)	(1,967)	(313,080)	(7)	(14)	(24)	-	-	(191,546)	(899)
Bond Proceeds	-	-	4,521,000	2,712,294	-	-	-	-	-	-
Deposit of Refunding Escrow	-	-	-	(2,667,493)	-	-	-	-	-	-
Total Other Financing Sources/ (Uses)	-	-	4,521,000	26,365	-	-	-	-	-	(899)
Net Change in Fund Balances	\$ (1,253,377)	\$ (2,649,466)	\$ 4,502,966	\$ (326,460)	\$ 73,006	\$ 229,062	\$ 200,213	\$ 270,262	\$ (780,225)	\$ (467,161)

Debt Service as a Percentage of Noncapital Expenditures      5.87%      5.82%      3.31%      6.05%      6.37%      6.74%      7.03%      7.00%      7.05%      7.12%

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 <u>INVESTMENTS</u>	<u>TUITION</u>	E-RATE <u>REFUND</u>	OTHR <u>MISCELLANEOUS</u>	<u>TOTAL</u>
2017	\$ 6,067	\$ 2,160	\$ 34,855	\$ 23,760	\$ 66,842
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

Source: District records

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Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

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

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	6,085,400	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*

YEAR ENDED DECEMBER 31	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES						TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	TOWNSHIP OF SOUTHAMPTON	TOWNSHIP OPEN SPACE	BURLINGTON COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE		
	2016	1.162	0.732	1.894	0.394	0.020	0.366	0.034	0.044	
2015	1.128	0.697	1.825	0.373	0.020	0.369	0.035	0.043	2.665	
2014	1.096	0.693	1.789	0.349	0.020	0.363	0.034	0.016	2.571	
2013	1.070	0.666	1.736	0.330	0.020	0.369	0.034	0.017	2.506	
2012	1.050	0.672	1.722	0.311	0.020	0.364	0.036	0.047	2.500	
2011	1.364	0.932	2.296	0.406	0.020	0.513	0.049	0.067	3.351	
2010	1.342	0.962	2.304	0.371	0.020	0.548	0.052	0.071	3.366	
2009	1.297	0.936	2.233	0.365	0.020	0.560	0.054	0.072	3.304	
2008	1.267	0.952	2.219	0.350	0.020	0.559	0.052	0.070	3.270	
2007	1.236	0.962	2.198	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*

		2017			2008		
TAXPAYER	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	
Mobile Estates of Southampton	\$ 9,951,300	1	1.00%	\$4,863,600	1	0.64%	
Singh Real Estate Ent. Inc.	5,611,200	2	0.56%	4,547,900	2	0.60%	
ARA 1869, LLC	3,764,900	3	0.38%	3,975,300	3	0.52%	
Diamond M. Lumber	3,688,100	4	0.37%	3,388,700	4	0.45%	
Wawa, Inc.	2,948,600	5	0.30%	2,204,732	5	0.29%	
Southampton Industrial Park, LLC	2,734,400	6	0.27%	1,390,700	6	0.18%	
Lion Self Storage	2,296,200	7	0.23%	1,314,800	7	0.17%	
Verizon - NJ	2,100,580	8	0.21%	1,073,400	8	0.14%	
RCC Properties, Inc.	1,975,300	9	0.20%	1,061,600	9	0.14%	
Taxpayer #1	1,955,800	10	0.20%	922,000	10	0.12%	
<b>Total</b>	<b>\$ 37,026,380</b>		<b>3.71%</b>	<b>\$ 24,742,732</b>		<b>3.26%</b>	

**Source:** Municipal Tax Assessor

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

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2017	\$ 11,683,951	\$ 11,683,951	100.00%	\$ -
2016	11,440,082	11,440,082	100.00%	-
2015	unavailable	unavailable	unavailable	unavailable
2014	unavailable	unavailable	unavailable	unavailable
2013	unavailable	unavailable	unavailable	unavailable
2012	unavailable	unavailable	unavailable	unavailable
2011	unavailable	unavailable	unavailable	unavailable
2010	unavailable	unavailable	unavailable	unavailable
2009	unavailable	unavailable	unavailable	unavailable
2008	unavailable	unavailable	unavailable	unavailable

Source: District Records

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and its debt capacity.

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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		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2017	4,870,000	-	4,870,000	unavailable	unavailable
2016	5,630,000	-	5,630,000	unavailable	\$ 550.07
2015	6,336,000	-	6,336,000	1.11%	612.94
2014	2,230,000	-	2,230,000	0.40%	214.86
2013	3,005,000	-	3,005,000	0.56%	289.22
2012	3,765,000	-	3,765,000	0.70%	360.77
2011	4,305,000	-	4,305,000	0.82%	411.84
2010	5,225,000	-	5,225,000	1.04%	499.04
2009	5,925,000	-	5,925,000	1.14%	545.33
2008	6,590,000	-	6,590,000	1.27%	606.42

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

**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 NET VALUATION TAXABLE	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2017	\$ 4,870,000	-	\$ 4,870,000	0.49%	Unavailable
2016	5,630,000	-	5,630,000	0.56%	\$ 550.07
2015	6,336,000	-	6,336,000	0.63%	612.94
2014	2,230,000	-	2,230,000	0.22%	214.86
2013	3,005,000	-	3,005,000	0.30%	289.22
2012	3,765,000	-	3,765,000	0.49%	360.77
2011	4,505,000	-	4,505,000	0.59%	430.98
2010	5,225,000	-	5,225,000	0.68%	499.04
2009	5,925,000	-	5,925,000	0.78%	545.33
2008	6,590,000	-	6,590,000	0.88%	606.42



**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2016**

<u>GOVERNMENTAL UNIT</u>	<u>NET DEBT (1)</u>	<u>TOWNSHIP PROPORTIONATE SHARE</u>	<u>NET DEBT ALLOCAED TO TOWNSHIP</u>
Southampton Township	\$ 7,901,350	100.00%	\$ 7,901,350
Burlington County (2)	314,942,084	2.31%	7,269,550
Lenape Regional High School (3)	60,580,000	6.13%	3,716,464
Southampton Township School District	5,330,000	100.00%	<u>5,330,000</u>
Total Direct & Overlapping Debt			<u>\$ 24,217,364</u>

(1) 2016 Annual Debt Statement

(2) County net debt is allocated as a proportion of the Township's share of the total 2016 Equalized Value, which is provided by the New Jersey Division of Taxation

(3) Regional high school net debt is allocated as a percentage of the Average Equalized Valuations of the municipalities within the regional high school district, which is provided by the Division of Local Government

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN YEARS  
*Unaudited***

	YEAR ENDING DECEMBER 31,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 32,619,364	\$ 32,613,444	\$ 33,739,545	\$ 33,776,228	\$ 35,671,727	\$ 38,024,517	\$ 39,485,844	\$ 39,289,758	\$ 36,730,655	\$ 34,318,132
Total Net Debt Applicable to Limit	5,330,000	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
Legal Debt Margin	\$ 27,289,364	\$ 26,983,444	\$ 27,403,545	\$ 31,546,228	\$ 32,666,727	\$ 34,259,517	\$ 34,980,844	\$ 34,064,758	\$ 30,805,655	\$ 27,728,132
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.34%	17.26%	18.78%	6.60%	8.42%	9.90%	11.41%	13.30%	16.13%	19.20%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Equalized Valuation Basis	
2016	1,102,472,484
2015	1,083,850,828
2014	1,075,613,067
	<u>\$ 3,261,936,379</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,087,312,126</u>
Debt Limit (3.0 % of Average Equalization Value)	\$ 32,619,364
Net Debt Applicable to Limit	<u>5,330,000</u>
Legal Debt Margin	<u>\$ 27,289,364</u>

SOURCE: Annual Debt Statement

## Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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

<u>YEAR</u>	<u>POPULATION</u> <sup>a</sup>	<u>PERSONAL INCOME (THOUSANDS OF DOLLARS)</u> <sup>b</sup>	<u>BURLINGTON COUNTY PER CAPITA INCOME</u> <sup>c</sup>	<u>UNEMPLOYMENT RATE</u> <sup>d</sup>
2016	10,235	Unavailable	Unavailable	4.0%
2015	10,337	570,881,499	55,227	5.2%
2014	10,379	557,840,113	53,747	6.4%
2013	10,390	538,046,150	51,785	9.8%
2012	10,436	536,306,040	51,390	7.6%
2011	10,453	522,179,615	49,955	7.4%
2010	10,470	503,052,090	48,047	7.6%
2009	10,865	517,706,385	47,649	7.1%
2008	10,867	519,616,472	47,816	4.1%
2007	10,890	502,987,320	46,188	3.0%

Source: NJ Dept of Labor and Workforce Development

<sup>a</sup> NJ Dept of Labor & Workforce Development

<sup>b</sup> Based upon the Municipal population & per capita personal income presented.

<sup>c</sup> Provided by the NJ Department of Labor & Workforce Development

<sup>d</sup> Provided by the NJ Department of Labor & Workforce Development

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

	2017			2008		
	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

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

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

*Unaudited*

FUNCTION/PROGRAM	JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	55	55	55	55	55	55	52	54	57	56
Special Education	23	23	23	23	23	23	25	25	25	31
Other Special Education	3	3	3	3	3	3	3	3	3	3
Support Services:										
Student & Instruction Related Services	19	19	19	16	16	16	13	13	15	13
School Administrative Services	8	8	8	7	7	7	7	7	7	7
General Administrative Services	5	5	5	5	5	5	5	5	5	5
Plant Operations & Maintenance	10	10	9	9	9	9	9	9	9	10
<b>Total</b>	<b>123</b>	<b>123</b>	<b>122</b>	<b>118</b>	<b>118</b>	<b>118</b>	<b>118</b>	<b>114</b>	<b>116</b>	<b>121</b>

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
2017	709	\$ 14,525,645	20,488	0.0051%	78	9.09	690.3	668.2	-0.1497%	94.25%
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%

**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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	236	241	239	241	238	249	238	246	241
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	227	232	231	232	237	251	275	258	284
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	236	255	255	255	292	292	281	276	271
Total District Enrollment:	699	699	728	725	728	767	792	794	780	796
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

	<u>SCHOOL #1</u>	<u>SCHOOL#2</u>	<u>SCHOOL #3</u>	<u>DISTRICT TOTAL</u>
2017	\$ 174,715	\$ 20,901	\$ 23,227	\$ 218,843
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

\* 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, 2017  
Unaudited**

	COVERAGE	DEDUCTIBLE
<b>Burlington County Insurance Pool, Joint Insurance Fund (BCIPJIF):</b>		
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
<b>School Pool For Excess Liability Limits</b>		
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	
<b>Travelers Insurance Company</b>		
Boiler and Machinery	125,000,000	1,000
<b>AIG Environmental</b>		
Pollution Liability	3,000,000	25,000
<b>Beazley Insurance Company, Inc.</b>		
Cyber Liability	1,000,000	25,000
<b>Western Surety:</b>		
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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Southampton Township School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Southampton Township School District's basic financial statements, and have issued our report thereon dated September 22, 2017.

#### **Internal Control Over Financial Reporting**

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1101

Medford, New Jersey  
September 22, 2017

EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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

**Report on Compliance for Each Major State Program**

We have audited the Southampton Township School District’s compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2017. The 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the 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; New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards 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 the 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 the School District's compliance.

### **Opinion on Each Major State Program**

In our opinion, the 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, 2017.

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

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

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Kevin P. Frenia  
Certified Public Accountant  
Public School Accountant, No. 1101

Medford, New Jersey  
September 22, 2017

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SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM/TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE, JUNE 30, 2017	
										(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
<b>U.S. Department of Health and Human Services</b> Passed Through New Jersey Department of Human Services Medical Assistance Program (SEMI)	93.778	1605N15MAP	100-054-7540-211	\$ 5,962	7/1/16-6/30/17	\$ -	5,962	(5,962)	\$ -	\$ -	\$ -
<b>Total U.S. Department of Health and Human Services</b>							5,962	(5,962)	-	-	-
<b>U.S. Department of Agriculture</b> Passed Through New Jersey Department of Agriculture: Child Nutrition Cluster: School Breakfast Program School Breakfast Program	10.553 10.553	171NJ304N1099 16161NJ304N1099	100-010-3350-028 100-010-3350-028	13,900 12,635	7/1/16-6/30/17 7/1/15-6/30/16	(2,259) (2,259)	2,259 16,159	(13,900) (13,900)	-	-	-
National School Lunch Program National School Lunch Program Healthy Hungry-Free Kids Act Food Distribution Program (Noncash Assistance) Food Distribution Program (Noncash Assistance)	10.555 10.555 10.555 10.555 10.555	171NJ304N1099 16161NJ304N1099 171NJ304N1099 171NJ304N1099 16161NJ304N1099	100-010-3350-026 100-010-3350-026 100-010-3350-026 Unavailable Unavailable	76,515 73,692 3,304 22,411 27,432	7/1/16-6/30/17 7/1/15-6/30/16 7/1/16-6/30/17 7/1/16-6/30/17 7/1/15-6/30/16	(11,573) - - 3,005 (8,568)	76,515 11,573 3,304 22,411 113,803	(76,515) - (3,304) (19,987) (3,005) (102,821)	-	-	2,414
Special Milk Program for Children Special Milk Program for Children	10.556 10.556	171NJ304N1099 16161NJ304N1099	100-010-3350-027 100-010-3350-027	305 498	7/1/16-6/30/17 7/1/15-6/30/16	(84) (84)	305 84	(305) (305)	-	-	-
Total Child Nutrition Cluster						(10,911)	130,351	(117,026)	-	-	2,414
<b>Total U.S. Department of Agriculture</b>						(10,911)	130,351	(117,026)	-	-	2,414
<b>U.S. Department of Education</b> Passed Through New Jersey Department of Education: I.D.E.A. Part B (Special Education Cluster) Basic Preschool Total Special Education Cluster No Child Left Behind (N.C.L.B.): Title I - Part A Title II - Part A, Supporting Effective Instruction	84.027 84.173	H027A160100 H173A160114	100-034-5065-016 100-034-5065-020	193,334 12,654	7/1/16-6/30/17 7/1/16-6/30/17	- -	173,998 12,654	(193,334) (12,654)	-	-	-
Total Special Education Cluster						-	186,652	(205,988)	-	-	(19,336)
No Child Left Behind (N.C.L.B.): Title I - Part A	84.010	S010A160030	100-034-5064-194	87,294	7/1/16-6/30/17	-	80,599	(87,294)	-	-	(6,695)
Title II - Part A, Supporting Effective Instruction	84.367	S367A160029	100-034-5063-290	24,825	7/1/16-6/30/17	-	22,722	(24,825)	-	-	(2,103)
<b>Total U.S. Department of Education</b>						-	289,973	(318,107)	-	-	(28,134)
<b>Total Expenditures of Federal Awards</b>						(10,911)	426,286	(441,095)	-	-	(28,134)
											2,414

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

STATE GRANTOR PROGRAM TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	ACCOUNTS RECEIVABLE	DUE TO GRANTOR	MEMO		
									BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
<b>New Jersey Department of Education:</b>											
General Fund:											
Equalization Aid	495-034-5120-078	\$	7/1/16-6/30/17	\$	425,897	(425,897)	\$	-	\$	28,841	425,897
Security Aid	495-034-5120-084	71,701	7/1/16-6/30/17	-	71,701	(71,701)	-	-	-	4,855	71,701,000
Adjustment Aid	495-034-5120-085	793,866	7/1/16-6/30/17	-	793,866	(793,866)	-	-	-	53,759	793,866,000
Special Education Categorical Aid	495-034-5120-089	455,453	7/1/16-6/30/17	-	455,453	(455,453)	-	-	-	30,843	455,453,000
Per Pupil Growth Aid	495-034-5120-097	7,280	7/1/16-6/30/17	-	7,280	(7,280)	-	-	-	493	7,280,000
PARCC Readiness	495-034-5120-098	7,280	7/1/16-6/30/17	-	7,280	(7,280)	-	-	-	493	7,280,000
Professional Learning Community Aid	495-034-5120-101	6,950	7/1/16-6/30/17	-	6,950	(6,950)	-	-	-	471	6,950,000
Total State Aid Public											
Transportation Aid	495-034-5120-014	366,769	7/1/16-6/30/17	-	366,769	(366,769)	-	-	-	24,837	366,769
Additional Nonpublic School Transportation Aid	495-034-5120-014	2,088	7/1/16-6/30/17	(2,088)	-	-	(2,088)	-	-	-	2,088
Additional Nonpublic School Transportation Aid	495-034-5120-014	2,262	7/1/15-6/30/16	(2,262)	2,262	-	-	-	-	-	2,262
Extraordinary Aid	495-034-5120-044	98,925	7/1/16-6/30/17	(109,614)	109,614	(98,925)	(98,925)	-	-	-	98,925
Extraordinary Aid	495-034-5120-044	109,614	7/1/15-6/30/16	(109,614)	109,614	-	-	-	-	-	109,614
Reimbursed TPAF Social Security Contributions	100-034-5094-003	408,223	7/1/16-6/30/17	(19,878)	388,460	(408,223)	(19,763)	-	-	-	408,223
TPAF - Post Retirement	100-034-5094-003	396,053	7/1/15-6/30/16	(19,878)	19,878	-	-	-	-	-	396,053
Medical (Noncash Assistance)	495-034-5094-001	529,073	7/1/16-6/30/17	-	529,073	(529,073)	-	-	-	-	529,073
TPAF Pension	495-034-5094-002	634,969	7/1/16-6/30/17	-	634,969	(634,969)	-	-	-	-	634,969
Contributions (Noncash Assistance)	495-034-5094-002	1,930	7/1/16-6/30/17	-	1,930	(1,930)	-	-	-	-	1,930
TPAF - Long-Term Disability	495-034-5094-004	1,930	7/1/16-6/30/17	-	1,930	(1,930)	-	-	-	-	1,930
Insurance (Noncash Assistance)											
Total General Fund											
				(131,754)	3,821,382	(3,810,404)	(120,776)	-	-	144,592	4,318,333
Capital Projects Fund:											
New Jersey School Development Authority (SDA Cluster):											
School Facility Project - School #2 Cafeteria Improvements	11-4390-060-09-1003	35,686	Indefinite	(35,686)	-	-	(35,686)	-	-	-	35,686
School Facility Project - School #3 Security Entrance	11-4930-070-09-1004	23,580	Indefinite	(23,580)	-	-	(23,580)	-	-	-	23,580
School Facility Project - School #1 Roof	04-4930-050-13-1001	26,407	Indefinite	(67,828)	(28,516)	(96,344)	-	-	-	-	149,834
School Facility Project - School #1 AC	04-4930-050-13-1002	812,000	Indefinite	(793,338)	(793,338)	-	-	-	-	-	1,464,564
School Facility Project - School #2 AC	04-4930-060-13-2003	1,002,000	Indefinite	(850,023)	(151,977)	(1,002,000)	-	-	-	-	1,833,773
School Facility Project - School #3 AC	04-4930-060-13-2007	1,200,000	Indefinite	(503,482)	(681,338)	(1,184,820)	-	-	-	-	1,669,383
School Facility Project - School #3 Security Upgrades	04-4930-060-13-2006	18,635	Indefinite	(6,684)	-	(6,684)	-	-	-	-	8,135
School Facility Project - School #2 Security Upgrades	04-4930-060-13-2005	52,705	Indefinite	(9,827)	(9,827)	-	-	-	-	-	19,654
Total New Jersey School Development Authority (SDA Cluster)											
				(2,290,448)	-	(861,831)	(3,152,279)	-	-	-	5,204,609
Total Capital Projects Fund											
				(2,290,448)	-	(861,831)	(3,152,279)	-	-	-	5,204,609
<b>New Jersey Department of Agriculture:</b>											
Enterprise Fund:											
National School Lunch Program	100-010-3350-023	2,528	7/1/16-6/30/17	-	2,528	(2,528)	-	-	-	-	2,528
National School Lunch Program	100-010-3350-023	2,420	7/1/15-6/30/16	(378)	378	-	-	-	-	-	2,420
Total Enterprise Fund											
				(378)	2,906	(2,528)	-	-	-	-	4,948
<b>Total State Financial Assistance</b>											
				(2,422,580)	3,824,288	(4,674,763)	(3,273,055)	-	-	144,592	9,527,890
State Financial Assistance Programs not subject to Calculation for Major Program Determination:											
TPAF - Post Retirement	495-034-5094-001	529,073.00	7/1/16-6/30/17	-	\$	529,073	-	-	-	-	529,073
Medical (Noncash Assistance)											
TPAF Pension	495-034-5094-002	634,969.00	7/1/16-6/30/17	-	634,969	-	-	-	-	-	634,969
Contributions (Noncash Assistance)											
TPAF - Long-Term Disability	495-034-5094-004	1,930.00	7/1/16-6/30/17	-	1,930	-	-	-	-	-	1,930
Insurance (Noncash Assistance)											
<b>Total State Financial Assistance subject to Calculation for Major Program Determination</b>											

The accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.



**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Southampton Township School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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 using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. 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, 2017.

**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 SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 \$23,515 for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, 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 expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 5,962	\$ 3,833,919	\$ 3,839,881
Special Revenue Fund	318,107		318,107
Capital Projects Fund		861,831	861,831
Food Service Fund	117,026	2,528	119,554
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 441,095</u>	<u>\$ 4,698,278</u>	<u>\$ 5,139,373</u>

**Note 4. Relationship to Federal and State Financial Reports**

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

**Note 5. Federal and State Loans Outstanding**

The Southampton Township School District had no loan balances outstanding at June 30, 2017.



**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**State Financial Assistance**

Dollar threshold used to determine Type A programs \$750,000

---

Auditee qualified as low-risk auditee?  X  yes      no

Internal control over major programs:

1) Material weakness(es) identified?      yes  X  no

2) Significant deficiency(ies) identified?      yes  X  no

Type of auditor's report issued on compliance for major programs Unmodified

---

Any audit findings disclosed that are required to be reported  
in accordance with New Jersey OMB's Circular 15-08?      yes  X  no

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
04-4930-050-13-1001	SDA Grants (Cluster):
04-4930-060-13-2003	School Facility Project - School #1 Roof
04-4930-060-13-2007	School Facility Project - School #2 AC
	School Facility Project - School #3 AC

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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.

None.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

**FEDERAL AWARDS**

N/A – Federal single audit not required

**STATE FINANCIAL ASSISTANCE**

None.

**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, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

N/A – No Federal Single Audit in prior year.

State Financial Assistance

No Prior Year Findings.