

**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, 2018**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

SOUTHAMPTON, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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INTRODUCTORY SECTION

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SOUTHAMPTON TOWNSHIP SCHOOLS

in Historic Vincentown Village

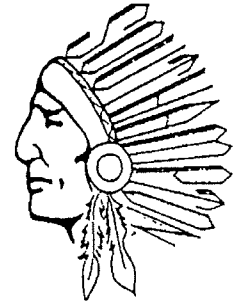
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"Building a Tradition of Excellence"



Michael L. Harris
Superintendent of Schools

February 15, 2019

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, 2018, 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, 2018, 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 15th for the past ten fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-2018	713	0.56%
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	-0.75%
2008-2009	803	-0.75%

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.

In addition, the Board of Education district

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.

During the summer of 2018, the secondary School #2/#3 Computer Lab was converted into a makerspace, and the security access systems in the school offices were upgraded.

The school district's focus on educational programming and educational achievement for the 2018-2019 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 in developing a comprehensive action plan to enhance the school district's culture and address identified issues of bias, diversity, tolerance, acceptance and sensitivity. During the 2018-2019 school year, a district-wide needs assessment will be conducted. By June 2019, school based teams comprised of administration, teachers, paraprofessionals, parents, and when applicable students will be developed to begin formulating school level action plans based on data from the needs assessment specific to each school.

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 2019, an Entrepreneur Club for students in grades 5-8 will be created / implemented, additional revisions pertaining to the I-STEAM curricula will be completed, the "Southampton Spark" (Genius Hour) will be expanded in grades 2-5, the School #2 Computer Lab will be converted into a Makerspace, and two I-STEAM Lead Teachers will be employed to assist the teaching staff in developing I-STEAM initiatives, and providing extensive professional development pertaining to Google Classroom.

GOAL #3: The superintendent will lead the administrative team and lead teachers in developing an action plan to guide the successful implementation of a district-wide initiative in Differentiated Instruction in grades K-8. During the 2018-2019 school year, a comprehensive integrated initiative will be implemented, including the use of differentiated instructional strategies and resources designed to support teachers to anticipate and respond to a variety of students' needs in academically diverse classrooms, by leveraging data gathering analysis to modify the content, process, and products within their teaching.

By June, 2019, all teachers will have implemented strategies based on the use of ongoing, formative assessment, as well as maximum engagement, choice, small group instruction and modified instructional approaches linked to meeting diverse learners' needs. Implementation will include the use of Lead Teachers to support teachers' professional growth and provide coaching cycles, as well as the creation of a "digital differentiated instruction toolbox" of downloadable videos, resources, and artifacts designed to support the comprehensive implementation of differentiated instruction.

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 2018-2019 include yearlong focus on Differentiated Instruction including walk-through observations using an instrument created by the Administrative Team with input from an outside consultant. In addition, a myriad of activities will be planned and presented to the professional staff to support Goal #1 related to enhancing school climate and culture.

As a component of the I-S.T.E.A.M. initiative, the School #2/#3 secondary computer lab was converted to a Makerspace during the summer of 2018. 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.

MAJOR INITIATIVES (CONTINUED)

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

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

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

The district was scheduled to undergo QSAC monitoring during the 2015-2016 school year. However, as a result of being designated as a "high performing" district during the last round of monitoring, Southampton was eligible for and approved for an equivalency waiver in February 2016. This affords the district with a three year extension prior to the next State monitoring being conducted 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 was completed September 1, 2018.

Enhancements to the school district's curricula during the 2017-2018 school year included the review and revision of the following content areas to ensure that the New Jersey Student Learning Standards are effectively addressed:

- Grades, K – 5, Guided Reading
- Grades, K-5, Social Studies
- Grades K-5, Science
- Grades 6-8, Advanced Mathematics
- Grades 6-8, Enrichment
- Grade 2 and Grade 8, Technology Enrichment
- Grades K-6 Technology
- Grades 3-8, Library
- Grades K-8, Music
- Grades 3-8, Art
- Grades 3-8, Health
- Grades 3-8, Spanish
- Grade 6 & 7, Independent Studies

MAJOR INITIATIVES (CONTINUED)

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) Makerspace and twenty-seven (27) mobile carts.

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 district procured 470 Chromebooks. With this procurement a one to one initiative has been achieved with Chromebooks for grades 4-8 and the district is has achieved 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 transitioned 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 three (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 2018-2019 are as follows:

Goal #1: 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 during the fall of 2019.

Goal #2: The Board of Education in consultation with the Superintendent, and Business Administrator will develop a comprehensive action plan to address the seven year phase out of state adjustment aid. This action plan will include educating the school community as to the impact on district programming and operations and developing a framework to address budgetary savings and cuts.

Goal #3: The Board of Education, in collaboration with the Superintendent, will develop a comprehensive action plan to further enhance school security and safety. This plan will include increasing counseling services for students, enhancing facilities security, and exploring the feasibility of adding an armed security officer.

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.

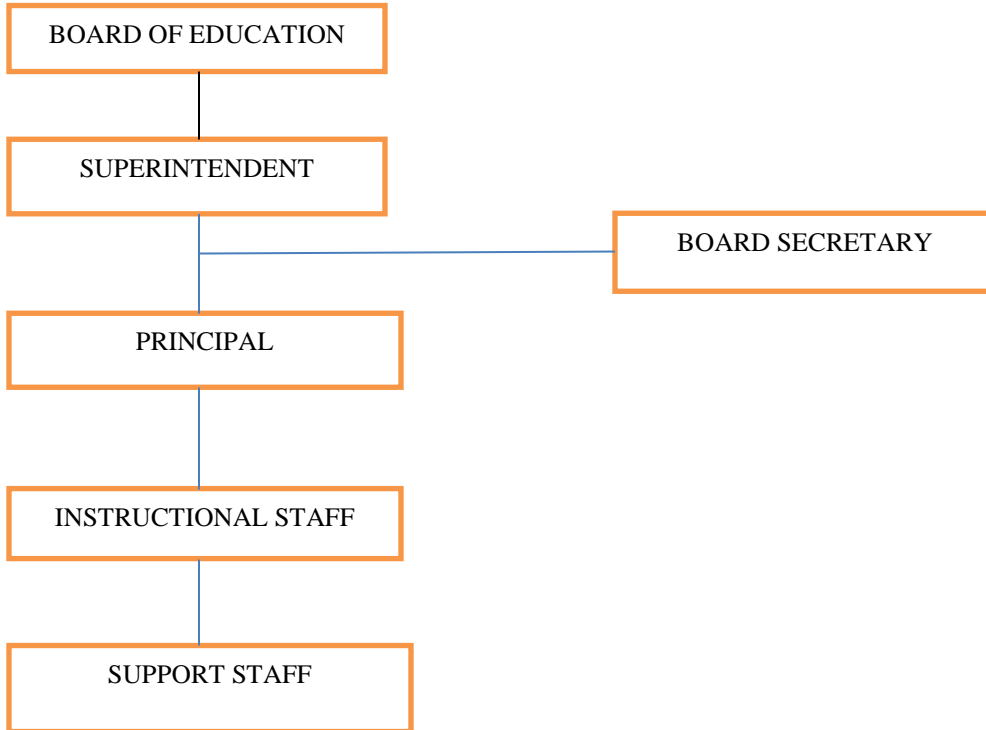
Respectfully submitted,


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



**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2018**

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Jeffrey Hicks, President	12/31/2019
Jennifer Potter, Vice President	12/31/2018
Russell Hann	12/31/2020
Donald Bozarth	12/31/2018
Arnold E. Harrison, III *	12/31/2018
Marie Phillips	12/31/2020
Suzanne Phillips	12/31/2019
Louise Rickborn	12/31/2020
Betty Wright	12/31/2018

*note: Filling one year unexpired term

OTHER OFFICIALS

Michael L. Harris, Superintendent of Schools

Barbara A. Godfrey, School Business Administrator/Board Secretary

Dawn Emmons, Treasurer

David Serlin, Esq., Solicitor

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Southampton, New Jersey

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OFFICIAL DEPOSITORY

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Southampton, New Jersey 08088

TD Bank
1006 Astoria Boulevard
Cherry Hill, New Jersey 08088

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

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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, 2018, 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, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, &74. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post employment benefits, 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 February 15, 2019 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
February 15, 2019

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(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, 2018. 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, 2018
(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, 2018
(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 2018 and 2017.

Table 1
Summary of Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 5,596,920	\$ 8,287,318	\$ (2,690,398)	-32%
Capital Assets, Net	<u>23,771,304</u>	<u>23,804,980</u>	<u>(33,676)</u>	0%
Total Assets	<u>29,368,224</u>	<u>32,092,298</u>	<u>(2,724,074)</u>	-8%
Deferred Outflow of Resources	<u>1,093,528</u>	<u>1,330,069</u>	<u>(236,541)</u>	-18%
Current and other Liabilities	3,545,655	6,424,923	(2,879,268)	-45%
Noncurrent Liabilities	<u>7,867,996</u>	<u>9,356,057</u>	<u>(1,488,061)</u>	-16%
Total Liabilities	<u>11,413,651</u>	<u>15,780,980</u>	<u>(4,367,329)</u>	-28%
Deferred Inflow of Resources	<u>681,285</u>	-	<u>681,285</u>	100%
Net Position:				
Net Investment in Capital Assets	19,682,744	18,917,084	765,660	4%
Restricted	1,861,004	1,687,156	173,848	10%
Unrestricted (Deficit)	<u>(3,176,932)</u>	<u>(2,962,853)</u>	<u>(214,079)</u>	7%
Total Net Position	<u>\$ 18,366,816</u>	<u>\$ 17,641,387</u>	<u>\$ 725,429</u>	4%

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

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

Table 2 reflects the changes in net position for fiscal years 2018 and 2017.

Table 2
Summary of Changes in Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 156,351	\$ 147,687	\$ 8,664	6%
Operating Grants & Contributions	5,404,512	2,030,109	3,374,403	166%
General Revenues:				
Property Taxes	12,129,531	11,683,951	445,580	4%
Federal & State Aid	2,244,503	3,127,517	(883,014)	-28%
Other General Revenues	32,294	66,842	(34,548)	-52%
Total Revenues	<u>19,967,191</u>	<u>17,056,106</u>	<u>2,911,085</u>	<u>17%</u>
Function/Program Expenses:				
Regular Instruction	4,112,711	5,675,307	(1,562,596)	-28%
Special Education Instruction	1,327,812	1,208,338	119,474	10%
Other Instruction	639,691	663,887	(24,196)	-4%
Tuition	777,252	546,451	230,801	42%
Student & Instruction Related Services	1,725,221	1,639,258	85,963	5%
General Administrative	363,527	392,521	(28,994)	-7%
School Administrative Services	448,063	594,096	(146,033)	-25%
Central Services	343,225	342,386	839	0%
Administrative Information Technology	67,592	120,470	(52,878)	-44%
Plant Operations & Maintenance	987,771	1,146,193	(158,422)	-14%
Pupil Transportation	667,771	622,201	45,570	7%
Unallocated Benefits	4,030,482	204,158	3,826,324	1874%
On Behalf TPAF Pension and Social				
Security Contributions	3,060,606	1,574,195	1,486,411	94%
Transfer to Charter Schools	10,916	-	10,916	100%
Interest & Other Charges	112,523	117,591	(5,068)	-4%
Unallocated Depreciation	306,188	288,141	18,047	6%
Food Service	260,411	255,303	5,108	2%
Total Expenses	<u>19,241,762</u>	<u>15,390,496</u>	<u>3,851,266</u>	<u>25%</u>
Change In Net Position	725,429	1,665,610	(940,181)	-56%
Net Position - Beginning	17,641,387	15,975,777	1,665,610	10%
Net Position - Ending	<u>\$ 18,366,816</u>	<u>\$ 17,641,387</u>	<u>\$ 725,429</u>	<u>4%</u>

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Governmental Activities

Governmental activities increased the net position of the School District by \$717,865 or 4.10% from during the current fiscal year.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$18,230,130 with an unrestricted deficit balance of \$3,203,584. 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)	\$	(3,203,584)
Add back: PERS Pension Liability		3,444,088
Add back: Deferred Inflows related to pensions		681,285
Less: Deferred Outflows related to pensions		<u>(1,087,084)</u>
Unrestricted Net Position (Without GASB 68)	<u>\$</u>	<u>(165,295)</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 \$136,686, an increase of \$7,564 from the prior year.

General Fund Budgeting Highlights

Final budgeted revenues was \$13,357,700, which was \$42,704 less than the original budget due to reduction in State Aid. Final budgeted appropriations was \$13,685,296, which was a decrease of \$22,795 from the original budget. The difference is the reduction in state aid plus the prior year reserve for encumbrances in the amount of \$19,909.

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 \$2,198,467, an increase of \$190,146 or 9.47% from the prior year fund balance in the amount of \$2,008,322. The primary reason for the increase is due to an increase fund balance in the General Fund.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2018, totaled \$23,771,304 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net decrease in the School District's investment in capital assets for the current fiscal year in the amount of \$33,676. Table 3 reflects the capital assets.

Table 3
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>
Land	\$ 564,918	\$ 564,918
Construction in Progress	8,328,215	8,153,905
Building and Improvements	13,913,626	14,047,349
Equipment	964,545	1,038,808
	<u>\$ 23,771,304</u>	<u>\$ 23,804,980</u>
Depreciation Expense	<u>\$ 309,188</u>	<u>\$ 291,141</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 \$4,080,000, which is a decrease of \$790,000 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 2018-19 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, 2018
(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 2018 direct state aid was \$2,092,492 representing a mere 16.1% 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, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 996,338	\$ 26,870	\$ 1,023,208
Receivables, Net (Note 4)	3,314,219	-	3,314,219
Inventory		2,963	2,963
Restricted Cash & Cash Equivalents	1,257,296	-	1,257,296
Capital Assets, Net (Note 5)			
Non-depreciable	8,718,823	-	8,718,823
Depreciable	14,942,447	110,034	15,052,481
	<hr/>		
Total Assets	29,229,123	139,867	29,368,990
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	1,087,084	-	1,087,084
Related to Loss on Debt Refunding	6,444	-	6,444
	<hr/>		
Total Deferred Outflow of Resources	1,093,528	-	1,093,528
LIABILITIES:			
Accounts Payable	355,386	-	355,386
Due to Other Governments	147,000	-	147,000
Unearned Revenue	-	3,181	3,181
Accrued Interest	26,854	-	26,854
Grant Anticipation Note	3,014,000	-	3,014,000
Internal Balances			-
Noncurrent Liabilities (Note 8):			
Due within one year	825,002	-	825,002
Due in more than one year	7,042,994	-	7,042,994
	<hr/>		
Total Liabilities	11,411,236	3,181	11,414,417
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	681,285	-	681,285
	<hr/>		
Total Deferred Inflow of Resources	681,285	-	681,285
NET POSITION:			
Net Investment in Capital Assets	19,572,710	110,034	19,682,744
Restricted for:			
Capital Projects	1,267,668	-	1,267,668
Debt Service	1	-	1
Emergency Reserve	1	-	1
Maintenance Reserve	168,644	-	168,644
Excess Surplus	424,690	-	424,690
Unrestricted (Deficit)	(3,203,584)	26,652	(3,176,932)
	<hr/>		
Total Net Position	\$ 18,230,130	\$ 136,686	\$ 18,366,816

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, 2018**

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	\$ 4,112,711	\$ -	\$ 341,643	\$ -	\$ (3,771,068)	\$ -	\$ (3,771,068)
Special Education Instruction	1,327,812	-	-	-	(1,327,812)	-	(1,327,812)
Other Instruction	639,691	-	-	-	(639,691)	-	(639,691)
Support Services:							
Tuition	777,252	-	-	-	(777,252)	-	(777,252)
Student & Instruction Related Services	1,725,221	-	28,581	-	(1,696,640)	-	(1,696,640)
General Administrative	363,527	-	-	-	(363,527)	-	(363,527)
School Administrative Services	448,063	-	-	-	(448,063)	-	(448,063)
Central Services	343,225	-	-	-	(343,225)	-	(343,225)
Administrative Information Technology	67,592	-	-	-	(67,592)	-	(67,592)
Plant Operations & Maintenance	987,771	-	-	-	(987,771)	-	(987,771)
Pupil Transportation	667,771	-	-	-	(667,771)	-	(667,771)
Unallocated Benefits	4,030,482	-	1,862,058	-	(2,168,424)	-	(2,168,424)
On Behalf TPAF Pension and Social Security Contributions	3,060,606	-	3,060,606	-	-	-	-
Transfer to Charter Schools	10,916	-	-	-	(10,916)	-	(10,916)
Interest & Other Charges	112,523	-	-	-	(112,523)	-	(112,523)
Unallocated Depreciation	306,188	-	-	-	(306,188)	-	(306,188)
Total Governmental Activities	18,981,351	-	5,292,888	-	(13,688,463)	-	(13,688,463)
Business-Type Activities:							
Food Service	260,411	156,351	111,624	-	-	7,564	7,564
Total Business-Type Activities	260,411	156,351	111,624	-	-	7,564	7,564
Total Primary Government	\$ 19,241,762	\$ 156,351	\$ 5,404,512	\$ -	\$ (13,688,463)	\$ 7,564	\$ (13,680,899)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					11,240,283	-	11,240,283
Property Taxes, Levied for Debt Service					889,248	-	889,248
Federal & State Aid Restricted					15,180	-	15,180
Federal & State Aid Not Restricted					2,229,323	-	2,229,323
Tuition Charges					5,060	-	5,060
Miscellaneous					27,234	-	27,234
Total General Revenues					14,406,328	-	14,406,328
Change In Net Position					717,865	7,564	725,429
Net Position - Beginning					17,512,265	129,122	17,641,387
Net Position - Ending					\$ 18,230,130	\$ 136,686	\$ 18,366,816

B. Fund Financial Statements

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Governmental Funds

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash & Cash Equivalents	\$ 958,192	\$ 13,106	\$ 27,006	\$ -	\$ 998,304
Receivables, Net:					
Interfund Receivable	-	-	519	1,967	2,486
Due from Other Governments:					
State	146,060	-	3,167,459	-	3,313,519
Other Receivables	-	700	-	-	700
Restricted Cash & Cash Equivalents	1,257,296	-	-	-	1,257,296
Total Assets	\$ 2,361,548	\$ 13,806	\$ 3,194,984	\$ 1,967	\$ 5,572,305
LIABILITIES & FUND BALANCES:					
Liabilities:					
Cash Deficit	\$ -	\$ -	\$ -	\$ 1,966	\$ 1,966
Accounts Payable	329,898	13,806	-	-	343,704
Due Other Local Governments	10,916	-	-	-	10,916
Interfund Payable	1,285	-	1,967	-	3,252
Grant Anticipation Note	-	-	3,014,000	-	3,014,000
Total Liabilities	342,099	13,806	3,015,967	1,966	3,373,838
Fund Balances:					
Restricted for:					
Capital Reserve	1,088,651	-	-	-	1,088,651
Emergency reserve	1	-	-	-	1
Maintenance reserve	168,644	-	-	-	168,644
Excess Surplus - Current year	206,277	-	-	-	206,277
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	218,413	-	-	-	218,413
Capital Projects	-	-	179,017	-	179,017
Debt Service	-	-	-	1	1
Assigned to:					
Designated for Subsequent Year's Expenditures	86,187	-	-	-	86,187
Other Purposes	5,574	-	-	-	5,574
Unassigned	245,702	-	-	-	245,702
Total Fund Balances	\$ 2,019,449	-	179,017	1	2,198,467
Total Liabilities & Fund Balances	\$ 2,361,548	\$ 13,806	\$ 3,194,984	\$ 1,967	
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 \$33,067,313 and the accumulated depreciation is \$9,406,043.					
					23,661,270
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.					
					1,087,084
					(681,285)
					6,444
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.					
					(26,854)
Accrued pension contributions for the June 30, 2018 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.					
					(147,000)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.					
					(7,867,996)
Net Position of Governmental Activities					\$ 18,230,130

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 11,240,283	\$ -	\$ -	\$ 889,248	\$ 12,129,531
Tuition Charges	5,060	-	-	-	5,060
Miscellaneous	27,234	45,943	-	-	73,177
Total Local Sources	11,272,577	45,943	-	889,248	12,207,768
State Sources	4,032,007	-	15,180	-	4,047,187
Federal Sources	3,408	324,281	-	-	327,689
Total Revenues	15,307,992	370,224	15,180	889,248	16,582,644
Expenditures:					
Instruction:					
Regular Instruction	3,771,068	341,643	-	-	4,112,711
Special Education Instruction	1,327,812	-	-	-	1,327,812
Other Instruction	639,691	-	-	-	639,691
Support Services:					
Tuition	777,252	-	-	-	777,252
Student & Instruction Related Services	1,696,640	28,581	-	-	1,725,221
General Administrative	363,527	-	-	-	363,527
School Administrative Services	448,063	-	-	-	448,063
Central Services	343,225	-	-	-	343,225
Administrative Information Technology	67,592	-	-	-	67,592
Plant Operations & Maintenance	987,771	-	-	-	987,771
Pupil Transportation	667,771	-	-	-	667,771
Unallocated Benefits	1,924,322	-	-	-	1,924,322
On Behalf TPAF Pension and Social Security Contributions	1,806,092	-	-	-	1,806,092
Transfer to Charter Schools	10,916	-	-	-	10,916
Capital Outlay	101,204	-	174,308	-	275,512
Debt Service:					
Principal	-	-	-	790,000	790,000
Interest & Other Charges	23,805	-	-	101,215	125,020
Total Expenditures	14,956,751	370,224	174,308	891,215	16,392,498
Excess/(Deficiency) of Revenues over Expenditures	351,241	-	(159,128)	(1,967)	190,146
Net changes in fund balances	351,241	-	(159,128)	(1,967)	190,146
Fund Balance, July 1	1,668,208	-	338,145	1,968	2,008,321
Fund Balance, June 30	\$ 2,019,449	\$ -	\$ 179,017	\$ 1	\$ 2,198,467

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total Net Changes in Fund Balances - Governmental Funds (B-2)		190,146
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	(306,188)
	Capital Outlays	<u>275,512</u>
		(30,676)
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.		
		(153,784)
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.		
		790,000
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	16,366
	Amortization of loss on Bond Refunding	<u>(7,030)</u>
		9,336
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 (+).		
		3,161
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>(90,318)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 717,865</u></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, 2018**

ASSETS	<u>FOOD SERVICE</u>
Current Assets:	
Cash & Cash Equivalents	\$ 26,870
Inventories	<u>2,963</u>
Total Current Assets	<u>29,833</u>
Noncurrent Assets:	
Equipment	172,992
Less: Accumulated Depreciation	<u>(62,958)</u>
Total Capital Assets	<u>110,034</u>
Total Assets	<u>139,867</u>
LIABILITIES	
Current Liabilities:	
Unearned Revenue	<u>3,181</u>
Total Liabilities	<u>3,181</u>
NET POSITION	
Net Position:	
Investment in Capital Assets	110,034
Unrestricted	<u>26,652</u>
Total Net Position	<u><u>\$ 136,686</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, 2018**

	<u>FOOD SERVICE</u>
Operating Revenues:	
Charges for service:	
Daily sales - reimbursable programs	\$ 93,683
Daily sales - non-reimbursable programs	56,841
Special Functions	5,827
	<u>156,351</u>
Total Operating Revenue	
Operating Expenses:	
Cost of Sales - reimbursable programs	83,645
Cost of Sales - nonreimbursable programs	19,518
Salaries	113,376
Employee Benefits	3,028
Management Fee	19,987
Insurance	4,373
Miscellaneous	5,452
Supplies and Materials	8,032
Depreciation	3,000
	<u>260,411</u>
Total Operating Expenses	
Operating Income/(Loss)	<u>(104,060)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,687
Federal Sources:	
National School Lunch Program	72,342
Healthy Hunger-Free Kids Act	3,106
School Breakfast Program	9,759
Special Milk Program for Children	315
Food Distribution Program	23,415
	<u>111,624</u>
Total Nonoperating Revenues/Expenses	
Change in Net Position	7,564
Total Net Position - Beginning	<u>129,122</u>
Total Net Position - Ending	<u>\$ 136,686</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, 2018**

	FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 154,967
Payments to Employees	(116,404)
Payments for Supplies and Services	(116,004)
Net Cash Provided by/(Used for) Operating Activities	(77,441)
Cash Flows From Noncapital Financing Activities:	
State Sources	2,687
Federal Sources	85,522
Net Cash Provided by (Used for) Non Capital & Related Financing Activities	88,209
Cash Flows From Investing Activities:	
Interest & Dividends	-
Net Cash Provided by Investing Activities	-
Net Increase/(Decrease) in Cash & Cash Equivalents	10,768
Cash & Cash Equivalents, July 1	16,102
Cash & Cash Equivalents, June 30	\$ 26,870
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:	
Operating Income/(Loss)	\$ (104,060)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:	
Food Distribution Program	23,415
Depreciation & Net Amortization	3,000
Increase/(Decrease) in Unearned Revenue	(1,384)
(Decrease)/Increase in Accounts Payable	0
(Decrease)/Increase in Interfund Payable	0
(Increase)/Decrease in Inventories	1,588
Total Adjustments	26,619
Net Cash Provided/(Used) by Operating Activities	\$ (77,441)

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, 2018**

	PRIVATE PURPOSE TRUST FUNDS		AGENCY FUNDS		
	SCHOLARSHIP TRUST	UNEMPLOYMENT COMPENSATION TRUST	STUDENT ACTIVITY	PAYROLL	TOTAL
ASSETS					
Cash & Cash Equivalents	\$ 3,843	\$ 77,933	\$ 6,430	\$ 8,805	\$ 97,011
Interfund Receivable	-	-	-	766	766
Total Assets	3,843	77,933	6,430	9,571	97,777
LIABILITIES					
Payroll Deductions & Withholdings	-	-	-	9,571	9,571
Due to Student Groups	-	-	6,430	-	6,430
Accounts Payable	-	1,304	-	-	1,304
Interfund Payable	-	-	-	-	-
Total Liabilities	-	1,304	6,430	9,571	17,305
NET POSITION:					
Held in Trust for Scholarships	3,843	-	-	-	3,843
Held in Trust for Unemployment Claim	-	76,629	-	-	76,629
Total Net Position	\$ 3,843	\$ 76,629	\$ -	\$ -	\$ 80,472

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, 2018**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>		<u>TOTAL</u>
	<u>SCHOLARSHIP TRUST</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	
ADDITIONS			
Local Sources:			
Employee Withholdings		\$ 11,205	11,205
Interest on Investments	\$ 1		1
Total Additions	1	11,205	11,206
DEDUCTIONS			
Unemployment Claims	-	26,207	26,207
Scholarships	160	-	160
Total Deductions	160	26,207	26,367
Change in Net Position	(159)	(15,002)	(15,161)
Net Position, July 1	4,002	91,631	95,633
Net Position, June 30	\$ 3,843	\$ 76,629	\$ 80,472

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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity

The Southampton Township School District (hereafter referred to as the ‘‘District’’) is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The 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 District is to educate students in grades kindergarten through eighth at its three schools. The District has an approximate enrollment at June 30, 2018 of 694 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the 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 Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2018.

Government-Wide Financial Statements

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

These statements are presented on an ‘‘economic resources’’ measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued):

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

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

Governmental Fund Financial Statements

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

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

Proprietary Fund Financial Statements

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

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (Continued):

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.

Fiduciary Fund Financial Statements

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued):

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

The District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (Continued):

Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

The District reports the following major proprietary funds:

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

Additionally, the District reports the following major fiduciary funds:

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

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

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

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

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (Continued):

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

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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

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

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

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (Continued):

Encumbrances

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

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

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

Cash and Cash Equivalents

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

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

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

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

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2018 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (Continued):

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 District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

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

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

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

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

Compensated Absences

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

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.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (Continued):

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

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.

Fund Balance

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

- **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.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued):

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2018.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

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

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued):

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2018:

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.

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.

Recently Issued Accounting Pronouncements

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

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.

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 has not yet determined the potential 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 has not yet determined the potential impact on the School District's financial statements.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (Continued):

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Bond Premiums, Discounts and Issuance Costs

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

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

Deferred Loss on Refunding Debt

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

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 and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (Continued):

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 15, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

Note 2. Cash Deposits and Investments

Cash 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 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, 2018, the District’s bank balance of \$2,591,446 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	2,428,490
Uninsured and Uncollateralized		162,956
	\$	2,591,446

Investments

The School District has no investments at June 30, 2018.

Note 3. Reserve Accounts

A. 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 district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *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, 2017 to June 30, 2018 fiscal year is as follows:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 3. Reserve Accounts (Continued):

A. Capital Reserve (Continued):

Beginning Balance, July 1, 2017	\$	888,651
Increased by:		
Deposits approved by Board		200,000
Ending Balance, June 30, 2018	\$	1,088,651

The June 30, 2018 balance did not exceed the LRFPP balance of local support costs of uncompleted capital projects.

B. Maintenance Reserve Account

The District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both.

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	18,644
Increased by:		
Deposits approved by Board		150,000
Ending Balance, June 30, 2018	\$	168,644

C. 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.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 3. Reserve Accounts (Continued):

C. Emergency Reserve (Continued)

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.

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Ending Balance, June 30, 2018 and 2017	\$ 1
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Note 4. Accounts Receivable

Accounts receivable at June 30, 2018 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	Governmental Funds				<u>Total Governmental Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
Federal Awards	\$ -	\$ -	\$ -	\$ -	\$ -
State Awards	146,060	-	-	3,167,459	3,313,519
Other	-	700	-	-	700
Total	\$ 146,060	\$ 700	\$ -	\$ 3,167,459	\$ 3,314,219

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2018</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 564,918	\$ -	\$ -	\$ 564,918
Construction in Progress	8,153,905	-	-	8,153,905
Total Capital Assets not being depreciated	<u>8,718,823</u>	<u>-</u>	<u>-</u>	<u>8,718,823</u>
Capital Assets being depreciated:				
Buildings and Improvements	22,502,850	174,310	-	22,677,160
Equipment	1,570,127	101,202	-	1,671,329
Total Capital Assets being depreciated	<u>24,072,977</u>	<u>275,512</u>	<u>-</u>	<u>24,348,489</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(8,378,292)	(210,932)	-	(8,589,224)
Equipment	(721,562)	(95,256)	-	(816,818)
Total Accumulated Depreciation	<u>(9,099,854)</u>	<u>(306,188)</u>	<u>-</u>	<u>(9,406,042)</u>
Total Capital Assets being depreciated, net	<u>14,973,123</u>	<u>(30,676)</u>	<u>-</u>	<u>14,942,447</u>
Total Governmental Activities Capital Assets, net	<u>\$ 23,691,946</u>	<u>\$ (30,676)</u>	<u>\$ -</u>	<u>\$ 23,661,270</u>

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2018</u>
Business-Type Activities:				
Equipment	\$ 172,992	\$ -	\$ -	\$ 172,992
	<u>172,992</u>	<u>-</u>	<u>-</u>	<u>172,992</u>
Less: Accumulated Depreciation:				
Equipment	(59,958)	(3,000)	-	(62,958)
	<u>(59,958)</u>	<u>(3,000)</u>	<u>-</u>	<u>(62,958)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 113,034</u>	<u>\$ (3,000)</u>	<u>\$ -</u>	<u>\$ 110,034</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2018 are as follows:

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

The summary of interfund transfers follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 1,285
Capital Projects Fund	519	1,967
Debt Service Fund	1,967	
Payroll Fund	766	-
	<u>\$ 3,252</u>	<u>\$ 3,252</u>

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2018 the following changes occurred in long-term obligations:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 4,870,000	\$ -	\$ 790,000	\$ 4,080,000	\$ 810,000
Unamortized Bond Premiums	31,370	-	16,366	15,004	15,004
Compensated Absences	288,586	90,318	-	378,904	-
Net Pension Liability	4,166,101	\$ -	772,013	3,394,088	-
	<u>\$ 9,356,057</u>	<u>\$ 90,318</u>	<u>\$ 1,578,379</u>	<u>\$ 7,867,996</u>	<u>\$ 825,004</u>

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Long-Term Obligations (Continued):

A. 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; (iv) 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 (v) 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>
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	550,000	29,919	579,919
2024-2025	1,070,000	23,737	1,093,737
	<u>\$ 4,080,000</u>	<u>\$ 297,281</u>	<u>\$ 4,377,281</u>

Bonds Authorized But Not Issued:

As of June 30, 2018, the District had no authorized but not issued bonds.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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/annrprts.shtml.

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

The following represents the membership tiers for PERS:

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

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

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 2017, 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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

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

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, 2018, the School District reported a liability of \$3,394,088 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. 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, 2017. The School District's proportion measured as of June 30, 2017, was .01458%, which was an increase of .00051% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$288,854 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 79,919	\$ -
Changes of Assumptions	683,792	681,285
Net Difference between Projected and Actual Earnings on Pension Plan Investments	23,111	-
Changes in Proportion and Differences between Southampton Township Board of Education Contributions and Proportionate Share of Contributions	153,262	-
School District contributions subsequent to measurement date	<u>147,000</u>	<u>-</u>
	<u>\$ 1,087,084</u>	<u>\$ 681,285</u>

\$147,000 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

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

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:

Client Year Ending	
<u>June 30,</u>	<u>Amount</u>
2019	\$ 116,495
2020	154,599
2021	99,735
2022	(53,149)
2023	<u>(58,882)</u>
	<u>\$ 258,798</u>

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:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
 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	-
June 30, 2017	5.00	-
 Changes in Proportion and Differences between Southampton Township Board of Education Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

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 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

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

Actuarial Assumptions – The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

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, 2016 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 (7.00% at June 30, 2017) 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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

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

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

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

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, 2017, calculated using the discount rate of 5.00% 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:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Southampton Township Board of Education's Proportionate Share of the Net Pension Liability	\$ 4,210,597	\$ 3,394,088	\$ 2,713,835

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017

Collective Balances at June 30, 2018 and June 30, 2017

	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 940,084	\$ 1,184,595
Deferred Inflows of Resources	681,285	-
Net Pension Liability	3,394,088	4,166,101
District's portion of the Plan's total net pension Liability	0.01458%	0.01407%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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

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 2017, 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 non-employer 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, 2017 was \$38,061,668. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was .05645%, which was a decrease of .00043% from its proportion measured as of June 30, 2016.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

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

For the fiscal year ended June 30, 2018, the School District recognized \$839,798 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 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 (7.00% at June 30, 2017) 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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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 4.25% 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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

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

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Southampton Township Board of Education's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Southampton Township Board of Education	\$ 45,218,456	\$ 38,061,668	\$ 32,165,875
	<u>\$ 45,218,456</u>	<u>\$ 38,061,668</u>	<u>\$ 32,165,875</u>

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.

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 14,353,461,035.00	\$ 17,581,004,496.00
Collective Deferred Inflows of Resources	\$ 11,992,821,439.00	\$ 300,836,088.00
Collective Net Pension Liability	\$ 67,670,209,171.00	\$ 79,028,907,033.00
School District's portion	0.05645%	0.05688%

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;

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

C. Defined Contribution Plan (DCRP) (Continued)

- 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.
- 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, 2018, there were no employees enrolled in the DCRP

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 9. Other Post-Retirement Benefits (Continued):

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

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 9. Other Post-Retirement Benefits (Continued):

OPEB Obligation and OPEB Expense - The State's proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2017 was \$34,424,951. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2017, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the OPEB Obligation associated with the District was based on projection of the State's long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the OPEB Obligation attributable to the School District was 0.06417795%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$1,862,058 for the State's proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was 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 FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 9. Other Post-Retirement Benefits (Continued):

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 40,864,900.47	\$ 34,424,951.00	\$ 29,316,721.87
State of New Jersey's Total Nonemployer OPEB Liability	\$ 63,674,362,200.00	\$ 53,639,841,858.00	\$ 45,680,364,953.00
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 44,715,649.93	\$ 37,324,589.00	\$ 31,506,876.68
State of New Jersey's Total Nonemployer OPEB Liability	\$ 69,283,705,084.00	\$ 57,831,784,184.00	\$ 48,817,654,566.00

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 28,311,194.33	\$ 34,424,951.00	\$ 42,543,947.91
State of New Jersey's Total Nonemployer OPEB Liability	\$ 44,113,584,560.00	\$ 53,639,841,858.00	\$ 66,290,599,457.00
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 30,625,864.52	\$ 37,324,589.00	\$ 46,280,145.35
State of New Jersey's Total Nonemployer OPEB Liability	\$ 47,452,589,164.00	\$ 57,831,784,184.00	\$ 71,707,778,970.00

* See Healthcare Cost Trend Assumptions for details of rates.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 9. Other Post-Retirement Benefits (Continued):

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ 99,843,255.00	\$ (99,843,255.00)
Change in Assumptions	-	(6,343,769,032.00)
Contributions Made in Fiscal Year Year Ending 2018 After June 30, 2017 Measurement Date **	1,190,373,242.00	-
	\$ 1,290,216,497.00	\$ (6,443,612,287.00)

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

Fiscal Year Ending June 30,	
2018	\$ (742,830,097.00)
2019	(742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
Thereafter	(2,629,618,547.00)
	\$ (6,343,769,032.00)

** Employer Contributions made after June 30, 2017 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2016, the Program membership consisted of the following:

	June 30, 2016
Active Plan Members	223,747.00
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331.00
	366,078.00

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Total OPEB Liability	
Service Cost	\$ 2,391,878,884.00
Interest Cost	1,699,441,736.00
Changes of Assumptions	(7,086,599,129.00)
Contributions: Member	45,748,749.00
Gross Benefit Payments	(1,242,412,566.00)
Net Change in Total OPEB Liability	(4,191,942,326.00)
Total OPEB Liability (Beginning)	57,831,784,184.00
Total OPEB Liability (Ending)	\$ 53,639,841,858.00
Total Covered Employee Payroll	13,493,400,208.00
Net OPEB Liability as a Percentage of Payroll	398%

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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, 2018, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$893,798, \$422,105, \$542,408 and \$1,781, respectively.

Note 11. Risk Management

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

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

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts 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>
2017-2018	\$ 11,205	\$ -	\$ 26,207	\$ 76,629
2016-2017	11,568	-	32,179	91,631
2015-2016	13,743	84	17,247	112,242

Joint Insurance Pool – The School District participates in the School Alliance Insurance Fund and, public entity risk pool. The Fund provides its members with the following coverage's:

Property – Blanket Building & Grounds	General & Automobile Liability
Boiler & Machinery	Workers' Compensation
School Board Legal Liability	Crime Coverage

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

Note 12. Contingencies (Continued):

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.

Pending Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the 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 District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning
AXA Equitable
Valic Investments

Note 14. Compensated Absences

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

District employees are granted varying amount of vacation and sick leave in accordance with the District's personnel policies. The 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 District for the unused sick leave in accordance with 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 under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2018 is \$378,904.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018 no liability existed for compensated absences in the proprietary fund types.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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, 2018 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$5,574.

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.

On June 27, 2018, the School District issued \$3,014,000 in Grant Anticipation Notes, 2018 Series A to pay off the Grant Anticipation Notes, Series 2017. 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 2.00% and mature on December 21, 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, 2018 was \$204,503.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 19. Fund Balance

General Fund – Of the \$2,019,449 General Fund fund balance at June 30, 2018, \$1,088,651 has been reserved in the Capital Reserve Account; \$168,644 has been reserved in the Maintenance Reserve Account; \$1 has been restricted for the Emergency Reserve Account; \$206,277 is restricted for current year excess surplus; \$218,413 is restricted for prior year excess surplus – designated for subsequent year’s expenditures; \$5,574 has been assigned to other purposes; \$86,187 has been assigned and included as anticipated revenue for the year ending June 30, 2019; and \$245,702 is unassigned.

Capital Projects Fund – Of the \$179,017 Capital Projects Fund fund balance at June 30, 2018, \$179,017 is restricted for capital projects.

Debt Service Fund – Of the \$1 Debt Service Fund fund balance at June 30, 2018, \$1 is restricted for future debt service payments.

Note 20. Deficit in Net Position

Unrestricted Net Position – The School District’s governmental activities had a deficit in unrestricted net position in the amount of \$3,203,584. The primary causes of the deficit are the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employees’ Retirement System (PERS) as of June 30, 2018. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

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, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 11,240,283	\$ -	\$ 11,240,283	11,240,283	\$ -
Tuition	10-1300	1,200	-	1,200	5,060	3,860
Interest Earned on Capital Reserve Funds	10-1500	200	-	200	-	(200)
Unrestricted Miscellaneous Revenues	10-1900	23,525	-	23,525	27,234	3,709
Total Local Sources		11,265,208	-	11,265,208	11,272,577	7,369
State Sources:						
Categorical Special Education Aid	10-3132	455,453	-	455,453	455,453	-
Equalization Aid	10-3176	425,897	-	425,897	425,897	-
Categorical Security Aid	10-3177	71,701	-	71,701	71,701	-
Adjustment Aid	10-3178	793,866	(42,704)	751,162	751,162	-
Categorical Transportation Aid	10-3121	366,769	-	366,769	366,769	-
Extraordinary Aid	10-3131	-	-	-	119,157	119,157
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	-	-	-	6,143	6,143
Lead Testing for Schools Aid	10-3300	-	-	-	1,775	1,775
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	839,798	839,798
On-Behalf TPAF Post Retirement Medical Contributions		-	-	-	542,408	542,408
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,781	1,781
Reimbursed TPAF Social Security Contributions		-	-	-	422,105	422,105
Total State Sources		2,135,196	(42,704)	2,092,492	4,025,659	1,933,167
Federal Sources:						
Medicaid Reimbursement	10-4200	-	-	-	3,408	3,408
Total Federal Sources		-	-	-	3,408	3,408
Total Revenues		13,400,404	(42,704)	13,357,700	15,301,644	1,943,944
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool/Kindergarten	11-110-100-101	297,475	(14,000)	283,475	281,923	1,552
Grades 1 - 5	11-120-100-101	1,694,069	(149,000)	1,545,069	1,529,194	15,875
Grades 6 - 8	11-130-100-101	1,097,408	(41,000)	1,056,408	1,050,471	5,937
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	6,000	-	6,000	5,850	150
Purchased Professional/Educational Services	11-150-100-320	500	-	500	-	500
Regular Programs - Undistributed Instruction:						
Purchased Professional/Educational Services	11-190-100-320	386,846	145,000	531,846	517,242	14,604
Other Purchased Services	11-190-100-500	64,763	(8,114)	56,649		56,649
General Supplies	11-190-100-610	271,870	24,587	296,457	288,661	7,796
Textbooks	11-190-100-640	76,200	(12,534)	63,666	63,635	31
Other Objects	11-190-100-800	48,950	(9,700)	39,250	34,092	5,158
Total Regular Programs		3,944,081	(64,761)	3,879,320	3,771,068	108,252

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Special Education:						
Learning and/or Language Disabilities:						
LD & LD-L Teacher Substitute	11-204-100-101	209,900	-	209,900	209,900	-
Purchased Profess. & Educ. Services	11-204-100-320	23,998	-	23,998	23,998	-
Total Learning and/or Language Disabilities		233,898	-	233,898	233,898	-
Resource Room/ Resource Center:						
Salaries of Teachers	11-213-100-101	906,701	27,420	934,121	934,121	-
Purchased Professional/Educational Services	11-213-100-320	97,996	-	97,996	79,719	18,277
Total Resource Room		1,004,697	27,420	1,032,117	1,013,840	18,277
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	52,400	-	52,400	52,400	-
Purchased Profess. & Educ. Services	11-215-100-320	26,525	-	26,525	26,525	-
General Supplies	11-215-100-610	3,000	-	3,000	1,149	1,851
Other Objects	11-215-100-800	300	-	300	-	300
Total Preschool Disabilities - Part-Time		82,225	-	82,225	80,074	2,151
Total Special Education		1,320,820	27,420	1,348,240	1,327,812	20,428
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	485,381	(20,000)	465,381	461,140	4,241
Purchased Professional/Educational Services	11-230-100-320	33,370	8,000	41,370	41,291	79
General Supplies	11-230-100-610	650	-	650	-	650
Total Basic Skills/Remedial		519,401	(12,000)	507,401	502,431	4,970
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	46,305	-	46,305	45,081	1,224
Supplies & Materials	11-401-100-600	8,789	5,000	13,789	9,162	4,627
Total School Sponsored Cocurricular Activities		55,094	5,000	60,094	54,243	5,851
School Sponsored Athletics:						
Salaries	11-402-100-100	59,058	(6,500)	52,558	47,419	5,139
Purchased Services	11-402-100-500	8,810	(3,095)	5,715	5,004	711
Supplies & Materials	11-402-100-610	9,219	2,000	11,219	11,210	9
Total School Sponsored Athletics		77,087	(7,595)	69,492	63,633	5,859
Other Instruction Programs						
Salaries	11-410-100-101	11,000	(5,823)	5,177	5,162	15
Purchased Services	11-4XX-100-500	12,000	2,223	14,223	14,222	1
Total Other Instructional Programs		23,000	(3,600)	19,400	19,384	16
Total - Instruction		5,939,483	(55,536)	5,883,947	5,738,571	145,376
Undistributed Expenditures:						
Instruction:						
Tuition Other LEA's - In State - Regular	11-000-100-561	10,000	5,000	15,000	10,916	4,084
Tuition Other LEA's - In State - Special Education	11-000-100-562	269,657	(1,570)	268,087	252,217	15,870
Tuition to CSSD & Regional Day Schools	11-000-100-565	502,753	11,182	513,935	487,589	26,346
Tuition to Private Schools for the Handicapped - State	11-000-100-566	45,135	(18,300)	26,835	26,530	305
Total Instruction		827,545	(3,688)	823,857	777,252	46,605
Attendance & Social Work Services:						
Salaries	11-000-211-100	20,000	-	20,000	20,000	-
Purchased Profess & Technical Services	11-000-211-300	5,000	-	5,000	702	4,298
Total Attendance & Social Work Services		25,000	-	25,000	20,702	4,298

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Health Services:						
Salaries	11-000-213-100	113,790	650	114,440	114,421	19
Purchased Professional & Technical Services	11-000-213-300	5,000	-	5,000	4,439	561
Supplies and Materials	11-000-213-610	4,000	-	4,000	3,522	478
Total Health Services		122,790	650	123,440	122,382	1,058
Other Support Services - Students - Related Services:						
Salaries	11-000-216-101	125,800	-	125,800	125,800	-
Purchased Professional/Educational Services	11-000-216-320	378,644	(90,770)	287,874	277,126	10,748
Supplies & Materials	11-000-216-610	8,300	-	8,300	1,673	6,627
Total Other Services - Students - Related Services		512,744	(90,770)	421,974	404,599	17,375
Other Support Services - Students - Extra Services:						
Purchased Professional Services	11-000-217-320	245,680	64,120	309,800	309,798	2
Total Other Services - Students - Related Services		245,680	64,120	309,800	309,798	2
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	151,161	875	152,036	152,036	-
Purchased Professional/Educational Services	11-000-218-320	3,800	(50)	3,750	3,750	-
Purchased Professional & Technical Services	11-000-218-390	6,000	-	6,000	5,600	400
Supplies & Materials	11-000-218-600	1,800	-	1,800	1,589	211
Other Objects	11-000-218-800	100	-	100	-	100
Total Other Support Services - Students - Regular		162,861	825	163,686	162,975	711
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	318,089	1,090	319,179	311,405	7,774
Salaries of Secretarial & Clerical Assistants	11-000-219-105	35,700	-	35,700	35,700	-
Purchased Professional/Educational Services	11-000-219-320	3,200	-	3,200	3,000	200
Supplies & Materials	11-000-219-610	12,800	-	12,800	12,635	165
Other Objects	11-000-219-800	3,000	-	3,000	1,386	1,614
Total Other Support Services - Students - Special Services		372,789	1,090	373,879	364,126	9,753
Improvement of Instructional Staff						
Salaries of Supervisors of Instruction	11-000-221-102	52,070	6,000	58,070	47,537	10,533
Salaries of Secretarial & Clerical Assistants	11-000-221-105	33,000	1,000	34,000	34,000	-
Purchased Professional/Educational Services	11-000-221-320	28,608	-	28,608	15,000	13,608
Purchased Professional & Technical Services	11-000-221-390	48,360	(2,925)	45,435	45,435	-
Supplies and Materials	11-000-221-600	500	-	500	-	500
Total Instructional Staff Training		162,538	4,075	166,613	141,972	24,641
Educational Media Services/School Library:						
Salaries	11-000-222-100	52,000	-	52,000	52,000	-
Purchased Professional & Technical Services	11-000-222-300	2,500	-	2,500	2,484	16
Supplies and Materials	11-000-222-610	32,000	223	32,223	24,822	7,401
Total Educational Media Services/School Library		86,500	223	86,723	79,306	7,417
Instructional Staff Training:						
Salaries of Supervisors of Instruction	11-000-223-102	84,791	(4,075)	80,716	48,873	31,843
Other Objects	11-000-223-800	58,930	4,000	62,930	41,907	21,023
Total Instructional Staff Training		143,721	(75)	143,646	90,780	52,866

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Support Services General Administration:						
Salaries	11-000-230-100	197,646	16,457	214,103	213,116	987
Legal Services	11-000-230-331	29,700	20,090	49,790	49,790	-
Audit Fees	11-000-230-332	23,000	-	23,000	22,300	700
Architectural/Engineering Services	11-000-230-334	1,500	3,100	4,600	4,511	89
Communications/Telephone	11-000-230-530	32,300	(4,190)	28,110	27,165	945
Other Purchased Services	11-000-230-590	18,800	775	19,575	19,566	9
General Supplies	11-000-230-610	4,000	(3,437)	563	36	527
Miscellaneous Expenditures	11-000-230-890	25,000	(2,916)	22,084	20,610	1,474
BOE Membership Dues & Fees	11-000-230-895	6,500	-	6,500	6,433	67
Total Support Services General Administration		338,446	29,879	368,325	363,527	4,798
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	337,622	7,100	344,722	343,594	1,128
Salaries of Secretarial & Clerical Assistants	11-000-240-105	94,620	-	94,620	93,548	1,072
Purchased Professional & Technical Services	11-000-240-300	7,800	(6,250)	1,550		1,550
Other Purchased Services	11-000-240-500	600	-	600	25	575
Supplies and Materials	11-000-240-610	12,500	(4,845)	7,655	5,051	2,604
Other Objects	11-000-240-800	5,500	345	5,845	5,845	-
Total Support Services School Administration		458,642	(3,650)	454,992	448,063	6,929
Central Services:						
Salaries	11-000-251-100	245,903	1,416	247,319	247,318	1
Benefits - Health Benefits	11-000-251-270	9,000	(225)	8,775	8,774	1
Purchased Professional Services	11-000-251-330		-			-
Supplies and Materials	11-000-251-600	5,800	(1,700)	4,100	3,999	101
Miscellaneous Expenditures	11-000-251-800	2,700	500	3,200	2,717	483
Interest on Current Loans	11-000-251-831	35,457	44,960	80,417	80,417	-
Total Central Services		298,860	44,951	343,811	343,225	586
Administrative Information Technology:						
Salaries	11-000-252-100	3,000		3,000	3,000	
Purchased Professional Services	11-000-252-330	58,415	3,177	61,592	61,592	-
Purchased Technical Services	11-000-252-340	5,000	(2,000)	3,000	3,000	-
Total Administrative Information Technology		66,415	1,177	67,592	67,592	-
Allowable Maintenance for School Facilities:						
Cleaning, Repair & Maintenance Services	11-000-261-420	119,000	(41,000)	78,000	62,790	15,210
Supplies	11-000-261-610	15,000	-	15,000	9,506	5,494
Other Objects	11-000-261-800	56,000	1,468	57,468	28,446	29,022
Total Allowable Maintenance for School Facilities		190,000	(39,532)	150,468	100,742	49,726
Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	479,577	1,242	480,819	473,200	7,619
Purchased Professional & Technical Services	11-000-262-300	2,500	-	2,500	1,140	1,360
Cleaning, Repair & Maintenance Services	11-000-262-420	38,000	-	38,000	23,910	14,090
Other Purchased Property Services	11-000-262-490	30,000	150	30,150	30,149	1
Insurance	11-000-262-520	30,000	367	30,367	30,367	-
General Supplies	11-000-262-610	75,000	(367)	74,633	66,915	7,718
Energy (Natural Gas)	11-000-262-621	80,000	(11,016)	68,984	51,942	17,042
Energy (Electricity)	11-000-262-622	254,000	(22,700)	231,300	206,353	24,947
Other Objects	11-000-262-800	2,200	1,425	3,625	3,053	572
Total Operation & Maintenance of Plant Services		991,277	(30,899)	960,378	887,029	73,349

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Student Transportation Services:						
Contracted Services - (Aid in Lieu of Payments)	11-000-270-503	11,000	570	11,570	11,566	4
Contracted Services (Between Home & School) - Vendors	11-000-270-511	355,000	(7,000)	348,000	340,252	7,748
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	24,000	(2,270)	21,730	18,410	3,320
Contracted Services (Special Education Students) - Joint Agreement	11-000-270-513	20,700	4,000	24,700	24,361	339
Contracted Services - (Jointures Special Education)	11-000-270-515	261,000	9,000	270,000	269,632	368
Other Objects	11-000-270-800	3,800	-	3,800	3,550	250
Total Student Transportation Services		675,500	4,300	679,800	667,771	12,029
Unallocated Benefits - Employee Benefits:						
Social Security - Other	11-000-291-220	82,000	16,000	98,000	97,354	646
Other Retirement Contributions-PERS	11-000-291-241	132,000	7,176	139,176	137,229	1,947
Workmen's Compensation	11-000-291-260	56,000	3,325	59,325	59,325	-
Health Benefits	11-000-291-270	1,560,833	42,160	1,602,993	1,572,067	30,926
Tuition Reimbursement	11-000-291-280	20,000	(15,000)	5,000	4,746	254
Other Employee Benefits	11-000-291-290	51,750	(4,620)	47,130	3,875	43,255
Unused Sick Pay	11-000-291-299	45,112	4,620	49,732	49,726	6
Total Unallocated Benefits - Employee Benefits		1,947,695	53,661	2,001,356	1,924,322	77,034
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	839,798	(839,798)
On-Behalf TPAF Post Retirement Medical Contributions		-	-	-	542,408	(542,408)
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,781	(1,781)
Reimbursed TPAF Social Security Contributions		-	-	-	422,105	(422,105)
Total Undistributed Expenditures		7,629,003	36,337	7,665,340	9,082,255	(1,416,915)
Total Expenditures - Current Expense		13,568,486	(19,199)	13,549,287	14,820,826	(1,271,539)
Capital Outlay:						
Equipment:						
Undist. Expenditures - Admin IT	12-000-252-730	115,600	(14,396)	101,204	101,204	-
Total Equipment		115,600	(14,396)	101,204	101,204	-
Facilities Acquisition & Construction Services:						
Other Purchased Professional & Tech Services	12-000-400-390		-	-		-
Assessment of Debt Service on SDA Funding	12-000-400-896	23,805	-	23,805	23,805	-
Total Facilities Acquisition & Construction Services		23,805	-	23,805	23,805	-
Interest Deposit to Capital Reserve	10-604	200	(200)	-	-	-
Total Capital Outlay		139,605	(14,596)	125,009	125,009	-
Transfer of Funds to Charter Schools	10-000-100-561		11,000	11,000	10,916	84
Total Expenditures		13,708,091	(22,795)	13,685,296	14,956,751	(1,271,455)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(307,687)	(19,909)	(327,596)	344,893	672,489
Fund Balances, July 1		1,812,800	-	1,812,800	1,812,800	-
Fund Balances, June 30		\$ 1,505,113	\$ (19,909)	\$ 1,485,204	2,157,693	\$ 672,489

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
RECAPITULATION OF BUDGET TRANSFERS						
Prior Year Encumbrances			\$ 19,909			
Total			<u>\$ 19,909</u>			
RECAPITULATION OF FUND BALANCE:						
Restricted Fund Balance:						
Capital Reserve					1,088,651	
Emergency Reserve					1	
Maintenance Reserve					168,644	
Excess Surplus					206,277	
Reserved Excess Surplus Designated for Subsequent Year's Expenditures					218,413	
Committed Fund Balance:						
Year-end Encumbrances					5,574	
Assigned Fund Balance:						
Designated for Subsequent Year's Expenditures					86,187	
Unassigned Fund Balance					<u>383,946</u>	
Subtotal					2,157,693	
Reconciliation to Governmental Funds Statements (GAAP):						
Last Two State Aid Payments Not Recognized on GAAP Basis					<u>(138,244)</u>	
Fund Balance per Governmental Funds (GAAP)					<u><u>2,019,449</u></u>	

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Local Sources	\$ -	\$ 117,441	\$ 117,441	\$ 48,316	\$ (69,125)
Federal Sources	291,227	33,054	324,281	324,281	-
Total Revenues	291,227	150,495	441,722	372,597	(69,125)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	98,037	(45,220)	52,817	52,817	-
Tuition	193,190	13,688	206,878	206,878	-
General Supplies	-	153,446	153,446	84,321	69,125
Total Instruction	291,227	121,914	413,141	344,016	69,125
Support Services:					
Personal Services - Employee Benefits	-	13,806	13,806	13,806	-
Purchase of Professional Education	-	14,775	14,775	14,775	-
Total Support Services	-	28,581	28,581	28,581	-
Total Expenditures	291,227	150,495	441,722	372,597	69,125
Total Outflows	291,227	150,495	441,722	372,597	69,125
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, 2018**

**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)	\$ 15,301,644	\$ 372,597
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	144,592	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(138,244)	-
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Current Year	-	(2,373)
Prior Year	-	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 15,307,992	\$ 370,224
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 14,956,751	\$ 372,597
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	(2,373)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 14,956,751	\$ 370,224

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 FIVE FISCAL YEARS*

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00000%	0.00000%	0.05753%	0.09639%	0.09170%
School District's proportionate share of the net pension liability \$	3,394,088	\$ 4,166,101	\$ 3,155,841	\$ 2,557,410	\$ 2,546,947
School District's covered payroll	\$ 702,488	\$ 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	483.15%	414.27%	328.56%	265.23%	275.15%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	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 FIVE FISCAL YEARS**

	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 147,000	\$ 132,000	\$ 124,965	\$ 120,865	\$ 112,606
Contributions in relation to the contractually required contribution	(147,000)	(132,000)	(124,965)	(120,865)	(112,606)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 1,005,656	\$ 960,517	\$ 964,241	\$ 925,671	N/A
Contributions as a percentage of covered payroll	14.62%	13.74%	12.96%	13.06%	N/A

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 FIVE FISCAL YEARS*

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	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	38,061,668	44,745,283	36,359,168	31,641,997	29,673,065
	<u>\$ 38,061,668</u>	<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	\$ 5,865,497	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	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.

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SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT BENEFITS (GASB 75)

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EXHIBIT M-1

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
 STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
 LAST FISCAL YEAR***

2018

Total OPEB Liability Associated with the School District

Service Cost	\$ 1,267,493
Interest Cost	1,089,007
Changes of Assumptions	(4,488,144)
Contributions: Member	29,361
Gross Benefit Payments	(797,355)

Net Change in Total OPEB Liability (2,899,638)

Total OPEB Liability (Beginning) 37,324,589

Total OPEB Liability (Ending) \$ 34,424,951

District's Covered Employee Payroll \$ 6,871,153

Net OPEB Liability as a Percentage of Payroll 501%

Note - 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.

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.22% as of June 30, 2016, to 4.25% as of June 30, 2017.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.98 % as of June 30, 2016, to 5.00% as of June 30, 2017.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

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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, 2018**

	<u>NO CHILD LEFT BEHIND</u>		
	<u>TITLE I</u>	<u>TITLE II - PART A</u>	<u>I.D.E.A. PART B BASIC</u>
Revenues:			
Federal Sources	\$ 100,323	\$ 17,080	\$ 194,222
Total Revenues	<u>\$ 100,323</u>	<u>\$ 17,080</u>	<u>\$ 194,222</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 43,516	\$ 9,301	\$ -
Tuition	-	-	194,222
General Supplies	36,005	-	-
Total Instruction	<u>79,521</u>	<u>9,301</u>	<u>194,222</u>
Support Services:			
Employee Benefits	11,202	2,604	-
Purchase of Professional Education	9,600	5,175	-
Supplies	-	-	-
Total Support Services	<u>20,802</u>	<u>7,779</u>	<u>-</u>
Total Expenditures	<u>\$ 100,323</u>	<u>\$ 17,080</u>	<u>\$ 194,222</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR FISCAL YEAR ENDED JUNE 30, 2018**

	I.D.E.A. PRESCHOOL PROGRAM	STAR FOUNDATION	TOTALS
Revenues:			
Federal Sources	\$ 12,656	\$ -	\$ 324,281
Local Sources	-	48,316	48,316
Total Revenues	\$ 12,656	\$ 48,316	\$ 372,597
Expenditures:			
Instruction:			
Salaries of Teachers	\$ -	\$ -	\$ 52,817
Tuition	12,656	-	206,878
General Supplies	-	48,316	84,321
Total Instruction	12,656	48,316	344,016
Support Services:			
Employee Benefits	-	-	13,806
Purchase of Professional Education	-	-	14,775
Total Support Services	-	-	28,581
Total Expenditures	\$ 12,656	\$ 48,316	\$ 372,597

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, 2018**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE JUNE 30, 2017
			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	240,861	-	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	2,926,376	64,304	(235,680)
Addition of Air Conditioning at School No. 3	2/27/2014	3,000,000	2,962,049	110,004	(72,053)
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		<u>\$ 11,994,206</u>	<u>\$ 11,394,326</u>	<u>\$ 174,308</u>	<u>\$ 425,572</u>
Reconciliation to Governmental Funds (GAAP):					
Unexpended Balance as of June 30, 2018					\$ 425,572
SDA Grant Revenue not Recognized on GAAP Basis					<u>(246,555)</u>
					<u>\$ 179,017</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, 2018**

Expenditures and Other Financing Uses:	
Construction Services	\$ 174,308
	<hr/>
Total Expenditures	174,308
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(174,308)
Fund Balance - Beginning	599,880
	<hr/>
Fund Balance - Ending	\$ 425,572
	<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, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 1,780,559	\$ -	\$ 1,780,559	\$ 1,780,559
Bond Proceeds & Transfers	2,325,342	-	2,325,342	2,325,342
Total Revenues	4,105,901	-	4,105,901	4,105,901
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Technical Services	573,877	-	573,877	573,877
Land & Improvements	2,599,184	-	2,599,184	2,885,947
Equipment Purchases	67,360	-	67,360	67,360
Total Expenditures	3,240,421	-	3,240,421	3,527,184
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)
Total Other Financing Sources/Uses	(578,717)	-	(578,717)	(578,717)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ 286,763	\$ -	\$ 286,763	\$ -

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	
Bonds Issued	
Original Authorized Cost	
Reduced Authorized Cost	\$ 4,105,901
Revised Authorized Cost	\$ 4,105,901
Percentage Increase Over Original Authorized Cost	0.00%
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, 2018**

	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
Total Revenues	569,407	-	569,407	569,407
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	64,361		64,361	64,361
Construction Services	176,500		176,500	505,046
Total Expenditures	240,861	-	240,861	569,407
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 328,546	\$ -	\$ 328,546	\$ -

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, 2018**

	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, 2018**

	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
Total Revenues	2,755,000	-	2,755,000	2,755,000
Expenditures & Other Financing Uses:				
Legal Services	18,972		18,972	18,972
Purchased Professional & Technical Technical Services	247,711		247,711	247,711
Construction Services	2,659,693	64,304	2,723,997	2,488,317
Total Expenditures	2,926,376	64,304	2,990,680	2,755,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(171,376)	(64,304)	(235,680)	-

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	108.55%
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, 2018**

	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
Total Revenues	3,000,000	-	3,000,000	3,000,000
Expenditures & Other Financing Uses:				
Legal Services	18,972	-	18,972	18,972
Purchased Professional & Technical Technical Services	292,308	-	292,308	292,308
Construction Services	2,650,769	110,004	2,760,773	2,688,720
Total Expenditures	2,962,049	110,004	3,072,053	3,000,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	37,951	(110,004)	(72,053)	-

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	102.40%
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, 2018**

	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
Total Revenues	35,343	-	35,343	35,343
Expenditures & Other Financing Uses:				
Construction Services	16,708		16,708	35,343
Total Expenditures	16,708	-	16,708	35,343
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 18,635	\$ -	\$ 18,635	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	4930-070-13-2006
Grant Date	February 24, 2014
Grant Award	\$ 18,635
Bond Authorization Date	n/a
Bonds Authorized	n/a
Bonds Issued	n/a
Original Authorized Cost	\$ 46,588
Additional Authorized Cost	(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, 2018**

	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
Total Revenues	77,272	-	77,272	77,272
Expenditures & Other Financing Uses:				
Construction Services	24,567	-	24,567	77,272
Total Expenditures	24,567	-	24,567	77,272
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, 2018**

	PRIVATE PURPOSE TRUST FUNDS		AGENCY FUNDS		<u>TOTAL</u>
	<u>SCHOLARSHIP TRUST</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL</u>	
ASSETS					
Cash & Cash Equivalents	\$ 3,843	\$ 77,933	\$ 6,430	\$ 8,805	\$ 97,011
Interfund Receivable	-	-	-	766	766
Total Assets	3,843	77,933	6,430	9,571	97,777
LIABILITIES					
Payroll Deductions & Withholdin	-	-	-	9,571	9,571
Due to Student Groups	-	-	6,430	-	6,430
Accounts Payable	-	1,304	-	-	1,304
Total Liabilities	-	1,304	6,430	9,571	17,305
NET POSITION:					
Held in Trust for Scholarships	3,843	-	-	-	3,843
Held in Trust for Unemployment	-	76,629	-	-	76,629
Total Net Position	\$ 3,843	\$ 76,629	\$ -	\$ -	\$ 80,472

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>		
	<u>SCHOLARSHIP</u>	<u>UNEMPLOYMENT</u>	<u>TOTAL</u>
	<u>TRUST</u>	<u>COMPENSATION</u> <u>TRUST</u>	
ADDITIONS			
Local Sources:			
Employee Withholdings	\$ -	\$ 11,205	\$ 11,205
Interest on Investments	1	-	1
	<hr/>		
Total Additions	1	11,205	11,206
<hr/>			
DEDUCTIONS			
Unemployment Claims	-	26,207	26,207
Scholarships	160	-	160
	<hr/>		
Total Deductions	160	26,207	26,367
<hr/>			
Change in Net Position	(159)	(15,002)	(15,161)
Net Position, July 1	4,002	91,631	95,633
	<hr/>		
Net Position, June 30	\$ 3,843	\$ 76,629	\$ 80,472
	<hr/> <hr/>		

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	BALANCE JULY 1, <u>2017</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2018</u>
Kindergarten through Eighth Grades	\$ 7,138	\$ 13,092	\$ 13,800	\$ 6,430
Total All Activity	<u>\$ 7,138</u>	<u>\$ 13,092</u>	<u>\$ 13,800</u>	<u>\$ 6,430</u>

**PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS & LIABILITIES
FOR FISCAL YEAR ENDED JUNE 30, 2018**

ASSETS	BALANCE JULY 1, <u>2017</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2018</u>
Cash & Cash Equivalents	\$ 10,551	\$ 7,879,691	\$ 7,881,437	\$ 8,805
Interfund Receivable	-	766	-	766
Total Assets.	<u>\$ 10,551</u>	<u>\$ 7,880,457</u>	<u>\$ 7,881,437</u>	<u>\$ 9,571</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 8,344	\$ 3,541,167	\$ 3,539,940	\$ 9,571
Net Payroll	-	4,339,290	4,339,290	-
Interfund Payable	2,207	-	2,207	-
Total Liabilities	<u>\$ 10,551</u>	<u>\$ 7,880,457</u>	<u>\$ 7,881,437</u>	<u>\$ 9,571</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, 2018**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE JUNE 30, 2017	ISSUED	RETIRED	BALANCE JUNE 30, 2018
School Refunding Bond, Series 2014	1/31/14	2,625,000	06/01/19	460,000	2.000%	\$ 925,000	\$ -	\$ 465,000	\$ 460,000
School Bond, Series 2014	09/01/14	4,521,000	09/01/18	350,000	2.125%	3,945,000	-	325,000	3,620,000
			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						\$ 4,870,000	\$ -	\$ 790,000	\$ 4,080,000

**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, 2018**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 889,248		\$ 889,248	\$ 889,248	\$ -
Total Revenues	889,248	-	889,248	889,248	-
Expenditures:					
Regular Debt Service:					
Interest	101,216		101,216	101,215	1
Redemption of Principal	790,000		790,000	790,000	-
Total Expenditures	891,216	-	891,216	891,215	1
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,968)	-	(1,968)	(1,967)	1
Fund Balance, July 1	1,968		1,968	1,968	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 1	\$ 1

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF COMPENSATED ABSENCES
JUNE 30, 2018**

	OUTSTANDING BALANCE 2017	ADDITIONS	REDUCTIONS	OUTSTANDING BALANCE 2018
Compensated Absences	\$ 288,586	\$ 90,318	\$ -	\$ 378,904

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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 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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net Investment in Capital Assets	\$ 19,572,710	\$ 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
Restricted	1,861,004	1,687,156	2,979,745	795,156	970,688	1,392,967	931,002	614,560	656,688	904,768
Unrestricted	(3,203,584)	(2,978,941)	(2,832,869)	(2,778,573)	(223,116)	(337,142)	(14,959)	60,880	(218,809)	(747,876)
Total Governmental Activities	\$ 18,230,130	\$ 17,512,265	\$ 15,858,002	\$ 13,116,057	\$ 15,170,698	\$ 15,130,069	\$ 14,624,905	\$ 14,070,148	\$ 13,448,008	\$ 12,953,123
Business-Type Activities:										
Net Investment in Capital Assets	\$ 110,034	\$ 113,034	\$ 116,034	\$ 119,035	\$ 122,139	\$ 27,078	\$ 29,078	\$ 14,062	\$ 27,078	\$ -
Unrestricted	26,652	16,088	1,741	1,138	9,383	109,573	98,913	107,823	104,826	104,759
Total Business-Type Activities	\$ 136,686	\$ 129,122	\$ 117,775	\$ 120,173	\$ 131,522	\$ 136,651	\$ 127,991	\$ 121,885	\$ 131,904	\$ 104,759
Government-Wide:										
Net Investment in Capital Assets	\$ 19,682,744	\$ 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
Restricted	1,861,004	1,687,156	2,979,745	795,156	970,688	1,392,967	931,002	614,560	656,688	904,768
Unrestricted	(3,176,932)	(2,962,853)	(2,831,128)	(2,777,435)	(214,733)	(227,569)	83,954	168,703	(113,983)	(643,117)
Total District Net Position	\$ 18,366,816	\$ 17,641,387	\$ 15,975,777	\$ 13,236,230	\$ 15,301,220	\$ 15,266,720	\$ 14,752,896	\$ 14,192,033	\$ 13,579,912	\$ 13,057,882

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

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ (4,112,711)	\$ (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)
Special Education	(1,327,812)	(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)
Other Special Education	(639,691)	(663,887)	(599,118)	(576,224)	(556,098)	(507,334)	(492,174)	(417,383)	(426,364)	(401,385)
Other Instruction	-	-	(6,439)	(10,647)	(7,965)	(10,364)	(9,258)	-	(19,007)	(4,200)
Support Services & Undistributed Costs:										
Tuition	(777,252)	(546,451)	(462,863)	(631,149)	(552,655)	(393,415)	(359,975)	(379,775)	(323,524)	(279,680)
Student & Instruction Related Services	(1,725,221)	(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)
General Administrative Services	(363,527)	(392,521)	(380,660)	(399,826)	(394,698)	(345,307)	(341,504)	(323,661)	(376,483)	(358,732)
Administrative Information Technology	(67,592)	(120,470)	(101,032)	(106,816)	(104,203)	(98,590)	(98,306)	(91,800)	(92,252)	(93,368)
School Administrative Services	(448,063)	(594,096)	(682,249)	(626,559)	(522,149)	(494,484)	(466,596)	(467,553)	(451,196)	(472,898)
Central Services	(343,225)	(342,386)	(329,608)	(321,377)	(238,955)	(235,230)	(237,517)	(226,022)	(246,750)	(221,872)
Plant Operations & Maintenance	(987,771)	(1,146,193)	(1,079,538)	(1,031,091)	(1,242,042)	(991,561)	(857,184)	(917,225)	(855,623)	(964,501)
Pupil Transportation	(667,771)	(622,201)	(626,309)	(571,828)	(528,380)	(494,134)	(495,948)	(486,321)	(561,349)	(810,575)
Business and Other Support Services	-	-	-	-	(752)	(4,613)	(18,015)	(1,590)	(93,324)	(13,359)
Unallocated Benefits	(4,030,482)	(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)
On Behalf TPAF Pension and Social Security Contributions	(3,060,606)	(1,574,195)	-	-	-	-	-	-	-	-
Transfer to Charter Schools	(10,916)	-	(174,045)	(114,093)	(141,803)	(149,824)	(178,514)	(218,838)	(231,073)	(261,051)
Interest & Other Charges	(112,523)	(117,591)	(174,045)	(114,093)	(141,803)	(149,824)	(178,514)	(218,838)	(231,073)	(261,051)
Increase in Compensated Absences - Unallocated	-	-	(12,332)	(1,467)	34,738	60,411	5,231	(22,777)	4,523	(23,817)
Unallocated Depreciation	(306,188)	(288,141)	(485,454)	(470,701)	(464,041)	(514,061)	(600,000)	(619,543)	(591,826)	(583,742)
Total Governmental Activities Expenses	(18,981,351)	(15,135,193)	(16,577,514)	(15,738,357)	(14,531,342)	(13,844,542)	(13,418,274)	(13,098,979)	(13,265,511)	(13,157,729)
Business-Type Activities:										
Food Service	(260,411)	(255,303)	(259,152)	(287,737)	(270,434)	(270,154)	(283,376)	(281,916)	(266,916)	(264,458)
Summer Recreation	-	-	-	-	-	-	-	(11,022)	(10,690)	(10,671)
Total Business-Type Activities Expense	(260,411)	(255,303)	(259,152)	(287,737)	(270,434)	(270,154)	(283,376)	(292,938)	(277,606)	(275,129)
Total District Expenses	\$ (19,241,762)	\$ (15,390,496)	\$ (16,836,666)	\$ (16,026,094)	\$ (14,801,776)	\$ (14,114,696)	\$ (13,701,650)	\$ (13,391,917)	\$ (13,543,117)	\$ (13,432,858)
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 5,292,888	\$ 1,911,146	\$ 3,530,000	\$ 2,913,068	\$ 373,563	\$ 386,319	\$ 376,193	\$ 400,421	\$ 545,022	\$ 476,520
Total Governmental Activities Program Revenues	5,292,888	1,911,146	3,530,000	2,913,068	373,563	386,319	376,193	400,421	545,022	476,520

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

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Business-Type Activities:										
Charges for Services:										
Food Service	156,351	147,687	143,082	170,091	160,612	174,639	181,133	191,308	198,094	205,575
Summer Recreation	-	-	-	-	-	-	-	10,150	10,520	12,005
Operating Grants & Contributions	111,624	118,963	113,672	107,289	104,534	103,694	108,349	91,621	84,291	65,856
Total Business Type Activities Program Revenues	267,975	266,650	256,754	277,380	265,146	278,333	278,333	289,482	293,079	292,905
Total District Program Revenues	\$ 5,560,863	\$ 2,177,796	\$ 3,786,754	\$ 3,190,448	\$ 638,709	\$ 664,652	\$ 654,526	\$ 689,903	\$ 838,101	\$ 769,425
Net (Expense)/Revenue:										
Governmental Activities	\$ (13,688,463)	\$ (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)
Business-Type Activities	7,564	11,347	(2,398)	(10,357)	(5,288)	8,179	(5,043)	(3,456)	15,473	17,776
Total Government-Wide Net Expense	\$ (13,680,899)	\$ (13,212,700)	\$ (13,049,912)	\$ (12,835,646)	\$ (14,163,067)	\$ (13,450,044)	\$ (13,047,124)	\$ (12,702,014)	\$ (12,705,016)	\$ (12,663,433)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	11,240,283	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
Taxes Levied for Debt Service	889,248	881,657	849,598	469,250	820,943	844,689	854,731	864,122	861,498	854,565
Unrestricted Grants & Contributions	2,244,503	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
Investment Earnings	-	-	-	1	7	14	24	24	24	1,546
Miscellaneous Income	32,294	66,842	81,356	90,462	58,115	49,918	66,634	84,399	76,581	89,506
Transfers	-	-	-	-	1,207	-	-	-	-	-
Cancellation of Prior Year Accounts	-	-	-	-	(30,583)	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Cancellation of Current Year	-	-	-	-	-	-	-	-	-	-
Accounts Payable	-	-	-	-	10,940	-	-	-	-	-
Total Governmental Activities	14,406,328	14,878,310	15,789,459	13,317,595	14,198,408	13,963,387	13,596,838	13,263,616	13,215,374	13,009,970
Business-Type Activities:										
Investment Earnings	-	-	-	8	366	481	-	885	801	565
Transfers	-	-	-	-	(1,207)	-	-	-	-	-
Total Business-Type Activities	-	-	-	8	(841)	481	-	885	801	565
Total Government-Wide	\$ 14,406,328	\$ 15,789,459	\$ 15,789,459	\$ 13,317,603	\$ 14,197,567	\$ 13,963,868	\$ 13,596,838	\$ 13,264,501	\$ 13,216,175	\$ 13,010,535
Change in Net Position:										
Governmental Activities	\$ 717,865	\$ 1,654,263	\$ 2,741,945	\$ 492,306	\$ 40,629	\$ 505,164	\$ 554,757	\$ 565,058	\$ 494,885	\$ 328,761
Business-Type Activities	7,564	11,347	(2,398)	(10,349)	(6,129)	8,660	(5,043)	(2,571)	16,274	18,341
Total District	\$ 725,429	\$ 1,665,610	\$ 2,739,547	\$ 481,957	\$ 34,500	\$ 513,824	\$ 549,714	\$ 562,487	\$ 511,159	\$ 347,102

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30.										
General Fund:										
Restricted	\$ 1,681,986	\$ 1,347,042	\$ 1,224,055	\$ 827,722	\$ 957,878	\$ 778,676	\$ 1,302,469	\$ 1,009,751	\$ 868,551	\$ 1,014,082
Committed		-	35,575	107,347	34,131	173,025	-	-	-	-
Assigned	91,761	106,263	4,063	-	61,986	4,757	-	-	-	-
Unassigned	245,702	214,903	193,769	104,461	48,124	513,839	94,822	158,478	45,596	(370,197)
Total General Fund	\$ 2,019,449	\$ 1,668,208	\$ 1,457,462	\$ 1,039,530	\$ 1,102,119	\$ 1,470,297	\$ 1,397,291	\$ 1,168,229	\$ 914,147	\$ 643,885
All Other Governmental Funds:										
Reserved				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:										
Special Revenue Fund				-	-	-	-	-	-	-
Capital Projects Fund	179,017	338,145	1,802,269	4,854,533	288,728	264,362	264,362	264,362	261,149	261,149
Debt Service Fund	1	1,969	1,968	17,102,000	17,352,000	-	-	-	0	0
Total All Other Governmental Funds	\$ 179,018	\$ 340,114	\$ 1,804,237	\$ 4,871,635	\$ 306,080	\$ 264,362	\$ 264,362	\$ 264,362	\$ 261,149	\$ 261,149

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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Tax Levy	\$ 12,129,531	\$ 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
Tuition Charges	5,060	2,160,000	-	3,000	0	1,000	2,000	1,000	2,000	26,333
Interest Earnings	-	-	-	1	1,404	3,611	7,997	1,958	1,539	2,223
Miscellaneous	73,177	83,526	81,356	87,462	56,718	45,321	56,661	81,465	73,066	62,496
State Sources	4,047,187	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
Federal Sources	327,689	324,069	337,202	305,638	308,363	319,380	389,149	315,432	469,724	281,443
Total Revenue	16,582,644	16,789,456	17,554,806	14,839,035	14,590,407	14,349,706	13,973,031	13,664,037	13,760,396	13,486,490
Expenditures:										
Instruction:										
Regular Instruction	4,112,711	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
Special Education Instruction	1,327,812	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
Other Special Instruction	639,691	663,887	599,118	576,224	556,098	507,334	492,174	417,383	426,364	401,385
Other Instruction	-	-	6,439	10,647	7,965	10,364	9,258	-	19,007	4,200
Support Services:										
Tuition	777,252	546,451	462,863	631,149	552,655	393,415	359,975	379,775	323,524	279,680
Student & Instruction Related Services	1,725,221	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
General Administration Services	363,527	392,521	682,249	626,559	522,149	494,484	466,596	467,553	451,196	472,898
School Administrative Services	448,063	594,096	380,660	399,826	394,698	345,307	341,504	323,661	376,483	358,732
Central Services	343,225	342,386	329,608	321,377	238,955	235,230	237,517	226,022	246,750	221,872
Other Support Services	67,592	120,470	-	-	752	4,613	18,015	1,590	93,324	13,359
Plant Operations & Maintenance	987,771	1,146,193	1,079,538	1,031,091	1,242,042	991,561	857,184	917,225	855,623	964,501
Pupil Transportation	667,771	622,201	626,309	571,828	528,380	494,134	495,948	486,321	561,349	810,575
Unallocated Benefits	1,924,322	342	20,464	20,202	2,260,086	2,089,348	1,938,134	1,941,321	1,766,055	1,662,816
On Behalf TPAF Pension and Social Security Contributions	1,806,092	1,574,195	1,417,254	1,200,789	1,083,743	1,243,751	987,084	836,762	865,373	837,677
Capital Outlay	275,512	2,611,727	5,306,016	655,801	83,272	134,882	185,403	300,253	105,724	1,045,633
Debt Service:										
Principal	790,000	760,000	706,000	415,000	770,000	760,000	740,000	720,000	700,000	665,000
Interest & Other Charges	125,020	145,461	160,699	54,500	129,724	140,750	173,575	205,750	237,275	266,963
Total Expenditures	16,381,582	18,042,833	20,204,272	14,857,069	14,943,232	14,276,700	13,743,969	13,463,824	13,490,134	14,266,715
Excess (Deficiency) of Revenues Over/(Under) Expenditures	201,062	(1,253,377)	(2,649,466)	(18,034)	(352,825)	73,006	229,062	200,213	270,262	(780,225)

**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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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)
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	-	-	-	-	-
Net Change in Fund Balances	\$ 201,062	\$ (1,253,377)	\$ (2,649,466)	\$ 4,502,966	\$ (326,460)	\$ 73,006	\$ 229,062	\$ 200,213	\$ 270,262	\$ (780,225)
Debt Service as a Percentage of Noncapital Expenditures	5.68%	5.87%	5.82%	3.31%	6.05%	6.37%	6.74%	7.03%	7.00%	7.05%

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>
2018	\$ -	\$ 5,060	\$ -	\$ 27,234	\$ 32,294
2017	6,067	-	34,855	23,760	\$ 64,682
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

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
2017	\$ 15,316,800	\$ 834,322,300	\$ 49,471,000	\$ 6,513,400	\$ 80,278,900	\$ 10,739,300	\$ 996,641,700	\$ 1,979,748	\$ 998,621,448	1.933	\$ 1,107,167,513
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

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	TOWNSHIP OF SOUTHAMPTON	TOWNSHIP OPEN SPACE	BURLINGTON COUNTY LIBRARY	COUNTY OPEN SPACE	
2017	1.200	0.733	0.408	0.044	0.372	0.020	2.812
2016	1.162	0.732	0.394	0.020	0.366	0.044	2.752
2015	1.128	0.697	0.373	0.020	0.369	0.043	2.665
2014	1.096	0.693	0.349	0.020	0.363	0.016	2.571
2013	1.070	0.666	0.330	0.020	0.369	0.017	2.506
2012	1.050	0.672	0.311	0.020	0.364	0.047	2.500
2011	1.364	0.932	0.406	0.020	0.513	0.067	3.351
2010	1.342	0.962	0.371	0.020	0.548	0.071	3.366
2009	1.297	0.936	0.365	0.020	0.560	0.072	3.304
2008	1.267	0.952	0.350	0.020	0.559	0.070	3.270

Source: Municipal Tax Collector

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

		2018			2009		
TAXPAYER	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXPAYER	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Mobile Estates of Southampton	\$ 9,951,300	1	1.00%	Mobile Estates of Southampton	\$4,863,600	1	0.63%
Singh Real Estate Ent. Inc.	5,611,200	2	0.56%	Singh Real Estate Ent. Inc.	4,547,900	2	0.59%
ARA 1869, LLC	3,764,900	3	0.38%	Diamond M. Lumber	3,975,300	3	0.52%
Diamond M. Lumber	3,688,100	4	0.37%	D R Horton	3,388,700	4	0.44%
Wawa, Inc.	2,948,600	5	0.30%	Verizon - NJ	2,204,732	5	0.29%
Southampton Industrial Park, LLC	2,734,400	6	0.27%	RCC Properties, Inc	1,390,700	6	0.18%
Lion Self Storage	2,296,200	7	0.23%	SKG Partners, LLC	1,314,800	7	0.17%
Verizon - NJ	2,100,580	8	0.21%	Taxpayer #1	1,073,400	8	0.14%
RCC Properties, Inc.	1,975,300	9	0.20%	SKG Partners, LLC	1,061,600	9	0.14%
Taxpayer #1	1,955,800	10	0.20%	Vincetown Enterprises LLC	922,000	10	0.12%
Total	\$ 37,026,380		3.71%		\$ 24,742,732		3.23%

Source: Municipal Tax Assessor

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

FISCAL YEAR ENDED <u>JUNE 30,</u>	SCHOOL DISTRICT		COLLECTED WITHIN THE FISCAL		COLLECTIONS IN SUBSEQUENT <u>YEARS</u>
	TAXES LEVIED FOR THE FISCAL <u>YEAR</u>		YEAR OF THE LEVY	PERCENTAGE <u>OF LEVY</u>	
2018	\$ 12,129,531	\$	12,129,531	100.00%	\$ -
2017	11,683,951		11,683,951	100.00%	-
2016	11,440,082		11,440,082	100.00%	-
2015	10,925,607		10,925,607	100.00%	-
2014	10,954,459		10,954,459	100.00%	-
2013	10,572,507		10,572,507	100.00%	-
2012	10,391,807		10,391,807	100.00%	-
2011	10,421,198		10,421,198	100.00%	-
2010	unavailable		unavailable	unavailable	unavailable
2009	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				
2018	4,080,000	-		4,080,000	unavailable	unavailable
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

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			PERCENTAGE OF NET VALUATION TAXABLE	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2018	\$ 4,080,000	-	\$ 4,080,000	0.41%	Unavailable
2017	4,870,000	-	4,870,000	0.49%	Unavailable
2016	5,630,000	-	5,630,000	0.56%	544.65
2015	6,336,000	-	6,336,000	0.63%	610.46
2014	2,230,000	-	2,230,000	0.22%	214.63
2013	3,005,000	-	3,005,000	0.30%	287.95
2012	3,765,000	-	3,765,000	0.49%	360.18
2011	4,505,000	-	4,505,000	0.59%	430.28
2010	5,225,000	-	5,225,000	0.68%	480.90
2009	5,925,000	-	5,925,000	0.78%	545.23

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017

Unaudited

<u>GOVERNMENTAL UNIT</u>	<u>NET DEBT (1)</u>	<u>TOWNSHIP PROPORTIONATE SHARE</u>	<u>NET DEBT ALLOCATED TO TOWNSHIP</u>
Southampton Township	\$ 9,453,357	100.00%	\$ 9,453,357
Burlington County (2)	297,399,680	2.27%	6,750,519
Lenape Regional High School (3)	55,675,000	6.12%	3,409,835
Southampton Township School District	4,545,000	100.00%	<u>4,545,000</u>
Total Direct & Overlapping Debt			<u>\$ 24,158,711</u>

(1) 2017 Annual Debt Statement

(2) County net debt is allocated as a proportion of the Township's share of the total 2017 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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	32,886,236	\$ 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
Total Net Debt Applicable to Limit	4,545,000	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
Legal Debt Margin	\$ 28,341,236	\$ 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
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%

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized Valuation Basis
	2017
	1,102,300,297
	2016
	1,102,472,484
	2015
	1,083,850,828
	<u> </u>
	<u>\$ 3,288,623,609</u>
	<u> </u>
	<u>\$ 1,096,207,869.67</u>
Average Equalized Valuation of Taxable Property	\$ 32,886,236
Debt Limit (3.0 % of Average Equalization Value)	4,545,000
Net Debt Applicable to Limit	<u> </u>
Legal Debt Margin	<u>\$ 28,341,236</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> ^a	<u>PERSONAL INCOME (THOUSANDS OF DOLLARS)</u> ^b	<u>BURLINGTON COUNTY PER CAPITA INCOME</u> ^c	<u>UNEMPLOYMENT RATE</u> ^d
2018	10,205	Unavailable	Unavailable	5.0%
2017	10,235	Unavailable	Unavailable	4.0%
2016	10,337	570,881,499	55,227	5.2%
2015	10,379	557,840,113	53,747	6.4%
2014	10,390	538,046,150	51,785	9.8%
2013	10,436	536,306,040	51,390	7.6%
2012	10,453	522,179,615	49,955	7.4%
2011	10,470	503,052,090	48,047	7.6%
2010	10,865	517,706,385	47,649	7.1%
2009	10,867	519,616,472	47,816	4.1%

Source: NJ Dept of Labor and Workforce Development

^a NJ Dept of Labor & Workforce Development

^b Based upon the Municipal population & per capita personal income presented.

^c Provided by the NJ Department of Labor & Workforce Development

^d Provided by the NJ Department of Labor & Workforce Development

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

	2018			2009		
	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

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

Unaudited

FUNCTION/PROGRAM	JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Regular	55	55	55	55	55	55	55	52	54	57
Special Education	23	23	23	23	23	23	23	25	25	25
Other Special Education	3	3	3	3	3	3	3	3	3	3
Support Services:										
Student & Instruction Related Services	19	19	19	19	16	16	16	13	13	15
School Administrative Services	8	8	8	8	7	7	7	7	7	7
General Administrative Services	5	5	5	5	5	5	5	5	5	5
Plant Operations & Maintenance	10	10	10	9	9	9	9	9	9	9
Total	123	123	123	122	118	118	118	118	114	116

Source: District Personnel Records

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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
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
2018	694	\$ 15,191,050	21,889	0.0054%	79	8.78		688.8	667.0	-0.1494%	96.11%
2017	709	14,031,557	20,074	0.0056%	78	8.96		690.3	668.2	-0.1497%	94.25%
2016	699	13,731,768	18,862	0.0051%	78	9.33		690.3	668.2	-0.1360%	95.59%
2015	728	13,960,236	19,255	0.0065%	78	9.29		710.8	701.0	-0.1374%	96.29%
2014	725	13,241,068	17,263	0.0067%	78	9.83		723.2	714.3	-0.1342%	98.52%
2013	767	12,644,991	16,006	0.0067%	78	10.13		739.0	729.5	-0.1290%	95.11%
2012	790	12,241,557	15,457	0.0065%	78	9.90		783.9	751.9	-0.1310%	95.18%
2011	792	12,447,135	15,462	0.0065%	80	9.70		793.8	757.7	-0.1304%	95.67%
2010	805	12,289,119	15,419	0.0065%	83	9.60		797.7	762.4	-0.1308%	94.71%
2009	797	12,346,639	15,395	0.0069%	83	9.66		797.1	763.4	-0.1294%	95.78%

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Elementary Schools:										
School #1 (1921, 1922, 1952, 1959)	35,109	35,109	35,109	35,109	35,109	35,109	35,109	35,109	35,109	35,109
Square Feet	223	223	223	223	223	223	223	223	223	223
Capacity (Students)	236	236	236	241	239	241	238	249	238	246
Enrollment										
School #2 (1962, 1969)	40,674	40,674	40,674	40,674	40,674	40,674	40,674	40,674	40,674	40,674
Square Feet	279	279	279	279	279	279	279	279	279	279
Capacity (Students)	227	227	227	232	231	232	237	251	275	258
Enrollment (a)										
Middle School:										
School # 3 (1994)	52,280	52,280	52,280	52,280	52,280	52,280	52,280	52,280	52,280	52,280
Square Feet	417	417	417	417	417	417	417	417	417	417
Capacity (Students)	236	236	236	255	255	255	292	292	281	276
Enrollment										
Total District Enrollment:	699	699	699	728	725	728	767	792	794	780
Other Buildings:										
Administration Building (1910)	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394
Square Feet										
Storage Building - Garage (1930)	900	900	900	900	900	900	900	900	900	900
Square Feet										
Storage Building - Barn (1930)	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520
Square Feet										
Storage Building - Stable (1930)	396	396	396	396	396	396	396	396	396	396
Square Feet										
Storage Building - Bus Garage (1938)	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516
Square Feet										

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>
2018	\$ 80,428	\$ 9,622	\$ 10,692	\$ 100,742
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

* 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, 2018
Unaudited**

	COVERAGE	DEDUCTIBLE
Burlington County Insurance Pool, Joint Insurance Fund (BCIPJIF):		
Property / Inland Marine / Automobile Physical Damages (per occurrence)	\$ 250,000	\$ 500
General Liability / Auto Liability	250,000	
Educators Legal Liability	175,000	
Workers Compensation	250,000	
Crime	250,000	500
School Pool For Excess Liability Limits		
Property / Inland Marine / Automobile Physical Damages (per occurrence)	175,000,000	
Crime	500,000	
Workers Compensation	Statutory	
Employers Liability	20,000,000	
General Liability / Auto Liability	20,000,000	
Educators' Legal Liability	20,000,000	
Travelers Insurance Company		
Boiler and Machinery	125,000,000	1,000
AIG Environmental		
Pollution Liability	3,000,000	25,000
Member District Deductible - Mold Incident		100,000
Beazley Insurance Company, Inc.		
Cyber Liability	1,000,000	25,000
Western Surety:		
Surety - Treasurer of Monies	215,000	
Surety - Board Secretary	120,000	

Excess and Reinsurance Carriers Involved **

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

Group Purchase of Primary Insurance Coverage Carrier Array

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, 2018, 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 February 15, 2019.

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
February 15, 2019

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, 2018. 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, 2018.

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
February 15, 2019

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE 6/30/2017	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	BALANCE, JUNE 30, 2018 (ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
93.778	1805N5MAP	100-054-7540-211	\$ 3,408	7/1/17-6/30/18	\$ -	\$ 3,408	\$ (3,408)	\$ -	\$ -	\$ -	\$ -
U.S. Department of Health and Human Services											
Passed Through New Jersey Department of Human Services:											
Medical Assistance Program (SEMI)											
Total U.S. Department of Health and Human Services											
U.S. Department of Agriculture											
Passed Through New Jersey Department of Agriculture:											
Child Nutrition Cluster:											
School Breakfast Program											
10.553	181NJ304N1099	100-010-3350-028	9,759	7/1/17-6/30/18	-	9,759	(9,759)	-	-	-	-
10.555	181NJ304N1099	100-010-3350-026	72,342	7/1/17-6/30/18	-	72,342	(72,342)	-	-	-	-
10.555	181NJ304N1099	100-010-3350-026	3,106	7/1/17-6/30/18	-	3,106	(3,106)	-	-	-	-
10.555	181NJ304N1099	Unavailable	22,282	7/1/17-6/30/18	-	22,282	(21,001)	-	-	-	1,281
10.555	171NJ304N1099	Unavailable	22,411	7/1/16-6/30/17	2,414	-	(2,414)	-	-	-	-
			2,414		2,414	97,730	(98,863)	-	-	-	1,281
10.556	181NJ304N1099	100-010-3350-027	315	7/1/17-6/30/18	-	315	(315)	-	-	-	-
Special Milk Program for Children											
Total Child Nutrition Cluster											
Total U.S. Department of Agriculture											
U.S. Department of Education											
Passed Through New Jersey Department of Education:											
I.D.E.A. Part B (Special Education Cluster)											
84.027	H027A170100	100-034-5065-016	194,222	7/1/17-6/30/18	-	194,221	(194,222)	-	1	-	-
84.027	H027A160100	100-034-5065-016	193,334	7/1/16-6/30/17	(19,336)	19,336	-	-	-	-	-
			213,557		(19,336)	213,557	(194,222)	-	1	-	-
84.173	H173A170114	100-034-5065-020	12,656	7/1/17-6/30/18	-	12,656	(12,656)	-	-	-	-
			12,656		-	12,656	(12,656)	-	-	-	-
Preschool											
Total Special Education Cluster											
84.010	S010A170030	100-034-5064-194	100,323	7/1/17-6/30/18	-	100,321	(100,323)	-	2	-	-
84.010	S010A160030	100-034-5064-194	87,294	7/1/16-6/30/17	(6,695)	6,695	-	-	-	-	-
			107,016		(6,695)	107,016	(100,323)	-	2	-	-
84.367	S367A170029	100-034-5063-290	17,080	7/1/17-6/30/18	-	17,082	(17,080)	-	(2)	-	-
84.367	S367A160029	100-034-5063-290	24,825	7/1/16-6/30/17	(2,103)	2,103	-	-	-	-	-
			19,185		(2,103)	19,185	(17,080)	-	(2)	-	-
Title II - Part A, Supporting Effective Instruction											
Title II - Part A, Supporting Effective Instruction											
Total U.S. Department of Education											
Total Expenditures of Federal Awards											
			\$ 463,626		\$ (436,626)	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 1,281

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, 2018

GRANTOR STATE PROJECT NUMBER	STATE GRANTOR PROGRAM TITLE OR CLUSTER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE JUNE 30, 2018 ACCOUNTS RECEIVABLE	DUE TO GRANTEE	BUDGETARY RECEIVABLE	MEMO	
										CUMULATIVE TOTAL EXPENDITURES	TOTAL EXPENDITURES
New Jersey Department of Education:											
State Aid Fund:											
	495-034-5120-078	\$ 425,897	7/1/17-6/30/18	\$ -	\$ 425,897	\$ (425,897)	\$ -	\$ -	\$ 28,138	\$ 425,897	\$ -
	495-034-5120-084	71,701	7/1/17-6/30/18	-	71,701	(71,701)	-	-	4,737	71,701	4,737
	495-034-5120-085	751,162	7/1/17-6/30/18	-	751,162	(751,162)	-	-	49,627	751,162	49,627
	495-034-5120-089	458,453	7/1/17-6/30/18	-	458,453	(458,453)	-	-	30,090	458,453	30,090
	495-034-5120-097	7,280	7/1/17-6/30/18	-	7,280	(7,280)	-	-	481	7,280	481
	495-034-5120-098	7,280	7/1/17-6/30/18	-	7,280	(7,280)	-	-	481	7,280	481
	495-034-5120-101	6,950	7/1/17-6/30/18	-	6,950	(6,950)	-	-	459	6,950	459
	Total State Aid Public			-	1,725,723	(1,725,723)	-	-	114,013	1,725,723	114,013
	495-034-5120-014	366,769	7/1/17-6/30/18	-	366,769	(366,769)	-	-	24,231	366,769	24,231
	495-034-5120-014	6,143	7/1/17-6/30/18	-	6,143	(6,143)	-	-	61,443	61,443	61,443
	495-034-5120-014	2,088	7/1/17-6/30/18	(2,088)	-	-	(6,143)	-	-	-	-
	495-034-5120-044	119,157	7/1/17-6/30/18	-	2,088	-	(119,157)	-	-	119,157	-
	495-034-5120-044	98,925	7/1/17-6/30/18	(98,925)	-	-	(119,157)	-	-	-	-
	495-034-5120-104	1,775	7/1/17-6/30/18	-	1,775	(1,775)	-	-	-	1,775	-
	100-034-5094-003	422,105	7/1/17-6/30/18	-	401,345	(422,105)	(20,760)	-	-	422,105	-
	100-034-5094-003	468,223	7/1/17-6/30/18	(19,765)	15,765	-	-	-	-	-	-
	495-034-5094-001	542,408	7/1/17-6/30/18	-	542,408	(542,408)	-	-	-	542,408	-
	495-034-5094-002	839,798	7/1/17-6/30/18	-	839,798	(839,798)	-	-	-	839,798	-
	495-034-5094-004	1,781	7/1/17-6/30/18	-	1,781	(1,781)	-	-	-	1,781	-
	Total General Fund			(120,776)	4,000,375	(4,025,659)	(146,060)	-	138,244	4,025,659	138,244
Capital Projects Fund:											
	11-4390-060-09-1003	35,686	Indefinite	(35,686)	-	-	(35,686)	-	-	35,686	-
	11-4930-076-09-1004	23,580	Indefinite	(23,580)	-	-	(23,580)	-	-	23,580	-
	04-4930-050-13-1001	149,834	Indefinite	(96,344)	-	-	(96,344)	-	-	149,834	-
	04-4930-050-13-1002	812,000	Indefinite	(793,338)	-	-	(793,338)	-	-	812,000	-
	04-4930-060-13-2003	1,002,000	Indefinite	(1,002,000)	-	-	(1,002,000)	-	-	1,002,000	-
	04-4930-060-13-2005	1,206,000	Indefinite	(1,184,684)	-	-	(1,206,000)	-	-	1,206,000	-
	04-4930-060-13-2006	64,835	Indefinite	(64,835)	-	-	(64,835)	-	-	64,835	-
	04-4930-060-13-2005	52,705	Indefinite	(9,827)	-	-	(9,827)	-	-	52,705	-
	Total New Jersey School Development Authority (SDA Cluster)			(3,152,279)	-	-	(3,167,459)	-	-	3,294,440	-
	Total Capital Projects Fund			(3,152,279)	-	-	(3,167,459)	-	-	3,294,440	-
New Jersey Department of Agriculture:											
	100-010-3350-023	2,687	7/1/17-6/30/18	-	-	(2,687)	(2,687)	-	-	2,687	-
	Total Enterprise Fund			-	-	(2,687)	(2,687)	-	-	2,687	-
	Total State Financial Assistance			(43,273,055)	4,000,375	(4,043,520)	(3,316,206)	\$ -	\$ 138,244	\$ 7,325,206	\$ -

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, 2018**

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, 2018. 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, 2018.

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, 2018**

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 \$6,348 for the general fund and \$(2,373) 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	\$ 3,408	\$ 4,032,007	\$ 4,035,415
Special Revenue Fund	324,281	-	324,281
Capital Projects Fund	-	15,180	15,180
Food Service Fund	108,937	2,687	111,624
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 436,626</u>	<u>\$ 4,049,874</u>	<u>\$ 4,486,500</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, 2018.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Significant deficiency(ies) identified?	_____ yes <u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified?	_____ yes _____ no
2) Significant deficiency(ies) identified?	_____ yes _____ none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? _____ yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? _____ yes _____ no

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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:

State Grant/Project Number(s)

Name of State Program

495-034-5120-078

495-034-5120-084

495-034-5120-089

495-034-5120-085

495-034-5120-097

495-034-5120-098

495-034-5120-101

State Aid - Public:

Equalization Aid

Categorical Security Aid

Categorical Special Education Aid

Adjustment Aid

Per Pupil Growth Aid

PARCC Readiness Aid

Professional Learning Community Aid

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

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, 2018**

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.