

**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, 2019**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

SOUTHAMPTON, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION

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SOUTHAMPTON TOWNSHIP SCHOOLS

in Historic Vincentown Village

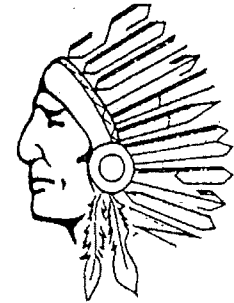
177 Main Street

Southampton, New Jersey 08088

Telephone (609)859-2256 ext. 127 Facsimile 609.859.1542

Website: www.southampton.k12.nj.us

"Building a Tradition of Excellence"



Michael L. Harris
Superintendent of Schools

December 20, 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, 2019, 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, 2019, 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.

ECONOMIC CONDITION AND OUTLOOK (Continued)

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. There is potential for substantial residential development in the community.

Due to the legislation of S-2 being passed, the school district is presently subject to a substantial loss of state aid over the next several years with a 50% reduction projected. The loss of state aid will make it extremely challenging to maintain existing educational programming for students and nearly impossible to create new programming.

The concern pertaining to the reduction in state aid is clearly reflected in the Board of Education's and Superintendent of School's focus on planning and addressing this issue via a multi-year Board of Education Goal and the creation / participation in the "Support Our Students" (SOS) statewide coalition of school districts losing state aid. Superintendent Harris and other surrounding area school districts created SOS in October 2018 and the coalition now consists of 93 school districts statewide who are actively lobbying and advocating for their students. Superintendent Harris is the chairperson of SOS.

MAJOR INITIATIVES

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

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

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

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

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

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

During the summer of 2017 and summer of 2018, the district replaced the hallway carpeting in School #1, installed new lockers in the School #3, converted the School #1 and School #2 Computer Labs into Maker Spaces, and further enhanced the School #2/#3 I-STEAM Lab.

MAJOR INITIATIVES (Continued)

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

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

The district underwent New Jersey Department of Education monitoring through the Quality Single Accountability Continuum (QSAC) in 2018-2019. 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 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. All of the district's curricula is now available on-line via 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 by September 1, 2018.

Enhancements to the school district's curricula during the past three years have been extensive and included the review /revision of the following content areas to ensure that the New Jersey Student Learning Standards are effectively addressed:

- K-8, Art
- K-2, S.T.E.P.
- K-5, Library
- K-8, Vocal Music
- K-2, Physical Education
- K-5, Technology
- K-5, Reading
- K-5, Writing
- K-8, Science
- K-8, Social Studies

MAJOR INITIATIVES (Continued)

The school district utilizes 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 able to access their child's school related data. The data parents can view include grades, schedule, attendance, and school calendar information. In addition, parents are able to update their contact information.

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

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

The Board of Education goals for 2018-2019 were 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 summer 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.

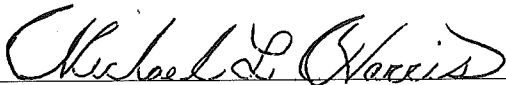
The school district's Governance Manual is an electronic format that is available on-line. The Board of Education has an annual maintenance contract with Strauss & Esmay, Inc. that provides policy and regulation updates, plus the on-line subscription.

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.


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,



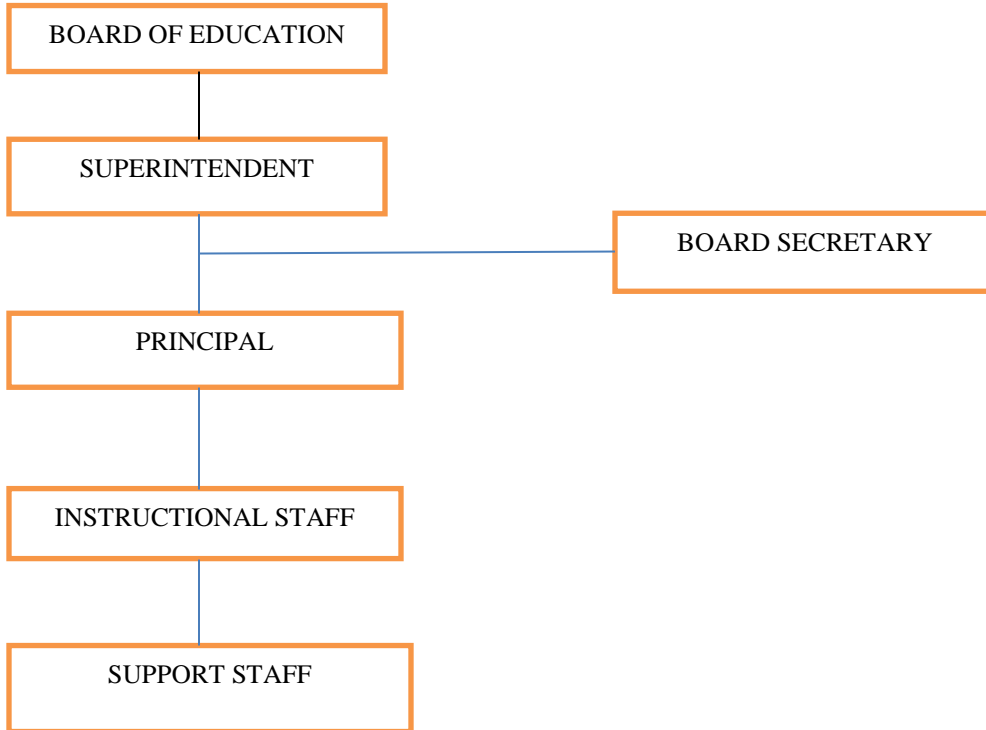
Michael L. Harris, Superintendent



Casey DeJoseph, 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, 2019**

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Jeffrey Hicks, President	12/31/2022
Jennifer Potter, Vice President	12/31/2021
Russell Hann	12/31/2020
Donald Bozarth	12/31/2021
Amy Ushkowitz	12/31/2022
Marie Phillips	12/31/2020
Suzanne Phillips	12/31/2022
Louise Rickborn	12/31/2020
Betty Wright	12/31/2021

OTHER OFFICIALS

Michael L. Harris, Superintendent of Schools

Casey M. DeJoseph, School Business Administrator/Board Secretary

Amy Lerner, Treasurer

David Serlin, Esq., Solicitor

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Southampton, New Jersey

CONSULTANTS AND ADVISORS

ARCHITECT

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

AUDIT FIRM

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

ATTORNEY

David M. Serlin
Blasson II Suite 120
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Moorestown, New Jersey 08057

OFFICIAL DEPOSITORY

Investors Bank
52 Main Street
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

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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions 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 March 2, 2020 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
March 2, 2020

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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, 2019
(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, 2019. 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, 2019
(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, 2019
(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 2019 and 2018.

Table 1
Summary of Net Position

	June 30, <u>2019</u>	June 30, <u>2018</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 2,418,311	\$ 5,596,920	\$ (3,178,609)	-57%
Capital Assets, Net	<u>23,916,076</u>	<u>23,771,304</u>	<u>144,772</u>	1%
Total Assets	<u>26,334,387</u>	<u>29,368,224</u>	<u>(3,033,837)</u>	-10%
Deferred Outflow of Resources	<u>596,354</u>	<u>1,093,528</u>	<u>(497,174)</u>	-45%
Current and other Liabilities	162,730	3,545,655	(3,382,925)	-95%
Noncurrent Liabilities	<u>5,840,869</u>	<u>7,867,996</u>	<u>(2,027,127)</u>	-26%
Total Liabilities	<u>6,003,599</u>	<u>11,413,651</u>	<u>(5,410,052)</u>	-47%
Deferred Inflow of Resources	<u>1,413,651</u>	<u>681,285</u>	<u>732,366</u>	100%
Net Position:				
Net Investment in Capital Assets	20,646,076	19,682,744	963,332	5%
Restricted	1,878,451	1,861,004	17,447	1%
Unrestricted (Deficit)	<u>(3,011,036)</u>	<u>(3,176,932)</u>	<u>165,896</u>	-5%
Total Net Position	<u>\$ 19,513,491</u>	<u>\$ 18,366,816</u>	<u>\$ 1,146,675</u>	6%

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited) (Continued)

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

Table 2 reflects the changes in net position for fiscal years 2019 and 2018.

Table 2
Summary of Changes in Net Position

	June 30, <u>2019</u>	June 30, <u>2018</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 151,567	\$ 156,351	\$ (4,784)	-3%
Operating Grants & Contributions	3,913,282	5,404,512	(1,491,230)	-28%
General Revenues:				
Property Taxes	12,433,832	12,129,531	304,301	3%
Federal & State Aid	2,229,532	2,244,503	(14,971)	-1%
Other General Revenues	91,628	32,294	59,334	184%
Total Revenues	<u>18,819,841</u>	<u>19,967,191</u>	<u>(1,147,350)</u>	-6%
Function/Program Expenses:				
Regular Instruction	4,067,284	4,112,711	(45,427)	-1%
Special Education Instruction	1,253,158	1,327,812	(74,654)	-6%
Other Instruction	611,666	639,691	(28,025)	-4%
Tuition	1,002,717	777,252	225,465	29%
Student & Instruction Related Services	1,688,284	1,725,221	(36,937)	-2%
General Administrative	381,397	363,527	17,870	5%
School Administrative Services	454,122	448,063	6,059	1%
Central Services	270,100	343,225	(73,125)	-21%
Administrative Information Technology	58,865	67,592	(8,727)	-13%
Plant Operations & Maintenance	1,153,651	987,771	165,880	17%
Pupil Transportation	709,242	667,771	41,471	6%
Unallocated Benefits	2,887,971	4,030,482	(1,142,511)	-28%
On Behalf TPAF Pension and Social				
Security Contributions	2,496,847	3,060,606	(563,759)	-18%
Transfer to Charter Schools	-	10,916	(10,916)	100%
Interest & Other Charges	71,938	112,523	(40,585)	-36%
Unallocated Depreciation	306,188	306,188	-	0%
Food Service	259,736	260,411	(675)	0%
Total Expenses	<u>17,673,166</u>	<u>19,241,762</u>	<u>(1,568,596)</u>	-8%
Change In Net Position	1,146,675	725,429	421,246	58%
Net Position - Beginning	18,366,816	17,641,387	725,429	4%
Net Position - Ending	<u>\$ 19,513,491</u>	<u>\$ 18,366,816</u>	<u>\$ 1,146,675</u>	6%

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited) (Continued)

Governmental Activities

Governmental activities increased the net position of the School District by \$1,139,387 or 6.25% during the current fiscal year.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$19,369,517 with an unrestricted deficit balance of \$3,047,976. 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)	\$	(3,047,186)
Add back: PERS Pension Liability		2,123,831
Add back: Deferred Inflows related to pensions		1,413,651
Less: Deferred Outflows related to pensions		<u>(596,354)</u>
Unrestricted Net Position (Without GASB 68)	\$	<u>(106,058)</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 \$143,974, an increase of \$7,288 from the prior year.

General Fund Budgeting Highlights

Final budgeted revenues was \$13,616,011, which was \$141,784 less than the original budget due to reduction in State Aid. Final budgeted appropriations was \$13,931,268, which was a decrease of \$11,157 from the original budget. The difference is the reduction in state aid plus the prior year reserve for encumbrances.

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 \$2,338,911, an increase of \$140,444 or 6.39% from the prior year fund balance in the amount of \$2,198,467.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited) (Continued)

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2019, totaled \$23,916,076 (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 \$144,772. Table 3 reflects the capital assets.

Table 3
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>
Land	\$ 564,918	\$ 564,918
Construction in Progress	8,607,865	8,328,215
Building and Improvements	13,877,004	13,913,626
Equipment	866,289	964,545
	<u>\$ 23,916,076</u>	<u>\$ 23,771,304</u>
Depreciation Expense	<u>\$ 309,188</u>	<u>\$ 309,188</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 \$3,270,000, which is a decrease of \$810,000 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 2019-20 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, 2019
(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 15.7% 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 84.1% 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, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 1,184,260	\$ 20,145	\$ 1,204,405
Receivables, Net (Note 4)	270,317	16,598	286,915
Inventory	-	3,168	3,168
Restricted Cash & Cash Equivalents	923,823	-	923,823
Capital Assets, Net (Note 5)			
Non-depreciable	9,172,783	-	9,172,783
Depreciable	14,636,259	107,034	14,743,293
	<hr/>		
Total Assets	26,187,442	146,945	26,334,387
<hr/>			
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	596,354	-	596,354
	<hr/>		
Total Deferred Outflow of Resources	596,354	-	596,354
<hr/>			
LIABILITIES:			
Accounts Payable	-	-	-
Due to Other Governments	96,662	-	96,662
Unearned Revenue	-	2,971	2,971
Accrued Interest	23,608	-	23,608
Grant Anticipation Note	39,489	-	39,489
Noncurrent Liabilities (Note 8):			
Due within one year	550,000	-	550,000
Due in more than one year	5,290,869	-	5,290,869
	<hr/>		
Total Liabilities	6,000,628	2,971	6,003,599
<hr/>			
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 9)	1,413,651	-	1,413,651
	<hr/>		
Total Deferred Inflow of Resources	1,413,651	-	1,413,651
<hr/>			
NET POSITION:			
Net Investment in Capital Assets	20,539,042	107,034	20,646,076
Restricted for:			
Capital Projects	1,160,320	-	1,160,320
Debt Service	193,209	-	193,209
Emergency Reserve	1	-	1
Maintenance Reserve	168,644	-	168,644
Excess Surplus	356,277	-	356,277
Unrestricted (Deficit)	(3,047,976)	36,940	(3,011,036)
	<hr/>		
Total Net Position	\$ 19,369,517	\$ 143,974	\$ 19,513,491
	<hr/>		

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, 2019**

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	\$ 4,067,284	\$ -	\$ 253,084	\$ -	\$(3,814,200)	\$ -	\$(3,814,200)
Special Education Instruction	1,253,158	-	-	-	(1,253,158)	-	(1,253,158)
Other Instruction	611,666	-	-	-	(611,666)	-	(611,666)
Support Services:							
Tuition	1,002,717	-	-	-	(1,002,717)	-	(1,002,717)
Student & Instruction Related Services	1,688,284	-	48,949	-	(1,639,335)	-	(1,639,335)
General Administrative	381,397	-	-	-	(381,397)	-	(381,397)
School Administrative Services	454,122	-	-	-	(454,122)	-	(454,122)
Central Services	270,100	-	-	-	(270,100)	-	(270,100)
Administrative Information Technology	58,865	-	-	-	(58,865)	-	(58,865)
Plant Operations & Maintenance	1,153,651	-	-	-	(1,153,651)	-	(1,153,651)
Pupil Transportation	709,242	-	-	-	(709,242)	-	(709,242)
Unallocated Benefits	2,887,971	-	998,945	-	(1,889,026)	-	(1,889,026)
On Behalf TPAP Pension and Social Security Contributions	2,496,847	-	2,496,847	-	-	-	-
Interest & Other Charges	71,938	-	-	-	(71,938)	-	(71,938)
Unallocated Depreciation	306,188	-	-	-	(306,188)	-	(306,188)
Total Governmental Activities	17,413,430	-	3,797,825	-	(13,615,605)	-	(13,615,605)
Business-Type Activities:							
Food Service	259,736	151,567	115,457	-	-	7,288	7,288
Total Business-Type Activities	259,736	151,567	115,457	-	-	7,288	7,288
Total Primary Government	\$ 17,673,166	\$ 151,567	\$ 3,913,282	\$ -	\$(13,615,605)	7,288	\$(13,608,317)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					11,540,089	-	11,540,089
Property Taxes, Levied for Debt Service					893,743	-	893,743
Federal & State Aid Not Restricted					2,229,532	-	2,229,532
Tuition Charges					1,800	-	1,800
Miscellaneous					89,828	-	89,828
Total General Revenues					14,754,992	-	14,754,992
Change in Net Position					1,139,387	7,288	1,146,675
Net Position - Beginning					18,230,130	136,686	18,366,816
Net Position - Ending					\$ 19,369,517	\$ 143,974	\$ 19,513,491

B. Fund Financial Statements

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Governmental Funds

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash & Cash Equivalents	\$ 1,420,692	\$ 7,902	\$ -	\$ -	\$ 1,428,594
Receivables, Net:					
Interfund Receivable	-	-	815,479	195,175	1,010,654
Due from Other Governments:					
State	211,754	6,058	-	-	217,812
Other Receivables	-	25,529	27,207	-	52,736
Restricted Cash & Cash Equivalents	923,823	-	-	-	923,823
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 2,556,269	\$ 39,489	842,686	\$ 195,175	\$ 3,633,619
LIABILITIES & FUND BALANCES:					
Liabilities:					
Cash Deficit	\$ -	\$ -	\$ 242,368	\$ 1,966	\$ 244,334
Due Other Local Governments	-	-	-	-	-
Interfund Payable	815,709	-	195,176	-	1,010,885
Deferred Revenue	-	39,489	-	-	39,489
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	815,709	39,489	437,544	1,966	1,294,708
Fund Balances:					
Restricted for:					
Capital Reserve	755,178	-	-	-	755,178
Emergency reserve	1	-	-	-	1
Maintenance reserve	168,644	-	-	-	168,644
Excess Surplus - Current year	150,000	-	-	-	150,000
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	206,277	-	-	-	206,277
Capital Projects	-	-	405,142	-	405,142
Debt Service	-	-	-	193,209	193,209
Assigned to:					
Designated for Subsequent Year's Expenditures	105,534	-	-	-	105,534
Other Purposes	37,606	-	-	-	37,606
Unassigned	317,320	-	-	-	317,320
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	\$ 1,740,560	-	405,142	193,209	2,338,911
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	\$ 2,556,269	\$ 39,489	\$ 842,686	\$ 195,175	
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 \$33,521,273 and the accumulated depreciation is \$9,712,231.					
					23,809,042
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.					
					596,354
					(1,413,651)
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.					
					(23,608)
Accrued pension contributions for the June 30, 2019 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.					
					(96,662)
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.					
					<u>(5,840,869)</u>
Net Position of Governmental Activities					<u>\$ 19,369,517</u>

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 11,540,089	\$ -	\$ -	\$ 893,743	\$ 12,433,832
Tuition Charges	1,800	-	-	-	1,800
Miscellaneous	59,126	26,824	30,702	-	116,652
Total Local Sources	11,601,015	26,824	30,702	893,743	12,552,284
State Sources	4,241,956	-	-	-	4,241,956
Federal Sources	-	275,209	-	-	275,209
Total Revenues	15,842,971	302,033	30,702	893,743	17,069,449
Expenditures:					
Instruction:					
Regular Instruction	3,814,200	253,084	-	-	4,067,284
Special Education Instruction	1,253,158	-	-	-	1,253,158
Other Instruction	611,666	-	-	-	611,666
Support Services:					
Tuition	1,002,717	-	-	-	1,002,717
Student & Instruction Related Services	1,639,335	48,949	-	-	1,688,284
General Administrative	381,397	-	-	-	381,397
School Administrative Services	454,122	-	-	-	454,122
Central Services	270,100	-	-	-	270,100
Administrative Information Technology	58,865	-	-	-	58,865
Plant Operations & Maintenance	1,153,651	-	-	-	1,153,651
Pupil Transportation	709,242	-	-	-	709,242
Unallocated Benefits	1,918,391	-	-	-	1,918,391
On Behalf TPAF Pension and Social Security Contributions	2,012,424	-	-	-	2,012,424
Capital Outlay	29,592	-	424,368	-	453,960
Debt Service:					
Principal	-	-	-	810,000	810,000
Interest & Other Charges	-	-	-	83,744	83,744
Total Expenditures	15,308,860	302,033	424,368	893,744	16,929,005
Excess/(Deficiency) of Revenues over Expenditures Before Other Financing Sources/(Uses)	534,111	-	(393,666)	(1)	140,444
Other Financing Sources/(Uses)					
Transfer To Debt Service	-	-	(193,209)	193,209	-
Transfer to Capital Projects	(813,000)	-	813,000	-	-
Net changes in fund balances	(278,889)	-	226,125	193,208	140,444
Fund Balance, July 1	2,019,449	-	179,017	1	2,198,467
Fund Balance, June 30	\$ 1,740,560	\$ -	\$ 405,142	\$ 193,209	\$ 2,338,911

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, 2019**

Total Net Changes in Fund Balances - Governmental Funds (B-2)	\$	140,444
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>453,960</u>
		147,772
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.		
		97,499
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.		
		810,000
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		15,004
Amortization of loss on Bond Refunding		<u>(6,444)</u>
		8,560
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 (+).		
		3,246
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>(68,134)</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,139,387</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, 2019**

ASSETS	<u>FOOD SERVICE</u>
Current Assets:	
Cash & Cash Equivalents	\$ 20,145
Accounts Receivable:	
State	460
Federal	16,138
Inventories	<u>3,168</u>
Total Current Assets	<u>39,911</u>
Noncurrent Assets:	
Equipment	172,992
Less: Accumulated Depreciation	<u>(65,958)</u>
Total Capital Assets	<u>107,034</u>
Total Assets	<u>146,945</u>
LIABILITIES	
Current Liabilities:	
Unearned Revenue	<u>2,971</u>
Total Liabilities	<u>2,971</u>
NET POSITION	
Net Position:	
Investment in Capital Assets	107,034
Unrestricted	<u>36,940</u>
Total Net Position	<u><u>\$ 143,974</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, 2019**

	<u>FOOD SERVICE</u>
Operating Revenues:	
Charges for service:	
Daily sales - reimbursable programs	\$ 90,480
Daily sales - non-reimbursable programs	56,886
Special Functions	4,201
	<u>151,567</u>
Total Operating Revenue	
Operating Expenses:	
Cost of Sales - reimbursable programs	70,450
Cost of Sales - nonreimbursable programs	30,206
Salaries	114,948
Employee Benefits	3,712
Management Fee	20,572
Insurance	4,290
Miscellaneous	6,261
Supplies and Materials	6,297
Depreciation	3,000
	<u>259,736</u>
Total Operating Expenses	
Operating Income/(Loss)	<u>(108,169)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	2,543
Federal Sources:	
National School Lunch Program	74,917
Healthy Hunger-Free Kids Act	2,929
School Breakfast Program	12,034
Special Milk Program for Children	110
Food Distribution Program	22,924
	<u>115,457</u>
Total Nonoperating Revenues/Expenses	
Change in Net Position	7,288
Total Net Position - Beginning	<u>136,686</u>
Total Net Position - Ending	<u>\$ 143,974</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, 2019**

	FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 151,358
Payments to Employees	(118,660)
Payments for Supplies and Services	(115,357)
Net Cash Provided by/(Used for) Operating Activities	(82,659)
Cash Flows From Noncapital Financing Activities:	
State Sources	2,083
Federal Sources	73,851
Net Cash Provided by (Used for) Non Capital & Related Financing Activities	75,934
Net Increase/(Decrease) in Cash & Cash Equivalents	(6,725)
Cash & Cash Equivalents, July 1	26,870
Cash & Cash Equivalents, June 30	\$ 20,145

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

Operating Income/(Loss)	\$ (108,169)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:	
Food Distribution Program	22,924
Depreciation & Net Amortization	3,000
Increase/(Decrease) in Unearned Revenue	(209)
(Increase)/Decrease in Inventories	(205)
Total Adjustments	25,510
Net Cash Provided/(Used) by Operating Activities	\$ (82,659)

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, 2019

	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	\$ 1,687	\$ 56,032	\$ 8,032	\$ 12,631	\$ 78,382
Interfund Receivable	-	-	-	231	231
Total Assets	1,687	56,032	8,032	12,862	78,613
LIABILITIES					
Payroll Deductions & Withholdings	-	-	-	12,862	12,862
Due to Student Groups	-	-	8,032	-	8,032
Total Liabilities	-	-	8,032	12,862	20,894
NET POSITION:					
Held in Trust for Scholarships	1,687	-	-	-	1,687
Held in Trust for Unemployment Claims	-	56,032	-	-	56,032
Total Net Position	\$ 1,687	\$ 56,032	\$ -	\$ -	\$ 57,719

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, 2019**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>		<u>TOTAL</u>
	<u>SCHOLARSHIP TRUST</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	
ADDITIONS			
Local Sources:			
Employee Withholdings	\$ -	\$ 11,500	\$ 11,500
Interest on Investments	86	-	86
	<hr/>		
Total Additions	86	11,500	11,586
	<hr/>		
DEDUCTIONS			
Unemployment Claims	-	32,097	32,097
Scholarships	2,242	-	2,242
	<hr/>		
Total Deductions	2,242	32,097	34,339
	<hr/>		
Change in Net Position	(2,156)	(20,597)	(22,753)
Net Position, July 1	3,843	76,629	80,472
	<hr/>		
Net Position, June 30	\$ 1,687	\$ 56,032	\$ 57,719
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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, 2019**

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, 2019 of 713 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: Omnibus - an amendment of GASB Statements No. 14 and No. 34, and GASB Statement No. 80, Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14. The District had no component units as of for the year ended June 30, 2019.

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019**

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, 2019

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, 2019 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, 2019

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, 2019

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, 2019

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, 2019.
- 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, 2019**

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, 2019:

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. Implementation of this statement did not have a material impact on the School District's financial statements.

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. Implementation of this statement did not have a material impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

Statement No. 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.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 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. 91, *Conduit Debt Obligations*, The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for reporting periods beginning after December 15, 2020. 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.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2019**

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

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.

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 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, 2019, the District’s bank balance of \$3,269,252 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	3,077,595
Uninsured and Uncollateralized		191,657
		\$ 3,269,252

Investments

The School District has no investments at June 30, 2019.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2019**

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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$	1,088,651
Increased by:		
Deposits approved by Board		479,527
		1,568,178
Decreased by:		
Budget Withdrawals		(813,000)
Ending Balance, June 30, 2019	\$	755,178

The June 30, 2019 balance did not exceed the LRFP 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.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 3. Reserve Accounts (continued):

B. Maintenance Reserve Account (continued):

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Ending Balance, June 30, 2019 and 2018	\$ 168,644
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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.

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, 2018 to June 30, 2019 fiscal year is as follows:

Ending Balance, June 30, 2019 and 2018	\$ 1
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Note 4. Accounts Receivable

Accounts receivable at June 30, 2019 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				Proprietary	
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Activities</u>	<u>Funds</u> <u>Food Service</u> <u>Fund</u>	<u>Total</u> <u>Business-Type</u> <u>Activities</u>
Federal Awards	\$ -	\$ -	\$ -	\$ -	\$ 16,138	\$ 16,138
State Awards	211,523	6,058	-	217,581	460	460
Other	-	25,529	27,207	52,736	-	-
Total	\$ 211,523	\$ 31,587	\$ 27,207	\$ 270,317	16,598	16,598

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Retirements and Transfers	Balance June 30, 2019
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 564,918	\$ -	\$ -	\$ 564,918
Construction in Progress	8,153,905	453,960	-	8,607,865
Total Capital Assets not being depreciated	<u>8,718,823</u>	<u>453,960</u>	<u>-</u>	<u>9,172,783</u>
Capital Assets being depreciated:				
Buildings and Improvements	22,677,160	-	-	22,677,160
Equipment	1,671,329	-	-	1,671,329
Total Capital Assets being depreciated	<u>24,348,489</u>	<u>-</u>	<u>-</u>	<u>24,348,489</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(8,589,224)	(210,932)	-	(8,800,156)
Equipment	(816,818)	(95,256)	-	(912,074)
Total Accumulated Depreciation	<u>(9,406,042)</u>	<u>(306,188)</u>	<u>-</u>	<u>(9,712,230)</u>
Total Capital Assets being depreciated, net	<u>14,942,447</u>	<u>(306,188)</u>	<u>-</u>	<u>14,636,259</u>
Total Governmental Activities Capital Assets, net	<u>\$ 23,661,270</u>	<u>\$ 147,772</u>	<u>\$ -</u>	<u>\$ 23,809,042</u>
	Balance July 1, 2018	Additions	Retirements and Transfers	Balance June 30, 2019
Business-Type Activities:				
Equipment	\$ 172,992	\$ -	\$ -	\$ 172,992
	<u>172,992</u>	<u>-</u>	<u>-</u>	<u>172,992</u>
Less: Accumulated Depreciation:				
Equipment	(62,958)	(3,000)	-	(65,958)
	<u>(62,958)</u>	<u>(3,000)</u>	<u>-</u>	<u>(65,958)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 110,034</u>	<u>\$ (3,000)</u>	<u>\$ -</u>	<u>\$ 107,034</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2019 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 815,709
Capital Projects Fund	815,479	195,176
Debt Service Fund	195,175	-
Payroll Fund	231	-
	<u>\$ 1,010,885</u>	<u>\$ 1,010,885</u>

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

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 813,000
Capital Projects Fund	813,000	193,209
Debt Service Fund	193,209	-
	<u>\$ 1,006,209</u>	<u>\$ 1,006,209</u>

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2019 the following changes occurred in long-term obligations:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2019</u>	Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 4,080,000	\$ -	\$ 810,000	\$ 3,270,000	\$ 550,000
Unamortized Bond Premiums	15,004	-	15,004	-	-
Compensated Absences	378,904	68,134	-	447,038	-
Net Pension Liability	3,394,088	-	1,270,257	2,123,831	-
	<u>\$ 7,867,996</u>	<u>\$ 68,134</u>	<u>\$ 2,095,261</u>	<u>\$ 5,840,869</u>	<u>\$ 550,000</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, 2019**

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>
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		550,000	17,888	567,888
2025		520,000	5,850	525,850
		<u>\$ 3,270,000</u>	<u>\$ 213,538</u>	<u>\$ 3,483,538</u>

Bonds Authorized But Not Issued:

As of June 30, 2019, the District had no authorized but not issued bonds.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

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 2018, the State's pension contribution was less than the actuarial determined amount.

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2019, the School District reported a liability of \$2,123,831 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018. 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, 2017, to the measurement date of June 30, 2018.

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, 2018. The School District's proportion measured as of June 30, 2018, was .01079%, which was a decrease of .00379% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School District recognized full accrual pension expense of \$9,794 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2018 measurement date. At June 30, 2019 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 40,502	\$ 10,951
Changes of Assumptions	349,972	679,088
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	19,922
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	109,218	703,690
School District Contributions Subsequent to Measurement Date	96,662	-
	\$ 596,354	\$ 1,413,651

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

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

\$96,662 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2018-2019 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.77%. The payable is due on April 1, 2020 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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:

Year Ending Dec 31,	Amount
2019	\$ (29,477)
2020	(147,546)
2021	(337,860)
2022	(169,025)
2023	<u>(133,389)</u>
	<u>\$ (817,297)</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, 2019**

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	-
June 30, 2018	5.63	-
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
June 30, 2018	-	5.63
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	-
June 30, 2018	5.00	-
Changes in Proportion and Differences between 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
June 30, 2018	5.63	5.63

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 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

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

Actuarial Assumptions – The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2017 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.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 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, 2019**

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, 2018, calculated using the discount rate of 5.66% 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>(4.66%)</u>	Current Discount Rate <u>(5.66%)</u>	1% Increase <u>(6.66%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 2,670,474	\$ 2,123,832	\$ 1,665,234

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2019 and 2018.

Balances at December 31, 2018 and December 31, 2017

	<u>6/30/2019</u>	<u>6/30/2018</u>
Actuarial valuation date (including roll forward)	June 30, 2018	June 30, 2017
Deferred Outflows of Resources	\$ 499,692	\$ 940,084
Deferred Inflows of Resources	1,413,651	681,285
Net Pension Liability	2,123,831	3,394,088
District's portion of the Plan's total net pension Liability	0.01079%	0.01458%

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, 2019**

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 7.5% in State fiscal year 2018. 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 2018, 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, 2018 was \$35,419,453. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the State proportionate share of the TPAF net pension liability attributable to the School District was .05568%, which was a decrease of .00078% from its proportion measured as of June 30, 2017.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

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

For the fiscal year ended June 30, 2019, the School District recognized \$5,613,627 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, 2018 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55% - 4.55%
Thereafter	2.00% - 5.45%
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, 2017 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, 2018) 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, 2018 are summarized in the following table:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

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>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 4.86% as of June 30, 2018. 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 3.87% as of June 30, 2018, 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 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.

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 4.86% 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, 2019**

Note 8. Pension Plans (continued):

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

	1% Decrease <u>(3.86%)</u>	Current Discount Rate <u>(4.86%)</u>	1% Increase <u>(5.86%)</u>
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	<u>41,865,121</u>	<u>35,419,453</u>	<u>30,076,151</u>
	<u>\$ 41,865,121</u>	<u>\$ 35,419,453</u>	<u>\$ 30,076,151</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, 2019 and 2018:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective Deferred Outflows of Resources	\$ 12,675,037,111	\$ 14,353,461,035
Collective Deferred Inflows of Resources	16,381,811,844	11,992,821,439
Collective Net Pension Liability	63,806,350,446	67,670,209,171
School District's Portion	0.05568%	0.05645%

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;

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 8. Pension Plans (continued):

C. Defined Contribution Plan (DCRP) (continued)

- Employees enrolled in the Police and Firemen’s Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established “maximum compensation” limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- 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, 2019, employee contributions totaled \$1,315 and the District recognized pension expense of \$717.

Note 9. 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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 9. Post-Retirement Benefits (continued):

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.

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, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. 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% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% 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.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 9. Post-Retirement Benefits (continued):

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2011 – June 30, 2014, and July 1, 2010 – June 30, 2013 for TPAF, PFRS and PERS, respectively.

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, 2018 was \$28,716,785. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2018, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the State proportionate share of the OPEB Obligation attributable to the School District was 0.06227774070186500%, which was an increase of 0.06417795020934750% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the State of New Jersey recognized an OPEB expense in the amount of \$998,945 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, 2018 measurement date.

Healthcare Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 was 3.87%. 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, 2018, 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, 2019**

Note 9. Post-Retirement Benefits (continued):

	June 30, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 33,949,086	\$ 28,716,785	\$ 24,557,646
State of New Jersey's Total Nonemployer OPEB Liability	\$ 54,512,391,175	\$ 46,110,832,982	\$ 39,432,461,816

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, 2018, 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, 2018		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 23,736,095	\$ 28,716,785	\$ 35,303,938
State of New Jersey's Total Nonemployer OPEB Liability	\$ 38,113,289,045	\$ 46,110,832,982	\$ 56,687,891,003

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2018 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion Differences between Expected & Actual Experience	\$ 1,377,313,892	\$ (1,377,313,892)
Change in Assumptions	-	(4,476,086,167)
Contributions Made in Fiscal Year Year Ending 2019 After June 30, 2018 Measurement Date **	-	(10,335,978,867)
	TBD	-
	<u>\$ 1,377,313,892</u>	<u>\$ (16,189,378,926)</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 9. Post-Retirement Benefits (continued):

Additional Information (continued):

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,	
2019	(1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	(5,685,972,069)
	\$ (14,812,065,034)

** Employer Contributions made after June 30, 2019 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2017, the Program membership consisted of the following:

	June 30, 2017
Active Plan Members	217,131
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	145,050
	362,181

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 9. Post-Retirement Benefits (continued):

Changes in the Total OPEB Liability (continued):

Total OPEB Liability	
Service Cost	\$ 1,984,642,729
Interest Cost	1,970,236,232
Difference Between Expected & Actual Experience	(5,002,065,740)
Changes of Assumptions	(5,291,448,855)
Contributions: Member	42,614,005
Gross Benefit Payments	<u>(1,232,987,247)</u>
Net Change in Total OPEB Liability	(7,529,008,876)
Total OPEB Liability (Beginning)	<u>53,639,841,858</u>
Total OPEB Liability (Ending)	<u>\$ 46,110,832,982</u>
Total Covered Employee Payroll	13,640,275,833
Net OPEB Liability as a Percentage of Payroll	338%

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, 2019, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$1,087,238, \$430,269, \$493,169 and \$1,748, 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:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

Note 11. Risk Management (continued)

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-2019	\$ 11,500	\$ 32,097	\$ 56,032
2017-2018	11,205	26,207	76,629
2016-2017	11,568	32,179	91,631

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, 2019 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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.

Note 13. Economic Dependency

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

Note 14. 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

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Note 15. 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, 2019 is \$447,038.

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, 2019 no liability existed for compensated absences in the proprietary fund types.

Note 16. 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 17. Commitments

The School District has contractual commitments at June 30, 2019 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$37,606.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019**

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, 2019 was \$148,763.

Note 19. Fund Balance

General Fund – Of the \$1,740,560 General Fund fund balance at June 30, 2019, \$755,178 has been reserved in the Capital Reserve account; \$1 has been reserved in the Emergency Reserve account; \$168,644 has been reserved for the Maintenance Reserve account; \$150,000 is restricted for excess surplus; \$206,277 is restricted for excess surplus – designated for subsequent year's expenditures; \$105,534 has been assigned as designated for subsequent year's expenditures; \$37,606 has been reserved for encumbrances; and \$317,320 is unassigned.

Capital Projects Fund – Of the \$405,142 Capital Projects Fund fund balance at June 30, 2019, \$405,142 is restricted for capital projects.

Debt Service Fund – Of the \$193,209 Debt Service Fund fund balance at June 30, 2019, \$193,209 is restricted for debt service.

Note 20. Deficit in Net Position

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$(3,047,976) at June 30, 2019. The deficit is caused by the implementation of GASB 68 which requires the School District to report their proportionate share of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2019.

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, 2019**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 11,540,089	\$ -	\$ 11,540,089	\$ 11,540,089	\$ -
Tuition	10-1300	2,800	-	2,800	1,800	(1,000)
Interest Earned on Capital Reserve Funds	10-1500	500	-	500	-	(500)
Unrestricted Miscellaneous Revenues	10-1900	32,725	-	32,725	59,126	26,401
Total Local Sources		11,576,114	-	11,576,114	11,601,015	24,901
State Sources:						
Categorical Special Education Aid	10-3132	489,699	-	489,699	489,699	-
Equalization Aid	10-3176	425,897	-	425,897	425,897	-
Categorical Security Aid	10-3177	94,037	-	94,037	94,037	-
Adjustment Aid	10-3178	751,162	(141,784)	609,378	609,378	-
Categorical Transportation Aid	10-3121	420,886	-	420,886	420,886	-
Extraordinary Aid	10-3131	-	-	-	178,853	178,853
Non Public Transportation Aid	10-3XXX	-	-	-	11,729	11,729
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	1,087,238	1,087,238
On-Behalf TPAF Post Retirement Medical Contributions		-	-	-	493,169	493,169
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,748	1,748
Reimbursed TPAF Social Security Contributions		-	-	-	430,269	430,269
Total State Sources		2,181,681	(141,784)	2,039,897	4,242,903	2,203,006
Total Revenues		13,757,795	(141,784)	13,616,011	15,843,918	2,227,907
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool/Kindergarten	11-110-100-101	239,435	64,900	304,335	303,056	1,279
Grades 1 - 5	11-120-100-101	1,658,701	(52,500)	1,606,201	1,573,724	32,477
Grades 6 - 8	11-130-100-101	1,036,064	(30,000)	1,006,064	996,243	9,821
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	6,000	-	6,000	3,325	2,675
Purchased Professional/Educational Services	11-150-100-320	500	-	500	160	340
Regular Programs - Undistributed Instruction:						
Purchased Professional/Educational Services	11-190-100-320	500,352	4	500,356	598,599	(98,243)
General Supplies	11-190-100-610	347,355	(97,599)	249,756	232,669	17,087
Textbooks	11-190-100-640	110,700	-	110,700	68,021	42,679
Other Objects	11-190-100-800	45,350	-	45,350	38,403	6,947
Total Regular Programs		3,944,457	(115,195)	3,829,262	3,814,200	15,062
Special Education:						
Learning and/or Language Disabilities:						
LD & LD-L Teacher Substitute	11-204-100-101	213,400	8,825	222,225	222,225	-
Purchased Profess. & Educ. Services	11-204-100-320	82,392	-	82,392		82,392
Total Learning and/or Language Disabilities		295,792	8,825	304,617	222,225	82,392
Resource Room/ Resource Center:						
Salaries of Teachers	11-213-100-101	978,655	8,000	986,655	976,670	9,985
Purchased Professional/Educational Services	11-213-100-320	74,718	-	74,718		74,718
Total Resource Room		1,053,373	8,000	1,061,373	976,670	84,703

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2019**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Preschool Disabilities - Part-Time:						
Salaries of Teachers	11-215-100-101	52,800	1,238	54,038	54,132	(94)
Purchased Profess. & Educ. Services	11-215-100-320	27,218	-	27,218		27,218
General Supplies	11-215-100-610	2,500	-	2,500	131	2,369
Other Objects	11-215-100-800	100	-	100		100
Total Preschool Disabilities - Part-Time		82,618	1,238	83,856	54,263	29,593
Total Special Education		1,431,783	18,063	1,449,846	1,253,158	196,688
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	505,730	(15,000)	490,730	435,906	54,824
Purchased Professional/Educational Services	11-230-100-320	20,100	-	20,100	19,146	954
Total Basic Skills/Remedial		525,830	(15,000)	510,830	455,052	55,778
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	52,287	-	52,287	56,884	(4,597)
Supplies & Materials	11-401-100-600	15,125	-	15,125	13,683	1,442
Total School Sponsored Cocurricular Activities		67,412	-	67,412	70,567	(3,155)
School Sponsored Athletics:						
Salaries	11-402-100-100	52,264	-	52,264	47,261	5,003
Purchased Services	11-402-100-500	8,685	-	8,685	7,099	1,586
Supplies & Materials	11-402-100-610	2,830	-	2,830	2,830	-
Total School Sponsored Athletics		63,779	-	63,779	57,190	6,589
Other Instruction Programs						
Salaries	11-422-100-101	28,000	(3,433)	24,567	24,566	1
PSH Summer Salaries Aides	11-422-100-106	-	4,300	4,300	4,291	9
Total Other Instructional Programs		28,000	867	28,867	28,857	10
Total - Instruction		6,061,261	(111,265)	5,949,996	5,679,024	270,972
Undistributed Expenditures:						
Instruction:						
Tuition Other LEA's - In State - Regular	11-000-100-561	15,000	-	15,000	11,628	3,372
Tuition Other LEA's - In State - Special Education	11-000-100-562	211,194	-	211,194	137,021	74,173
Tuition to CSSD & Regional Day Schools	11-000-100-565	701,552	(184,200)	517,352	586,965	(69,613)
Tuition to Private Schools for the Handicapped - State	11-000-100-566	96,488	170,200	266,688	267,103	(415)
Total Instruction		1,024,234	(14,000)	1,010,234	1,002,717	7,517
Attendance & Social Work Services:						
Salaries	11-000-211-100	20,000	-	20,000	20,000	-
Purchased Profess & Technical Services	11-000-211-300	3,000	-	3,000	3,000	-
Total Attendance & Social Work Services		23,000	-	23,000	23,000	-
Health Services:						
Salaries	11-000-213-100	115,710	2,258	117,968	120,267	(2,299)
Purchased Professional & Technical Services	11-000-213-300	5,500	-	5,500	4,439	1,061
Supplies and Materials	11-000-213-610	5,000	294	5,294	3,865	1,429
Total Health Services		126,210	2,552	128,762	128,571	191
Other Support Services - Students - Related Services:						
Salaries	11-000-216-101	129,760	1,628	131,388	131,388	-
Purchased Professional/Educational Services	11-000-216-320	367,025	(5,626)	361,399	162,355	199,044
Supplies & Materials	11-000-216-610	10,020	-	10,020	4,136	5,884
Total Other Services - Students - Related Services		506,805	(3,998)	502,807	297,879	204,928

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2019**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Support Services - Students - Extra Services:						
Purchased Professional Services	11-000-217-320	286,372	-	286,372	286,372	-
Total Other Services - Students - Related Services		286,372	-	286,372	286,372	-
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	154,595	27,000	181,595	180,718	877
Purchased Professional/Educational Services	11-000-218-320	3,750	-	3,750	3,750	-
Purchased Professional & Technical Services	11-000-218-390	6,000	-	6,000	4,352	1,648
Supplies & Materials	11-000-218-600	2,000	-	2,000	2,024	(24)
Other Objects	11-000-218-800	300	-	300		300
Total Other Support Services - Students - Regular		166,645	27,000	193,645	190,844	2,801
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	327,920	7,610	335,530	325,156	10,374
Salaries of Secretarial & Clerical Assistants	11-000-219-105	37,200	800	38,000	38,000	-
Purchased Professional/Educational Services	11-000-219-320	3,000	60	3,060	3,060	-
Supplies & Materials	11-000-219-610	11,000	(3,916)	7,084	5,755	1,329
Other Objects	11-000-219-800	3,000	-	3,000	1,220	1,780
Total Other Support Services - Students - Special Services		382,120	4,554	386,674	373,191	13,483
Improvement of Instructional Staff						
Salaries of Supervisors of Instruction	11-000-221-102	53,111	1,500	54,611	52,539	2,072
Salaries of Secretarial & Clerical Assistants	11-000-221-105	35,000	1,300	36,300	36,300	-
Purchased Professional/Educational Services	11-000-221-320	36,935	-	36,935	36,744	191
Purchased Professional & Technical Services	11-000-221-390	44,460	780	45,240	45,222	18
Total Instructional Staff Training		169,506	3,580	173,086	170,805	2,281
Educational Media Services/School Library:						
Salaries	11-000-222-100	52,400	1,238	53,638	53,638	-
Purchased Professional & Technical Services	11-000-222-300	2,550	-	2,550	2,484	66
Supplies and Materials	11-000-222-610	28,500	223	28,723	27,985	738
Total Educational Media Services/School Library		83,450	1,461	84,911	84,107	804
Instructional Staff Training:						
Salaries of Supervisors of Instruction	11-000-223-102	78,566	(17,500)	61,066	52,539	8,527
Other Objects	11-000-223-800	54,680	(14,400)	40,280	32,027	8,253
Total Instructional Staff Training		133,246	(31,900)	101,346	84,566	16,780
Support Services General Administration:						
Salaries	11-000-230-100	217,378	2,555	219,933	219,479	454
Legal Services	11-000-230-331	40,000	-	40,000	45,748	(5,748)
Audit Fees	11-000-230-332	24,000	-	24,000	24,911	(911)
Architectural/Engineering Services	11-000-230-334	5,000	5,000	10,000	13,065	(3,065)
Communications/Telephone	11-000-230-530	32,000	-	32,000	26,219	5,781
Other Purchased Services	11-000-230-590	19,300	-	19,300	18,634	666
General Supplies	11-000-230-610	2,000	-	2,000	1,985	15
Miscellaneous Expenditures	11-000-230-890	24,000	(460)	23,540	24,923	(1,383)
BOE Membership Dues & Fees	11-000-230-895	6,433	1	6,434	6,433	1
Total Support Services General Administration		370,111	7,096	377,207	381,397	(4,190)
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	340,901	6,820	347,721	346,137	1,584
Salaries of Secretarial & Clerical Assistants	11-000-240-105	97,420	5,322	102,742	99,306	3,436
Purchased Professional & Technical Services	11-000-240-300	1,550	-	1,550	-	1,550
Other Purchased Services	11-000-240-500	400	-	400	166	234
Supplies and Materials	11-000-240-610	18,500	-	18,500	4,238	14,262
Other Objects	11-000-240-800	6,000	-	6,000	4,275	1,725
Total Support Services School Administration		464,771	12,142	476,913	454,122	22,791

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2019**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Central Services:						
Salaries	11-000-251-100	252,264	4,064	256,328	250,757	5,571
Purchased Professional Services	11-000-251-330	10,000	-	10,000	9,774	226
Supplies and Materials	11-000-251-600	5,500	-	5,500	8,005	(2,505)
Miscellaneous Expenditures	11-000-251-800	2,700	-	2,700	1,564	1,136
Total Central Services		270,464	4,064	274,528	270,100	4,428
Administrative Information Technology:						
Salaries	11-000-252-100	3,000	-	3,000	3,075	(75)
Purchased Professional Services	11-000-252-330	5,000	400	5,400	5,400	-
Purchased Technical Services	11-000-252-340	84,700	-	84,700	50,390	34,310
Total Administrative Information Technology		92,700	400	93,100	58,865	34,235
Allowable Maintenance for School Facilities:						
Cleaning, Repair & Maintenance Services	11-000-261-420	102,000	2,590	104,590	84,078	20,512
Supplies	11-000-261-610	15,000	-	15,000	8,553	6,447
Other Objects	11-000-261-800	70,000	3,002	73,002	60,869	12,133
Total Allowable Maintenance for School Facilities		187,000	5,592	192,592	153,500	39,092
Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	512,509	(4,271)	508,238	511,895	(3,657)
Purchased Professional & Technical Services	11-000-262-300	1,000	4,916	5,916	6,060	(144)
Cleaning, Repair & Maintenance Services	11-000-262-420	40,000	-	40,000	35,685	4,315
Other Purchased Property Services	11-000-262-490	30,000	-	30,000	26,075	3,925
Insurance	11-000-262-520	32,000	-	32,000	31,279	721
General Supplies	11-000-262-610	75,000	-	75,000	74,547	453
Energy (Natural Gas)	11-000-262-621	60,000	-	60,000	66,162	(6,162)
Energy (Electricity)	11-000-262-622	204,000	-	204,000	247,791	(43,791)
Other Objects	11-000-262-800	900	-	900	657	243
Total Operation & Maintenance of Plant Services		955,409	645	956,054	1,000,151	(44,097)
Student Transportation Services:						
Contracted Services - (Aid in Lieu of Payments)	11-000-270-503	13,000	-	13,000	10,272	2,728
Contracted Services (Between Home & School) - Vendors	11-000-270-511	365,000	-	365,000	348,106	16,894
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	25,020	-	25,020	14,885	10,135
Contracted Services (Special Education Students) - Joint Agreement	11-000-270-513	24,700	-	24,700	35,300	(10,600)
Contracted Services - (Jointures Special Education)	11-000-270-515	272,473	-	272,473	297,129	(24,656)
Other Objects	11-000-270-800	3,750	-	3,750	3,550	200
Total Student Transportation Services		703,943	-	703,943	709,242	(5,299)
Unallocated Benefits - Employee Benefits:						
Social Security - Other	11-000-291-220	82,000	7,000	89,000	100,343	(11,343)
Other Retirement Contributions-PERS	11-000-291-241	147,000	1,176	148,176	72,452	75,724
Workmen's Compensation	11-000-291-260	56,000	5,011	61,011	61,011	-
Health Benefits	11-000-291-270	1,601,547	(51,737)	1,549,810	1,607,239	(57,429)
Tuition Reimbursement	11-000-291-280	20,000	-	20,000	20,000	-
Other Employee Benefits	11-000-291-290	67,421	-	67,421	23,207	44,214
Unused Sick Pay	11-000-291-299	51,075	-	51,075	34,139	16,936
Total Unallocated Benefits - Employee Benefits		2,025,043	(38,550)	1,986,493	1,918,391	68,102

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2019**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	1,087,238	(1,087,238)
On-Behalf TPAF Post Retirement Medical Contributions		-	-	-	493,169	(493,169)
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,748	(1,748)
Reimbursed TPAF Social Security Contributions		-	-	-	430,269	(430,269)
Total Undistributed Expenditures	-	7,971,029	(19,362)	7,951,667	9,600,244	(1,648,577)
Total Expenditures - Current Expense		14,032,290	(130,627)	13,901,663	15,279,268	(1,377,605)
Capital Outlay:						
Equipment:						
Undist. Expenditures - Admin IT	12-000-252-730	5,800	-	5,800	5,787	13
Total Equipment		5,800	-	5,800	5,787	13
Facilities Acquisition & Construction Services:						
Other Objects	12-000-400-800	23,805	-	23,805	23,805	-
Total Facilities Acquisition & Construction Services		23,805	-	23,805	23,805	-
Total Capital Outlay		29,605	-	29,605	29,592	13
Total Expenditures		14,061,895	(130,627)	13,931,268	15,308,860	(1,377,592)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/ (Uses)						
		(304,100)	(11,157)	(315,257)	535,058	850,315
Other Financing Sources/(Uses) Transfer to Capital Outlay						
		-	-	-	(813,000)	(813,000)
Net Change in Fund Balance		(304,100)	(11,157)	(315,257)	(277,942)	37,315
Fund Balances, July 1		2,157,693	-	2,157,693	2,157,693	-
Fund Balances, June 30		\$ 1,853,593	\$ (11,157)	\$ 1,842,436	\$ 1,879,751	\$ 37,315

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:		
Capital Reserve		\$ 755,178
Emergency Reserve		1
Maintenance Reserve		168,644
Excess Surplus		150,000
Reserved Excess Surplus Designated for Subsequent Year's Expenditures		206,277
Assigned Fund Balance:		
Designated for Subsequent Year's Expenditures		105,534
Year-end Encumbrances		37,606
Unassigned Fund Balance		456,511
Subtotal		1,879,751
Reconciliation to Governmental Funds Statements (GAAP):		
Last Two State Aid Payments Not Recognized on GAAP Basis		(139,191)
Fund Balance per Governmental Funds (GAAP)		<u>1,740,560</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Local Sources	\$ 26,824	\$ -	\$ 26,824	\$ 26,824	\$ -
Federal Sources	338,065	-	338,065	275,209	(62,856)
Total Revenues	364,889	-	364,889	302,033	(62,856)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	52,817	-	52,817	48,305	4,512
Tuition	210,662	-	210,662	173,730	36,932
General Supplies	36,725	-	36,725	31,049	5,676
Benefits	2,604	-	2,604	-	2,604
Total Instruction	302,808	-	302,808	253,084	49,724
Support Services:					
Purchase of Professional Education	24,055	-	24,055	22,125	1,930
General Supplies	26,824	-	26,824	26,824	-
Benefits	11,202	-	11,202	-	11,202
Total Support Services	62,081	-	62,081	48,949	13,132
Total Expenditures	364,889	-	364,889	302,033	62,856
Total Outflows	364,889	-	364,889	302,033	62,856
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, 2019**

**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)	\$ 15,843,918	\$ 302,033	
Difference - Budget to GAAP:			
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	138,244	-	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(139,191)	-	
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	-	-	
Prior Year	-	-	
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 15,842,971	\$ 302,033	
Uses/outflows of resources:			
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 15,308,860	\$ 302,033	
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.	-	-	
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 15,308,860	\$ 302,033	

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST SIX FISCAL YEARS***

	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.05753%	0.09639%	0.09170%
School District's proportionate share of the net pension liability	\$ 2,123,831.00	\$ 3,394,088	\$ 4,166,101	\$ 3,155,841	\$ 2,557,410	\$ 2,546,947
School District's covered payroll	\$ 702,488.00	\$ 1,005,656	\$ 960,517	\$ 964,241	\$ 925,671	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	302.33%	337.50%	433.74%	327.29%	276.28%	N/A
Plan fiduciary net position as a percentage of the total pension liability	53.60%	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 SIX FISCAL YEARS**

	2019	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 96,662	\$ 147,000	\$ 132,000	\$ 124,965	\$ 120,865	\$ 112,606
Contributions in relation to the contractually required contribution	(96,662)	(147,000)	(132,000)	(124,965)	(120,865)	(112,606)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 764,161	\$ 702,488	\$ 1,005,656	\$ 960,517	\$ 964,241	\$ 925,671
Contributions as a percentage of covered payroll	12.65%	20.93%	13.13%	13.01%	12.53%	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 SIX FISCAL YEARS***

	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	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	35,419,453	38,061,668	44,745,283	36,359,168	31,641,997	29,673,065
	<u>\$ 35,419,453</u>	<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	6,022,636	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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	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 TWO FISCAL YEARS***

	2019	2018
District's Total OPEB Liability		
Service Cost	\$ 1,047,855.00	\$ 1,267,493.00
Interest Cost	1,256,773.00	1,089,007.00
Differences Between Expected and Actual Experiences	(3,976,061.00)	-
Changes of Assumptions	(3,295,395.00)	(4,488,144.00)
Contributions: Member	26,539.00	29,361.00
Gross Benefit Payments	(767,877.00)	(797,355.00)
Net Change in District's Total OPEB Liability	(5,708,166.00)	(2,899,638.00)
District's Total OPEB Liability (Beginning)	34,424,951.00	37,324,589.00
District's Total OPEB Liability (Ending)	<u>\$ 28,716,785.00</u>	<u>\$ 34,424,951.00</u>
District's Covered Employee Payroll***	\$ 6,786,797.00	\$ 6,871,153.00
District's Net OPEB Liability as a Percentage of Payroll	423%	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
YEAR ENDED JUNE 30, 2019**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.25% as of June 30, 2017, to 4.86% as of June 30, 2018.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.00% as of June 30, 2017, to 5.66% as of June 30, 2018.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.58% as of June 30, 2017, to 3.87% as of June 30, 2018.

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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, 2019**

	TITLE I	TITLE II - PART A	TITLE IV	I.D.E.A. PART B BASIC
Revenues:				
Federal Sources	\$ 79,472	\$ 12,762	\$ 9,245	\$ 160,890
Local Sources	-	-	-	-
Total Revenues	<u>\$ 79,472</u>	<u>\$ 12,762</u>	<u>\$ 9,245</u>	<u>\$ 160,890</u>
Expenditures:				
Instruction:				
Salaries of Teachers	\$ 39,660	\$ 8,645	\$ -	\$ -
Tuition	-	-	-	160,890
General Supplies	30,212	837	-	-
Total Instruction	<u>69,872</u>	<u>9,482</u>	<u>-</u>	<u>160,890</u>
Support Services:				
Purchase of Professional Education	9,600	3,280	9,245	-
Supplies	-	-	-	-
Total Support Services	<u>9,600</u>	<u>3,280</u>	<u>9,245</u>	<u>-</u>
Total Expenditures	<u>\$ 79,472</u>	<u>\$ 12,762</u>	<u>\$ 9,245</u>	<u>\$ 160,890</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR FISCAL YEAR ENDED JUNE 30, 2019**

	I.D.E.A. PRESCHOOL PROGRAM	STAR FOUNDATION	TOTALS
Revenues:			
Federal Sources	\$ 12,840	\$ -	\$ 275,209
Local Sources	-	26,824	26,824
Total Revenues	\$ 12,840	\$ 26,824	\$ 302,033
Expenditures:			
Instruction:			
Salaries of Teachers	\$ -	\$ -	\$ 48,305
Tuition	12,840	-	173,730
General Supplies	-	-	31,049
Total Instruction	12,840	-	253,084
Support Services:			
Purchase of Professional Education	-	-	22,125
General Supplies	-	26,824	26,824
Total Support Services	-	26,824	48,949
Total Expenditures	\$ 12,840	\$ 26,824	\$ 302,033

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, 2019**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE JUNE 30, 2019
			PRIOR YEARS	CURRENT YEAR	
Completion of Various Improvements & Renovations at School No. 2	6/1/2003	\$ 3,240,421	\$ 3,240,421	\$ -	\$ -
Completion of Roof Replacement at School No. 1	1/6/2014	240,861	240,861	-	-
Addition of Air Conditioning at School No. 1	1/6/2014	1,983,344	1,983,344	-	-
Addition of Air Conditioning at School No. 2	2/24/2014	2,990,680	2,990,680	-	-
Addition of Air Conditioning at School No. 3	2/27/2014	3,072,053	3,072,053	-	-
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
Operation & Maintenance Building	12/17/2018	813,000	-	424,368	388,632
Total		\$ 12,452,974	\$ 11,568,634	\$ 424,368	\$ 459,972
Reconciliation to Governmental Funds (GAAP):					
Unexpended Balance as of June 30, 2019					\$ 459,972
SDA Grant Revenue not Recognized on GAAP Basis					(54,830)
					<u>\$ 405,142</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, 2019**

Expenditures and Other Financing Uses:	
Construction Services	\$ 340,735
Purchased Professional & Technical Technical Services	<u>83,633</u>
Total Expenditures	<u>424,368</u>
Other Financing Sources/(Uses):	
Transfer From Capital Reserve	\$ 813,000
Transfer to Debt Service	(193,209)
Cancellation of SDA Receivable	<u>(161,023)</u>
Total Other Financing Sources/(Uses):	458,768
Excess (deficiency) of revenues over (under) expenditures	34,400
Fund Balance - Beginning	<u>425,572</u>
Fund Balance - Ending	<u><u>\$ 459,972</u></u>

**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, 2019**

	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	(93,554)	2,231,788	2,231,788
Total Revenues	4,105,901	(93,554)	4,012,347	4,012,347
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	(93,554)	771,926	485,163
Other Financing Sources/(Uses):				
Transfer to Debt Service	(1,965)	(193,209)	(195,174)	(195,174)
Cancellation of Prior Year Receivable	(576,752)		(576,752)	(576,752)
Total Other Financing Sources/Uses	(578,717)	(193,209)	(771,926)	(771,926)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	\$ 286,763	\$ (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	\$ 4,012,347
Revised Authorized Cost	\$ 4,012,347
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	81%
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, 2019**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 269,407	\$ -	\$ 269,407	\$ 269,407
Transfer	-	(186,185)	(186,185)	(186,185)
Transfer from Capital Reserve	300,000	-	300,000	300,000
Total Revenues	569,407	(186,185)	383,222	383,222
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	64,361	-	64,361	64,361
Construction Services	176,500	-	176,500	318,861
Total Expenditures	240,861	-	240,861	383,222
Cancellation Of SDA Grant Receivable	-	(142,361)	(142,361)	-
Transfer To General Fund				
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	\$ 487,332
Additional Authorized Cost	\$ (104,110)
Revised Authorized Cost	\$ 383,222
Percentage Increase Over Original Authorized Cost	-21.36%
Percentage Completion	62.85%
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, 2019**

	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	(27,994)	1,190,006	1,190,006
Total Revenues	2,030,000	(27,994)	2,002,006	2,002,006
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	1,777,789
Total Expenditures	1,983,344	-	1,983,344	2,002,006
Other Financing Sources/(Uses):				
Cancellation Of SDA Grant Receivable	-	(18,662)	(18,662)	-
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	\$ 1,190,006
Bonds Issued	\$ 1,190,006
Original Authorized Cost	\$ 2,002,006
Additional Authorized Cost	0
Revised Authorized Cost	\$ 2,002,006
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	99.07%
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, 2019**

	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 & Transfers	1,503,000	235,680	1,738,680	1,738,680
Transfer from Capital Reserve	250,000	-	250,000	250,000
Total Revenues	2,755,000	235,680	2,990,680	2,990,680
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	2,723,997	-	2,723,997	2,723,997
Total Expenditures	2,990,680	-	2,990,680	2,990,680
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(235,680)	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	\$ 1,738,680
Bonds Issued	\$ 1,738,680
Original Authorized Cost	\$ 2,990,680
Additional Authorized Cost	0
Revised Authorized Cost	\$ 2,990,680
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	100.00%
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, 2019**

	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 & Transfers	1,800,000	72,053	1,872,053	1,872,053
Total Revenues	3,000,000	72,053	3,072,053	3,072,053
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	2,760,773	-	2,760,773	2,760,773
Total Expenditures	3,072,053	-	3,072,053	3,072,053
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(72,053)	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	\$ 1,872,053
Bonds Issued	\$ 1,872,053
Original Authorized Cost	\$ 3,072,053
Additional Authorized Cost	0
Revised Authorized Cost	\$ 3,072,053
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	100.00%
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, 2019**

	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, 2019**

	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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
OPERATIONS & MAINTENANCE BUILDING
FOR FISCAL YEAR ENDED JUNE 30, 2019**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Transfers from Capital Outlay	\$ -	\$ 813,000	\$ 813,000	\$ 813,000
Total Revenues	-	813,000	813,000	813,000
Expenditures & Other Financing Uses:				
Purchased Professional & Technical				
Technical Services	-	83,633	83,633	130,000
Construction Services	-	340,735	340,735	683,000
Total Expenditures	-	424,368	424,368	813,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ 388,632	\$ 388,632	\$ -

ADDITIONAL PROJECT INFORMATION

Original Authorized Cost	\$ 813,000
Additional Authorized Cost	0
Revised Authorized Cost	\$ 813,000
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	41.91%
Original Target Completion Date	September 30, 2019

H. Fiduciary Funds

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SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	PRIVATE PURPOSE TRUST FUNDS		AGENCY FUNDS		<u>TOTAL</u>
	<u>SCHOLARSHIP</u> <u>TRUST</u>	<u>UNEMPLOYMENT</u> <u>COMPENSATION</u> <u>TRUST</u>	<u>STUDENT</u> <u>ACTIVITY</u>	<u>PAYROLL</u>	
ASSETS					
Cash & Cash Equivalents	\$ 1,687	\$ 56,032	\$ 8,032	\$ 12,631	\$ 78,382
Interfund Receivable	-	-	-	231	231
Total Assets	<u>1,687</u>	<u>56,032</u>	<u>8,032</u>	<u>12,862</u>	<u>78,613</u>
LIABILITIES					
Payroll Deductions & Withholdin	-	-	-	12,862	12,862
Due to Student Groups	-	-	8,032	-	8,032
Total Liabilities	<u>-</u>	<u>-</u>	<u>8,032</u>	<u>12,862</u>	<u>20,894</u>
NET POSITION:					
Held in Trust for Scholarships	1,687	-	-	-	1,687
Held in Trust for Unemployment	-	56,032	-	-	56,032
Total Net Position	<u>\$ 1,687</u>	<u>\$ 56,032</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,719</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>PRIVATE PURPOSE TRUST FUNDS</u>		
	<u>SCHOLARSHIP TRUST</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>TOTAL</u>
ADDITIONS			
Local Sources:			
Employee Withholdings	\$ -	\$ 11,500	\$ 11,500
Interest on Investments	86	-	86
	<hr/>		
Total Additions	86	11,500	11,586
<hr/>			
DEDUCTIONS			
Unemployment Claims	-	32,097	32,097
Scholarships	2,242	-	2,242
	<hr/>		
Total Deductions	2,242	32,097	34,339
<hr/>			
Change in Net Position	(2,156)	(20,597)	(22,753)
Net Position, July 1	3,843	76,629	80,472
	<hr/>		
Net Position, June 30	\$ 1,687	\$ 56,032	\$ 57,719
	<hr/> <hr/>		

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	BALANCE JULY 1, <u>2018</u>	CASH <u>RECEIPTS</u>	CASH <u>DISBURSEMENTS</u>	BALANCE JUNE 30, <u>2019</u>
Kindergarten through Eighth Grades	\$ 6,430	\$ 11,228	\$ 9,626	\$ 8,032
Total All Activity	<u>\$ 6,430</u>	<u>\$ 11,228</u>	<u>\$ 9,626</u>	<u>\$ 8,032</u>

**PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS & LIABILITIES
FOR FISCAL YEAR ENDED JUNE 30, 2019**

ASSETS	BALANCE JULY 1, <u>2018</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE JUNE 30, <u>2019</u>
Cash & Cash Equivalents	\$ 8,805	\$ 8,611,049	\$ 8,607,223	\$ 12,631
Interfund Receivable	766	-	535	231
Total Assets.	<u>\$ 9,571</u>	<u>\$ 8,611,049</u>	<u>\$ 8,607,758</u>	<u>\$ 12,862</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 9,571	\$ 3,974,356	\$ 3,971,065	\$ 12,862
Net Payroll	-	4,636,693	4,636,693	-
Total Liabilities	<u>\$ 9,571</u>	<u>\$ 8,611,049</u>	<u>\$ 8,607,758</u>	<u>\$ 12,862</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, 2019**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2018	RETIRED	BALANCE JUNE 30, 2019
			DATE	AMOUNT				
School Refunding Bond, Series 2014	1/31/14	2,625,000				\$ 460,000	\$ 460,000	\$ -
School Bond, Series 2014	9/1/14	4,521,000	09/01/19	550,000	2.125%	3,620,000	350,000	3,270,000
			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						\$ 4,080,000	\$ 810,000	\$ 3,270,000

**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, 2019**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 893,743	\$ -	\$ 893,743	\$ 893,743	\$ -
Total Revenues	893,743	-	893,743	893,743	-
Expenditures:					
Regular Debt Service:					
Interest	83,744	-	83,744	83,744	-
Redemption of Principal	810,000	-	810,000	810,000	-
Total Expenditures	893,744	-	893,744	893,744	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1)	-	(1)	(1)	-
Other Financing Sources (Uses):					
Transfer from Capital Projects	-	-	-	193,209	193,209
Total Other Financing Sources (Uses)	-	-	-	193,209	193,209
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(1)	-	(1)	193,208	193,209
Fund Balance, July 1	1		1	1	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 193,209	\$ 193,209

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF COMPENSATED ABSENCES
JUNE 30, 2019**

	OUTSTANDING BALANCE 2018	ADDITIONS	OUTSTANDING BALANCE 2019
	<u> </u>	<u> </u>	<u> </u>
Compensated Absences	\$ 378,904	\$ 68,134	\$ 447,038
	<u> </u>	<u> </u>	<u> </u>

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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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
Net Investment in Capital Assets	\$ 20,539,042	\$ 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
Restricted	1,878,451	1,861,004	1,687,156	2,979,745	795,156	970,688	1,392,967	931,002	614,560	656,688
Unrestricted	(3,047,976)	(3,203,584)	(2,978,941)	(2,832,869)	(2,778,573)	(223,116)	(337,142)	(14,959)	60,880	(218,809)
Total Governmental Activities	\$ 19,369,517	\$ 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
Business-Type Activities:										
Net Investment in Capital Assets	\$ 107,034	\$ 110,034	\$ 113,034	\$ 116,034	\$ 119,035	\$ 122,139	\$ 27,078	\$ 29,078	\$ 14,062	\$ 27,078
Unrestricted	36,940	26,652	16,088	1,741	1,138	9,383	109,573	98,913	107,823	104,826
Total Business-Type Activities	\$ 143,974	\$ 136,686	\$ 129,122	\$ 117,775	\$ 120,173	\$ 131,522	\$ 136,651	\$ 127,991	\$ 121,885	\$ 131,904
Government-Wide:										
Net Investment in Capital Assets	\$ 20,646,076	\$ 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
Restricted	1,878,451	1,861,004	1,687,156	2,979,745	795,156	970,688	1,392,967	931,002	614,560	656,688
Unrestricted	(3,011,036)	(3,176,932)	(2,962,853)	(2,831,128)	(2,777,435)	(214,733)	(227,569)	83,954	168,703	(113,983)
Total District Net Position	\$ 19,513,491	\$ 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

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ (4,067,284)	\$ (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)
Special Education	(1,253,158)	(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)
Other Special Education	(611,666)	(639,691)	(663,887)	(599,118)	(576,224)	(556,098)	(507,334)	(492,174)	(417,383)	(426,364)
Other Instruction	-	-	-	(6,439)	(10,647)	(7,965)	(10,364)	(9,258)	-	(19,007)
Support Services & Undistributed Costs:										
Tuition	(1,002,717)	(777,252)	(546,451)	(462,863)	(631,149)	(552,655)	(393,415)	(359,975)	(379,775)	(323,524)
Student & Instruction Related Services	(1,688,284)	(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)
General Administrative Services	(381,397)	(363,527)	(392,521)	(380,660)	(399,826)	(394,698)	(345,307)	(341,504)	(323,661)	(376,483)
Administrative Information Technology	(58,865)	(67,592)	(120,470)	(101,032)	(106,816)	(98,590)	(98,306)	(98,306)	(91,800)	(92,252)
School Administrative Services	(454,122)	(448,063)	(594,096)	(682,249)	(626,559)	(522,149)	(494,484)	(466,596)	(467,553)	(451,196)
Central Services	(270,100)	(343,225)	(342,386)	(329,608)	(321,377)	(238,955)	(235,230)	(237,517)	(226,022)	(246,750)
Plant Operations & Maintenance	(1,153,651)	(987,771)	(1,146,193)	(1,079,538)	(1,031,091)	(1,242,042)	(991,561)	(857,184)	(917,225)	(855,623)
Pupil Transportation	(709,242)	(667,771)	(622,201)	(626,309)	(571,828)	(528,380)	(494,134)	(495,948)	(486,321)	(561,349)
Business and Other Support Services	-	-	-	-	-	(752)	(4,613)	(18,015)	(1,590)	(93,324)
Unallocated Benefits	(2,887,971)	(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)
On Behalf TPAF Pension and Social Security Contributions	(2,496,847)	(3,060,606)	(1,574,195)	-	-	-	-	-	-	-
Transfer to Charter Schools	(71,938)	(10,916)	(117,591)	(174,045)	(114,093)	(141,803)	(149,824)	(178,514)	(218,838)	(231,073)
Interest & Other Charges	-	-	-	(12,332)	(1,467)	34,738	60,411	5,231	(22,777)	4,523
Increase in Compensated Absences - Unallocated	(306,188)	(306,188)	(288,141)	(485,454)	(470,701)	(464,041)	(514,061)	(600,000)	(619,543)	(591,826)
Unallocated Depreciation	(17,413,430)	(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)
Total Governmental Activities Expenses	(259,736)	(260,411)	(255,303)	(259,152)	(287,737)	(270,434)	(270,154)	(283,376)	(281,916)	(266,916)
Business-Type Activities:										
Food Service	(259,736)	(260,411)	(255,303)	(259,152)	(287,737)	(270,434)	(270,154)	(283,376)	(281,916)	(266,916)
Summer Recreation	-	-	-	-	-	-	-	-	(11,022)	(10,690)
Total Business-Type Activities Expense	(259,736)	(260,411)	(255,303)	(259,152)	(287,737)	(270,434)	(270,154)	(283,376)	(292,938)	(277,606)
Total District Expenses	\$ (17,673,166)	\$ (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)
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	\$ 3,797,825	\$ 5,292,888	\$ 1,911,146	\$ 3,530,000	\$ 2,913,068	\$ 373,563	\$ 386,319	\$ 376,193	\$ 400,421	\$ 545,022
Total Governmental Activities Program Revenues	3,797,825	5,292,888	1,911,146	3,530,000	2,913,068	373,563	386,319	376,193	400,421	545,022

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

	FISCAL YEAR ENDING JUNE 30.									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Business-Type Activities:										
Charges for Services:										
Food Service	151,567	156,351	147,687	143,082	170,091	160,612	174,639	181,133	191,308	198,094
Summer Recreation	-	-	-	-	-	-	-	-	10,150	10,520
Operating Grants & Contributions	115,457	111,624	118,963	113,672	107,289	104,534	103,694	108,349	91,621	84,291
Total Business Type Activities Program Revenues	267,024	267,975	266,650	256,754	277,380	265,146	278,333	289,482	293,079	292,905
Total District Program Revenues	\$ 4,064,849	\$ 5,560,863	\$ 2,177,796	\$ 3,786,754	\$ 3,190,448	\$ 638,709	\$ 664,652	\$ 665,675	\$ 693,500	\$ 837,927
Net (Expense)/Revenue:										
Governmental Activities	\$ (13,615,605)	\$ (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)
Business-Type Activities	7,288	7,564	11,347	(2,398)	(10,357)	(5,288)	8,179	6,106	141	15,299
Total Government-Wide Net Expense	\$ (13,608,317)	\$ (13,680,899)	\$ (13,212,700)	\$ (13,049,912)	\$ (12,835,646)	\$ (14,163,067)	\$ (13,450,044)	\$ (13,035,975)	\$ (12,698,417)	\$ (12,705,190)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 11,540,089	\$ 11,240,283	\$ 10,802,294	\$ 10,590,484	\$ 10,456,357	\$ 10,113,516	\$ 9,727,818	\$ 9,537,076	\$ 9,557,076	\$ 9,189,002
Taxes Levied for Debt Service	893,743	889,248	881,657	849,598	469,250	820,943	844,689	854,731	864,122	861,498
Unrestricted Grants & Contributions	2,229,532	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
Investment Earnings	-	-	-	0	1	7	14	24	24	24
Miscellaneous Income	91,628	32,294	66,842	81,356	90,462	58,115	49,918	66,634	84,399	76,581
Transfers	-	-	-	-	-	1,207	-	-	-	-
Cancellation of Prior Year Accounts	-	-	-	-	-	(30,583)	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Cancellation of Current Year	-	-	-	-	-	-	-	-	-	-
Accounts Payable	-	-	-	-	-	10,940	-	-	-	-
Total Governmental Activities	14,754,992	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
Business-Type Activities:										
Investment Earnings	-	-	-	-	8	366	481	-	885	801
Transfers	-	-	-	-	-	(1,207)	-	-	-	-
Total Business-Type Activities	-	-	-	-	8	(841)	481	-	885	801
Total Government-Wide	\$ 14,754,992	\$ 14,406,328	\$ 14,878,310	\$ 15,789,459	\$ 13,317,603	\$ 14,197,567	\$ 13,963,868	\$ 13,596,838	\$ 13,264,501	\$ 13,216,175
Change in Net Position:										
Governmental Activities	\$ 1,139,387	\$ 717,865	\$ 1,654,263	\$ 2,741,945	\$ 492,306	\$ 40,629	\$ 505,164	\$ 554,757	\$ 565,058	\$ 494,885
Business-Type Activities	7,288	7,564	11,347	(2,398)	(10,349)	(6,129)	8,660	6,106	1,026	16,100
Total District	\$ 1,146,675	\$ 725,429	\$ 1,665,610	\$ 2,739,547	\$ 481,957	\$ 34,500	\$ 513,824	\$ 560,863	\$ 566,084	\$ 510,985

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FISCAL YEAR ENDING JUNE 30,										
General Fund:										
Restricted	\$ 1,280,100	\$ 1,681,986	\$ 1,347,042	\$ 1,224,055	\$ 827,722	\$ 957,878	\$ 778,676	\$ 1,302,469	\$ 1,009,751	\$ 868,551
Committed	-	-	-	35,575	107,347	34,131	173,025	-	-	-
Assigned	143,140	91,761	106,263	4,063	-	61,986	4,757	-	-	-
Unassigned	317,320	245,702	214,903	193,769	104,461	48,124	513,839	94,822	158,478	45,596
Total General Fund	\$ 1,740,560	\$ 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
All Other Governmental Funds:										
Restricted:										
Capital Projects Fund	405,142	179,017	338,145	1,802,269	4,854,533	288,728	264,362	264,362	264,362	261,149
Debt Service Fund	193,209	1	1,969	1,968.00	17,102.00	17,352.00	-	-	-	-
Total All Other Governmental Funds	\$ 598,351	\$ 179,018	\$ 340,114	\$ 1,804,237	\$ 4,871,635	\$ 306,080	\$ 264,362	\$ 264,362	\$ 264,362	\$ 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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Tax Levy	\$ 12,433,832	\$ 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
Tuition Charges	1,800	5,060	2,160	-	3,000	-	1,000	2,000	1,000	2,000
Interest Earnings	-	-	-	-	1	1,404	3,611	7,997	1,958	1,539
Miscellaneous	116,652	73,177	83,526	81,356	87,462	56,718	45,321	56,661	81,465	73,066
State Sources	4,241,956	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
Federal Sources	275,209	327,689	324,069	337,202	305,638	308,363	319,380	389,149	315,432	469,724
Total Revenue	17,069,449	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
Expenditures:										
Instruction:										
Regular Instruction	4,067,284	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
Special Education Instruction	1,253,158	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
Other Special Instruction	611,666	639,691	663,887	599,118	576,224	556,098	507,334	492,174	417,383	426,364
Other Instruction	-	-	-	6,439	10,647	7,965	10,364	9,258	-	19,007
Support Services:										
Tuition	1,002,717	777,252	546,451	462,863	631,149	552,655	393,415	359,975	379,775	323,524
Student & Instruction Related Services	1,688,284	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
General Administration Services	381,397	363,527	392,521	682,249	626,559	522,149	494,484	466,596	467,553	451,196
School Administrative Services	454,122	448,063	594,096	380,660	399,826	394,698	345,307	341,504	323,661	376,483
Central Services	270,100	343,225	342,386	329,608	321,377	238,955	235,230	237,517	226,022	246,750
Other Support Services	58,865	67,592	120,470	-	-	752	4,613	18,015	1,590	93,324
Plant Operations & Maintenance	1,153,651	987,771	1,146,193	1,079,538	1,031,091	1,242,042	991,561	857,184	917,225	855,623
Pupil Transportation	709,242	667,771	622,201	626,309	571,828	528,380	494,134	495,948	486,321	561,349
Unallocated Benefits	1,918,391	1,924,322	342	20,464	20,202	2,260,086	2,089,348	1,938,134	1,941,321	1,766,055
On Behalf TPAF Pension and Social Security Contributions	2,012,424	1,806,092	1,574,195	1,417,254	1,200,789	1,083,743	1,243,751	987,084	836,762	865,373
Capital Outlay	453,960	275,512	2,611,727	5,306,016	655,801	83,272	134,882	185,403	300,253	105,724
Debt Service:										
Principal	810,000	790,000	760,000	706,000	415,000	770,000	760,000	740,000	720,000	700,000
Interest & Other Charges	83,744	125,020	145,461	160,699	54,500	129,724	140,750	173,575	205,750	237,275
Total Expenditures	16,929,005	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
Excess (Deficiency) of Revenues Over/(Under) Expenditures	140,444	201,062	(1,253,377)	(2,649,466)	(18,034)	(352,825)	73,006	229,062	200,213	270,262

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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Other Financing Sources/(Uses):										
Cancellation of Prior Year A/R	-	-	-	-	-	(30,583)	-	-	-	-
Cancellation of Current Year A/P	-	-	-	-	-	10,940	-	-	-	-
Transfers in	-	-	250,000	1,967	313,080	1,214	14	24	-	-
Transfers Out	-	-	(250,000)	(1,967)	(313,080)	(7)	(14)	(24)	-	-
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	\$ 140,444	\$ 201,062	\$ (1,253,377)	\$ (2,649,466)	\$ 4,502,966	\$ (326,460)	\$ 73,006	\$ 229,062	\$ 200,213	\$ 270,262

Debt Service as a Percentage of Noncapital Expenditures	5.42%	5.68%	5.87%	5.82%	3.31%	6.05%	6.37%	6.74%	7.03%	7.00%
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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>
2019	\$ -	\$ 1,800	\$ -	\$ 59,126	\$ 60,926
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
			-		

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
2018	\$ 14,001,600	\$ 835,863,700	\$ 48,500,000	\$ 6,576,000	\$ 80,575,700	\$ 10,558,500	\$ 996,075,500	\$ 2,059,854	\$ 998,135,354	1.923	\$ 1,124,673,188
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

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	
2018	1.230	0.693	0.409	0.028	0.387	0.020	2.802
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

Source: Municipal Tax Collector

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

	2019				2010			
	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.		4,900,500	2	0.49%	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		2,059,854	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%
BUA, VITO & Vincenza		1,955,800	10	0.20%	Vincetown Enterprises LLC	922,000	10	0.12%
Total	\$	36,274,954		3.63%		\$ 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 YEARS	
	TAXES LEVIED FOR THE FISCAL YEAR		YEAR OF THE LEVY	PERCENTAGE OF LEVY		
			<u>AMOUNT</u>			
2018	\$	12,433,832	\$	12,433,832	100.00%	\$ -
2017		12,129,531		12,129,531	100.00%	-
2016		11,683,951		11,683,951	100.00%	-
2015		11,440,082		11,440,082	100.00%	-
2014		10,925,607		10,925,607	100.00%	-
2013		10,954,459		10,954,459	100.00%	-
2012		10,572,507		10,572,507	100.00%	-
2011		10,391,807		10,391,807	100.00%	-
2010		10,421,198		10,421,198	100.00%	-
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				
2019	\$ 3,270,000	\$ -	\$ -	\$ 3,270,000	unavailable	unavailable
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

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 <u>JUNE 30,</u>	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF NET VALUATION <u>TAXABLE</u>	<u>PER CAPITA</u>
	GENERAL OBLIGATION <u>BONDS</u>	<u>DEDUCTIONS</u>			
2019	\$ 3,270,000	-	\$ 3,270,000	0.33%	Unavailable
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	0.64%	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	0.37%	360.18
2011	4,505,000	-	4,505,000	0.59%	430.28
2010	5,225,000	-	5,225,000	0.68%	480.90

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019

Unaudited

<u>GOVERNMENTAL UNIT</u>	<u>NET DEBT (1)</u>	<u>TOWNSHIP PROPORTIONATE SHARE</u>	<u>NET DEBT ALLOCAED TO TOWNSHIP</u>
Southampton Township	\$ 8,081,294	100.00%	\$ 8,081,294
Burlington County (2)	253,458,314	2.39%	6,064,034
Lenape Regional High School (3)	50,740,000	6.12%	3,105,288
Southampton Township School District	3,270,000	100.00%	<u>3,270,000</u>
Total Direct & Overlapping Debt			<u><u>\$ 20,520,616</u></u>

(1) 2019 Annual Debt Statement

(2) County net debt is allocated as a proportion of the Township's share of the total 2019 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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	33,706,716	\$ 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
Total Net Debt Applicable to Limit	3,270,000	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
Legal Debt Margin	\$ 30,436,716	\$ 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
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.70%	13.82%	16.34%	17.26%	18.78%	6.60%	8.42%	9.90%	11.41%	13.30%

Legal Debt Margin Calculation for Fiscal Year 2017

	2018	2017	2016
Equalized Valuation Basis	\$ 1,147,621,547	1,120,577,580	1,102,472,484
Average Equalized Valuation of Taxable Property	\$ 1,123,557,203.67		
Debt Limit (3.0 % of Average Equalization Value)	\$ 33,706,716		
Net Debt Applicable to Limit	\$ 3,270,000		
Legal Debt Margin	\$ 30,436,716		

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> ^d	<u>BURLINGTON COUNTY PER CAPITA INCOME</u> ^c	<u>UNEMPLOYMENT RATE</u> ^a
2019	10,124	\$ 603,987,716	\$ 59,659	4.6%
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%

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***

	2019			2010		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT
Southampton Board of Education	109	1	76.76%	121	1	77.56%
Southampton Township	33	2	23.24%	35	2	22.44%
	142		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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction:										
Regular	48	55	55	55	55	55	55	55	52	54
Special Education	19	23	23	23	23	23	23	23	25	25
Other Special Education	2	3	3	3	3	3	3	3	3	3
Support Services:										
Student & Instruction Related Services	16	19	19	19	19	16	16	16	13	13
School Administrative Services	8	8	8	8	8	7	7	7	7	7
General Administrative Services	6	5	5	5	5	5	5	5	5	5
Plant Operations & Maintenance	10	10	10	10	9	9	9	9	9	9
Total	109	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	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2019	707	\$ 15,581,301	\$ 22,039	0.0046%	82	8.62	682.4	661.6	-0.1487%	93.58%
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%

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	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Elementary Schools:										
School #1 (1921, 1922, 1952, 1959)										
Square Feet	35,109	35,109	35,109	35,109	35,109	35,109	35,109	35,109	35,109	35,109
Capacity (Students)	223	223	223	223	223	223	223	223	223	223
Enrollment	233	236	236	236	241	239	241	238	249	238
School #2 (1962, 1969)										
Square Feet	40,674	40,674	40,674	40,674	40,674	40,674	40,674	40,674	40,674	40,674
Capacity (Students)	279	279	279	279	279	279	279	279	279	279
Enrollment (a)	233	227	227	227	232	231	232	237	251	275
Middle School:										
School # 3 (1994)										
Square Feet	52,280	52,280	52,280	52,280	52,280	52,280	52,280	52,280	52,280	52,280
Capacity (Students)	417	417	417	417	417	417	417	417	417	417
Enrollment	257	236	236	236	255	255	255	292	292	281
Total District Enrollment:	723	699	699	699	728	725	728	767	792	794
Other Buildings:										
Administration Building (1910)										
Square Feet	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394
Storage Building - Garage (1930)										
Square Feet	900	900	900	900	900	900	900	900	900	900
Storage Building - Barn (1930)										
Square Feet	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520
Storage Building - Stable (1930)										
Square Feet	396	396	396	396	396	396	396	396	396	396
Storage Building - Bus Garage (1938)										
Square Feet	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516

Number of Schools at June 30, 2019:
 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>
2019	\$	122,548	\$	14,660	\$	16,292	\$	153,500
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

* 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, 2019
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

Boiler and Machinery	Travelers Insurance Company
Pollution Legal Liability	Beazley / Lloyd's of London
Cyber Liability	AIG / Lexington Insurance Company, Inc.
Violent malicious Acts	Lloyd's of London
Disaster Management Services	Lloyd's of London

Source: District Records

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, NJ

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, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 2, 2020.

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.

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.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as Findings No.'s 2019-001, 2019-002, and 2019-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 one instance of noncompliance or other matters that is 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 as Finding No.'s 2019-001, 2019-002, and 2019-003.

We also noted certain immaterial instances of noncompliance that are not required to be reported under Governmental Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, that we reported to management in a separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance dated March 2, 2020

The Southampton Township School District's Response to Findings

The Southampton Township School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. 1011

Medford, New Jersey
March 2, 2020



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, 2019. 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and New Jersey OMB's Circular 15-08, which are described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings – Financial Compliance and Performance as Funding No.'s. 2019-001, 2019-002, and 2019-003. Our opinion on each major state program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs, as Finding No.'s 2019-001, 2019-002, and 2019-003.

The Southampton Township School District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Southampton Township School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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
March 2, 2020

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE 6/30/2018	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	BALANCE, JUNE 30, 2019 (ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
			12,034	7/1/18-6/30/19	\$ -	9,995	(12,034)	-	-	(2,039)	-
						9,995	(12,034)			(2,039)	
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			-	-	-	-	-	-	-
10.555	191NJ304N1099	100-010-3350-026	74,917	7/1/18-6/30/19	-	61,367	(74,917)	-	-	(13,550)	-
10.555	191NJ304N1099	100-010-3350-026	2,929	7/1/18-6/30/19	-	2,399	(2,929)	-	-	(530)	-
10.555	191NJ304N1099	Unavailable	23,120	7/1/18-6/30/19	-	23,120	(21,643)	-	-	-	1,477
10.555	181NJ304N1099	Unavailable	22,282	7/1/17-6/30/18	1,281	-	(1,281)	-	-	-	-
					1,281	86,886	(100,770)	-	-	(14,088)	1,477
Special Milk Program for Children											
10.556	191NJ304N1099	100-010-3350-027	110	7/1/18-6/30/19	-	91	(110)	-	-	(19)	-
					-	91	(110)			(19)	
Total Child Nutrition Cluster											
			1,281		1,281	96,972	(112,914)	-	-	(16,138)	1,477
			1,281		1,281	96,972	(112,914)	-	-	(16,138)	1,477
Total U.S. Department of Agriculture											
U.S. Department of Education											
Passed Through New Jersey Department of Education:											
ID.E.A. Part B (Special Education Cluster)											
Bisic											
84.027	H027A180100	100-034-5065-016	198,006	7/1/18-6/30/19	-	198,006	(160,890)	-	-	-	37,116
					-	198,006	(160,890)			-	37,116
84.173	H183A170114	100-034-5065-020	12,840	7/1/18-6/30/19	-	12,840	(12,840)	-	-	-	-
					-	12,840	(12,840)			-	-
Total Special Education Cluster											
84.010	S010A180030	100-034-5064-194	90,975	7/1/18-6/30/19	-	76,394	(79,472)	-	-	(3,078)	-
					-	76,394	(79,472)			(3,078)	-
Title I - Part A											
84.367	S367A180029	100-034-5063-290	15,452	7/1/18-6/30/19	-	9,782	(12,762)	-	-	(2,980)	-
					-	9,782	(12,762)			(2,980)	-
Title IV - Student Support and Academic Enrichment											
84.424	S424A180031	100-034-5063-290	10,000	7/1/18-6/30/19	-	9,245	(9,245)	-	-	-	-
					-	9,245	(9,245)			-	-
Total U.S. Department of Education											
			306,267		-	306,267	(275,209)	-	-	(6,058)	37,116
			1,281		1,281	403,239	(388,123)	-	-	(22,196)	38,593
					\$ -	\$ 403,239	\$ (388,123)	\$ -	\$ -	\$ (22,196)	\$ 38,593

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, 2019

GRANT OR STATE PROJECT NUMBER	STATE GRANTOR PROGRAM TITLE OR CLUSTER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2018	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE, JUNE 30, 2019 ACCOUNTS RECEIVABLE	DUE TO GRANTOR	MEMO	
									BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
New Jersey Department of Education:										
General Fund:										
495-034-5120-078	State Aid Public:	\$ 425,897	7/1/18-6/30/19	-	\$ 425,897	-(425,897)	-	-	\$ 29,048	\$ 425,897
495-034-5120-084	Equalization Aid	94,037	7/1/18-6/30/19	-	94,037	-(94,037)	-	-	6,414	94,037
495-034-5120-085	Adjustment Aid	609,378	7/1/18-6/30/19	-	609,378	-(609,378)	-	-	41,563	609,378
495-034-5120-089	Special Education Categorical Aid	489,699	7/1/18-6/30/19	-	489,699	-(489,699)	-	-	35,400	489,699
	Total State Aid Public				1,619,011	-(1,619,011)	-	-	111,846	1,619,011
495-034-5120-014	Transportation Aid	420,886	7/1/18-6/30/19	-	420,886	-(420,886)	-	-	28,706	420,886
495-034-5120-014	Additional Nonpublic School Transportation Aid	11,729	7/1/18-6/30/19	-	11,729	-(11,729)	-	-	-	11,729
495-034-5120-014	Additional Nonpublic School Transportation Aid	6,143	7/1/17-6/30/18	(6,143)	6,143	-	-	-	-	-
495-034-5120-044	Extraordinary Aid	178,853	7/1/18-6/30/19	-	178,853	-(178,853)	-	-	-	178,853
495-034-5120-044	Extraordinary Aid	119,157	7/1/17-6/30/18	(119,157)	119,157	-	-	-	-	-
100-034-5094-003	Reimbursed TPAF Social Security Contributions	430,269	7/1/18-6/30/19	-	409,097	-(430,269)	(21,172)	-	-	430,269
100-034-5094-003	Reimbursed TPAF Social Security Contributions	422,105	7/1/17-6/30/18	(20,760)	20,760	-	-	-	-	-
495-034-5094-001	TPAF - Post Retirement	493,169	7/1/18-6/30/19	-	493,169	-(493,169)	-	-	-	493,169
495-034-5094-002	TPAF Pension	1,087,238	7/1/18-6/30/19	-	1,087,238	-(1,087,238)	-	-	-	1,087,238
495-034-5094-004	TPAF - Long-Term Disability Insurance (Noncash Assistance)	1,748	7/1/18-6/30/19	-	1,748	-(1,748)	-	-	-	1,748
	Total General Fund			(146,060)	4,177,209	-(4,242,903)	(211,754)	-	140,552	4,242,903
Capital Projects Fund:										
New Jersey School Development Authority (SDA Cluster):										
11-4930-060-09-1003	School Facility Project - School #2 Cafeteria Improvements	35,686	Indefinite	(35,686)	35,686	-	-	-	-	-
11-4930-070-09-1004	School Facility Project - School #3 Security Entrance	23,580	Indefinite	(23,580)	23,580	-	-	-	-	-
04-4930-050-13-1001	School Facility Project - School #1 Roof	149,834	Indefinite	(96,344)	96,344	-	-	-	-	53,490
04-4930-060-13-1002	School Facility Project - School #1 AC	812,000	Indefinite	(793,338)	793,338	-	-	-	-	812,000
04-4930-060-13-2005	School Facility Project - School #2 AC	1,002,000	Indefinite	(1,002,000)	1,002,000	-	-	-	-	1,002,000
04-4930-060-13-2007	School Facility Project - School #3 AC	1,200,000	Indefinite	(1,200,000)	1,200,000	-	-	-	-	1,200,000
04-4930-060-13-2006	School Facility Project - School #5 Security Upgrades	18,653	Indefinite	(6,684)	6,684	-	-	-	-	18,653
04-4930-060-13-2005	School Facility Project - School #2 Security Upgrades	32,705	Indefinite	(9,827)	9,827	-	-	-	-	32,705
	Total New Jersey School Development Authority (SDA Cluster)			(3,167,459)	3,167,459	-	-	-	-	3,951,830
	Total Capital Projects Fund			(3,167,459)	3,167,459	-	-	-	-	3,951,830
New Jersey Department of Agriculture:										
Enterprise Fund:										
100-010-5350-0023	National School Lunch Program	2,543	7/1/18-6/30/19	-	2,083	-(2,543)	(460)	-	-	2,543
100-010-5350-0023	National School Lunch Program	2,687	7/1/17-6/30/18	(2,687)	2,687	-	-	-	-	2,687
	Total Enterprise Fund			(2,687)	4,770	-(2,543)	(460)	-	-	5,230
	Total State Financial Assistance			-(3,316,206)	7,349,438	-(4,245,446)	(212,214)	-	\$ 140,552	\$ 8,199,963
State Financial Assistance Programs not subject to Calculation for Major Program Determination:										
495-034-5094-001	TPAF - Post Retirement Medical (Noncash Assistance)	493,169	7/1/18-6/30/19	-	\$ 493,169	-	-	-	-	493,169
495-034-5094-002	TPAF Pension	1,087,238	7/1/18-6/30/19	-	1,087,238	-(1,087,238)	-	-	-	1,087,238
495-034-5094-004	TPAF - Long-Term Disability Insurance (Noncash Assistance)	1,748	7/1/18-6/30/19	-	1,748	-(1,748)	-	-	-	1,748
	Total State Financial Assistance subject to Calculation for Major Program Determination				\$ 2,663,291	-(2,663,291)	-	-	-	\$ -

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, 2019**

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, 2019. 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, 2019.

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, 2019**

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 \$(947) for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 4,241,956	\$ 4,241,956
Special Revenue Fund	275,209	-	275,209
Food Service Fund	112,914	2,543	115,457
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 388,123</u>	<u>\$ 4,244,499</u>	<u>\$ 4,632,622</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, 2019.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

2) Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? X yes 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>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </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, 2019**

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

State Aid - Public:

Equalization Aid

Categorical Security Aid

Categorical Special Education Aid

Adjustment Aid

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

Finding No. 2019-001:

Criteria of Specific Requirement:

In accordance with maintaining an internal control environment that is effective in the prevention and / or identification of potential financial statement misstatement and / or misclassification, the District should maintain a proper general ledger and subsidiary ledgers for all funds as well as bank reconciliations for all accounts.

Condition:

During our audit we noted that general and subsidiary ledgers and bank reconciliations were not accurately or timely maintained by the School District.

Cause:

Problems with the installation of new accounting system.

Effect or Potential Effect:

Potential financial statement misstatement

Recommendation:

That the District maintain accurate and timely general and subsidiary ledgers and bank reconciliations.

Management Response:

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

Finding No. 2019-002:

Information on the state program:

495-034-5120-078 – Equalization Aid; 495-034-5120-084 – Categorical Security Aid; 495-034-5120-085 – Adjustment Aid; 495-034-5120-089 Categorical Special Education Aid

Criteria or Specific Requirement:

State of New Jersey Grant compliance Supplement-State Aid Public.

Condition:

The District's Board Secretary Report reflects over-expenditures of budget appropriations

Context:

Several budgetary line accounts were over-expended during the fiscal year and at June 30 despite the Board Secretary's monthly certification to the contrary (N.J.A.C. 6A:23A-16.10).

Cause:

Problems with the installation of new accounting system.

Effect:

The District is not in compliance with State Aid Grant program requirements.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

STATE FINANCIAL ASSISTANCE (continued):

Finding No. 2019-002 (continued):

Recommendation:

Approved budgetary line accounts should not be over-expended. The Board Secretary should not approve the issuance of purchase orders that would cause over-expenditure in the line account to be charged, prior to the board approving the requested transfer of additional appropriations to cover such orders. The Board Secretary should file monthly certifications of the budgetary line item status which are consistent with the actual budgetary records.

View of Responsible Officials and Planned Corrective Action:

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

Finding No. 2019-003:

Information on the state program:

495-034-5120-078 – Equalization Aid; 495-034-5120-084 – Categorical Security Aid; 495-034-5120-085 – Adjustment Aid; 495-034-5120-089 Categorical Special Education Aid

Criteria or Specific Requirement:

State of New Jersey Grant compliance Supplement-State Aid Public.

Condition:

The year end Board Secretary and Treasurer’s Report were not prepared and submitted to Executive County Superintendent by August 1st.

Context:

The year end Board Secretary and Treasurer’s Report were not prepared and submitted to Executive County Superintendent by August 1st. These reports must be submitted by August 1st.

Cause:

Lack of oversight

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

STATE FINANCIAL ASSISTANCE (continued):

Finding No. 2019-003 (continued):

Effect:

The District is not in compliance with State Aid Grant program requirements.

Recommendation:

The year-end Board Secretary Report and Treasurer's Report be prepared and remitted to the Executive County Superintendent by August 1st.

View of Responsible Officials and Planned Corrective Action:

Responsible officials agree with this recommendation and will address the matter as part of their corrective action plan.

**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, 2019**

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.