

**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, 2021**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT

SOUTHAMPTON, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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INTRODUCTORY SECTION

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"Building a Tradition of Excellence"



Asia Michael

Superintendent of Schools

February 25, 2022

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

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Southampton Township School District for the fiscal year ended June 30, 2021, 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, 2021, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

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

Introductory Section:

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

Financial Section:

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

Statistical Section:

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

Single Audit Section:

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

REPORTING ENTITY AND ITS SERVICES

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

The School District provides a full range of educational services appropriate to grade levels Pre-K through 8. Our Kindergarten students participate in a full-day program that is further enhanced by the presence of an instructional assistant in each classroom to assist the students, teacher, and supplement instructional activities. In addition, the school District operates a pre-school program for student’s aged 3-5 who have special needs. A full array of support services including comprehensive special education programming, basic skills instruction, guidance services, and enrichment programs are available to our students. The School District’s enrollment as of October 15th for the past ten fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2020-2021	713	1.57%
2019-2020	702	-0.71%
2018-2019	707	-0.84%
2017-2018	713	0.56%
2016-2017	709	2.75%
2015-2016	690	-2.82%
2014-2015	710	-1.80%
2013-2014	723	-2.17%
2012-2013	739	-5.62%
2011-2012	783	-1.39%

ECONOMIC CONDITION AND OUTLOOK

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

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.

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 2020, the School # 1 playground was reconstructed. This involved the replacement of the old equipment with more modern and interactive pieces. This project was made possible in large part by a STAR grant in the amount of \$45,000.

MAJOR INITIATIVES (continued)

The school district's focus on educational programming and educational achievement for the 2020-2021 school year are articulated in the three (3) goals that were developed with input from the teaching staff, Administrative Team, and Board of Education. The goals are as follows:

GOAL #1: The superintendent will lead the administrative team in developing a comprehensive action plan to enhance the school district's climate and culture and address identified issues of diversity and acceptance. During the 2020-2021 school year, the perspective of the School Climate Culture Committee will be utilized along with feedback from staff and students to create a climate and culture inclusive of all students with an emphasis on race, gender, class, and ability. The breadth of the work for this goal will center on professional development for staff and training for students in the area of restorative justice and equity. In addition, the "Wingman" program, designed to enhance student empathy, will be expanded to include lower elementary students. Training for the administrative team will pertain to cultural competence.

By June 2021, data and feedback collected will show a 10% increase in positive school climate ratings by students, staff, and parents, AND 85% of the students in the district will have participated in a restorative circle at least twice each month.

GOAL #2: The superintendent will lead the administrative team and lead teachers in developing an action plan to guide the on-going, district-wide Differentiated Instruction initiative in grades K-8. During the 2020-2021 school year, through training and observation feedback, teachers will be provided with support in order to modify the content, process, and product within their instructional plans. The "Southampton DI Digital Toolkit" will also serve as a resource for professional growth.

By the end of the 2020-2021 school year, there will be a 10% increase in the number of students scoring at or above proficiency in ELA and math across all subgroups, as measured by the 2021 state assessment.

GOAL #3: The superintendent will lead the administrative team in developing an action plan to provide the school community with the foundation for life-long social emotional learning. During the 2020-2021 school year, a multi-year plan will be developed and implemented to help staff and students embody the five SEL Core Competencies: self-management, social awareness, relationship skills, self-awareness, and responsible decision-making. An essential component of this goal will be the successful implementation of the shared MD program for grades 3-5. Training and professional development for students and staff will focus on building positive relationships in an inclusive environment and interacting with staff and the school community in a way that demonstrates cultural competence.

By June 2021, data will show an increase in students' ability to solve problems in peaceful ways, as evidenced by a 10% reduction in office referrals related to peer conflict AND a 10% decrease in founded HIBs based on the annual HIB report.

One of our major initiatives during the 2020-2021 school year was the implementation of our shared Multiple Disabled (MD) program for students in grades 3-5. By partnering with other schools in our region, we were able to bring out-of-district students back in district and save several thousand dollars a year. The coordination of the program with our regional partners, allows us to keep our students within our shared district through grade eight, which each partner serving a different grade band. This program was developed from the ground up. Funds were used to redesign the classroom space to accommodate the needs of the students in the program in our district, create and furnish a separate sensory room, purchase program

MAJOR INITIATIVES (continued)

materials for varying abilities and student levels, contract a separate bus service, and for multiple staff members.

Another major initiative during the 2020-2021 was to provide social and emotional health supports for our entire school community. Going into the new school year, we found that our students, families, and staff were still struggling mentally, socially, and emotionally as a result of the pandemic. We purchased a social and emotional learning (SEL) program to help teachers provide support for students in this area. ESSER II funds were a huge help for us with SEL. We used ESSER II funds to hire a fourth school counselor, to contract the service of consultants to provide SEL training for teachers as well as mental health support for themselves, extended our summer learning programs, and provide a Remote Transition program to help our remote students re-acclimate to campus.

ESSER I funds were utilized to purchase necessary PPE as well as air purifiers. These items greatly help combat the spread of COVID-19 in our buildings. Funds were also used to hire a part-time custodian who helped with the increased cleaning necessary to help sanitize learning spaces and high touch areas throughout the building.

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 Director of Curriculum 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 Atlas, a curriculum platform customized for school districts. Data entry of revised curricula commenced during the summer of 2016 and was completed by September 1, 2018. The state has since revised the standards in a number of content areas; the curricula will be revised this summer and fall to align with the new standards.

Enhancements to the school district's curricula continues to take place. Since the return from remote learning in the spring of 2020, we have converted a number of our instructional practices to electronic devices. The incorporation of instructional technology has occurred across all content areas in grades 2-5. Although there has not been an increase in instructional technology in grades K-1, the addition of resources has helped to enhance the curricula. Overall, we have incorporated revisions in the following areas:

K-8, Art	K-8, Social Studies
K-5, S.T.E.P.	K-8, Spanish
K-5, Library	Grades 3-8, Health
K-8, Vocal Music	Grades 3-6, Technology
K-5, Technology	Grades 6-8 English Language Arts
K-5, Reading	Grade 8, Algebra
K-8, Science	Grade 8, I-STEAM, Design Thinking

Southampton Township School District has continued to improve its educational technology over the past several years. All classrooms, computer labs, and offices have high speed Internet connectivity. The district

MAJOR INITIATIVES (continued)

has three (3) I-STEAM labs, we are one-to-one in grades 3-8, and there are two mobile carts for each grade level in our K-2 building.

During the summer of 2020-2021 the district procured another 350 Chromebooks. With this procurement, a one-to-one initiative has been achieved with Chromebooks for grades 3-8, and the district is close to achieving one-to-one with electronic devices in grades K-2.

The school district has a Smart Board in every classroom, including our special area and POR classrooms, throughout the district. Smart Boards are highly motivating for students and provide them with a hands-on experience that enhances the learning experience for classroom instruction via a multi-sensory approach. In the summer of 2020-2021, six new SMARTBoards were purchased to begin the replacement of our older district models. This will be an ongoing project.

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

Realtime is also used by administrators to conduct staff evaluations, which include pre-observation conferences, classroom observations, post-observation conferences, staff student growth objectives, staff professional development plans, and staff summative evaluations. Realtime is also used in the same capacity by the superintendent for administrator evaluations.

A Parent Portal is another prominent feature of Realtime. The Parent Portal functions as another means of communication between teachers and parents. Now all parents are able to access their child's school related data. Previously, only middle school parents had this opportunity. The data parents can view include grades, schedule, attendance, and school calendar information. In addition, parents are able to schedule desired times during parent-teacher conferences, view digital report cards when they are available, and view and sign off on important documents at the beginning of each school year. A new feature in 2020-2021 allows new families to register their student in our district.

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 2020-2021 were as follows:

GOAL #1: The Board of Education, in consultation with the Superintendent, Business Administrator, and Administration Team will develop a comprehensive action plan to address the social and emotional health needs of the Southampton Township School Community for the 2021–2022 school year.

GOAL #2: The Board of Education, is excited to help transition the 2021–2022 administrative team comprised of familiar faces, but the majority in new roles, including the Superintendent. What is unchanged is the unified goal of serving the students and families of Southampton to the best of our collective abilities. The Board will continue to take advantage of opportunities to communicate and work together, while also keeping the community informed about the good work taking place each and every day in our schools.

MAJOR INITIATIVES (continued)

GOAL #3: The Board of Education in consultation with the Superintendent, and Business Administrator will develop a comprehensive action plan to support the COVID-19 Pandemic School Reopening Plan. This action plan will include educating the school community on the COVID-19 Pandemic School Reopening Plan and ensuring compliance with all necessary local, state and federal health, safety and education guidelines. Detailed action plans will be shared with the public via the Board of Education agenda and community topic presentations at Board of Education meetings.

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.

INTERNAL ACCOUNTING CONTROLS

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

As a recipient of federal and state financial assistance, the district also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluations by the district management.

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

BUDGETARY CONTROLS

In addition to internal accounting controls, the School District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or included as re-appropriations of fund balance in the subsequent year.

ACCOUNTING SYSTEM AND REPORTS

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

OTHER INFORMATION

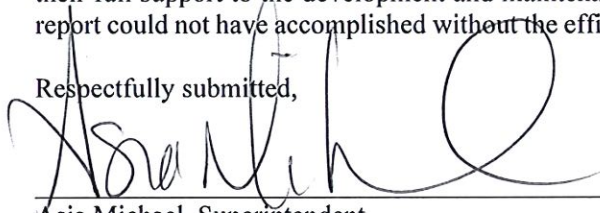
INDEPENDENT AUDIT

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

ACKNOWLEDGEMENTS

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

Respectfully submitted,



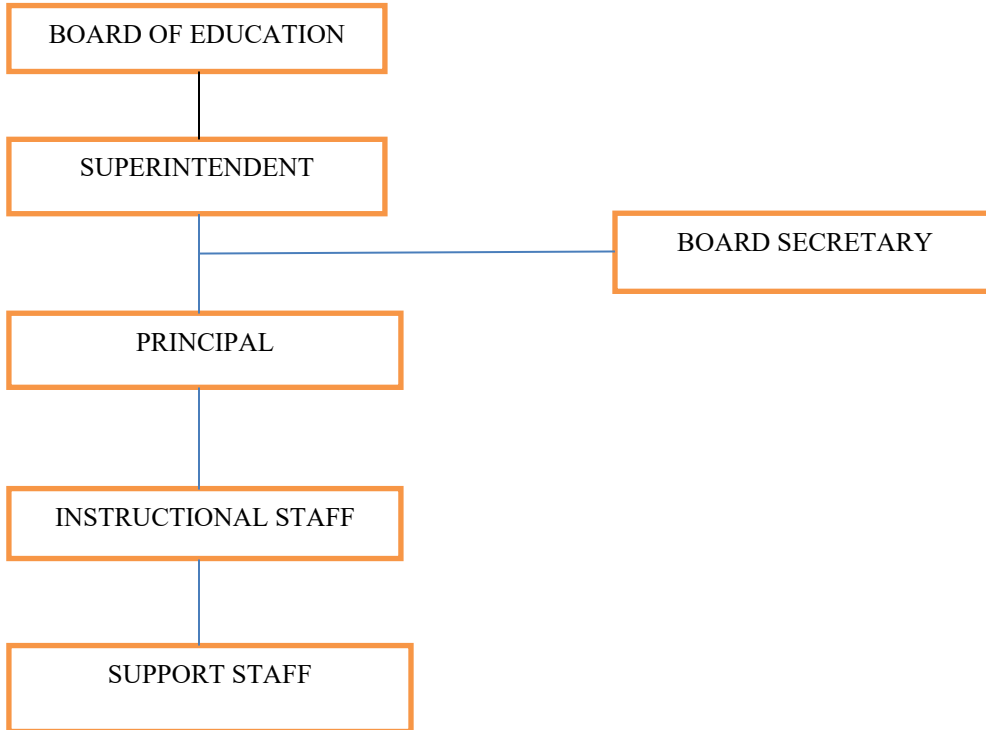
Asia Michael, Superintendent



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, 2021**

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Jeffrey Hicks, President	12/31/2022
Amy Ushkowitz, Vice President	12/31/2022
Russell Hann	12/31/2023
Donald Bozarth	12/31/2021
Sean Cassel	12/31/2023
Suzanne Phillips	12/31/2022
Jennifer Potter	12/31/2021
John McMichael	12/31/2023
Betty Wright	12/31/2021

OTHER OFFICIALS

Asia Michael, Superintendent of Schools

Casey M. DeJoseph, School Business Administrator/Board Secretary

Amy Lerner, Treasurer

Robert A Muccilli, Esq., Solicitor

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Southampton, New Jersey

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Southampton Township School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2021, 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 and requirements 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.

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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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2021 the District adopted new accounting guidance, *GASB Statement No. 84, Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Prior Period Restatement

Due to the implementation of GASB Statement No. 84, fund balance as of June 30, 2020 on the statement of activities and the statement of revenues, expenditures, and changes in fund balances has been restated, as discussed in note 21 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions & 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 and individual fund statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis, as required by the Division of Administration and Finance,

Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and 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* are also not a required part of the basic financial statements.

The combining and individual fund financial statements and long-term debt 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022 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 the effectiveness of the School District's 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,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

David T. McNally
Certified Public Accountant
Public School Accountant, No. 2616

Medford, New Jersey
February 25, 2022

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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, 2021
(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, 2021. 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 two categories: *governmental funds and proprietary funds*.

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,

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

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.

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.

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2021 and 2020.

Table 1
Summary of Net Position

	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 3,882,466	\$ 2,773,719	\$ 1,108,747	40%
Capital Assets, Net	24,017,065	24,208,826	(191,761)	-1%
Total Assets	<u>27,899,531</u>	<u>26,982,545</u>	<u>916,986</u>	3%
Deferred Outflow of Resources	<u>500,776</u>	<u>413,093</u>	<u>87,683</u>	21%

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

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

Table 1
Summary of Net Position (continued)

	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase/ (Decrease)	Percentage Change
Current and other Liabilities	179,517	154,601	24,916	16%
Noncurrent Liabilities	4,303,835	4,903,414	(599,579)	-12%
Total Liabilities	<u>4,483,352</u>	<u>5,058,015</u>	<u>(574,663)</u>	-11%
Deferred Inflow of Resources	<u>1,234,208</u>	<u>1,302,249</u>	<u>(68,041)</u>	100%
Net Position:				
Net Investment in Capital Assets	21,847,065	21,488,826	358,239	2%
Restricted	2,932,244	2,170,809	761,435	35%
Unrestricted (Deficit)	(2,096,562)	(2,624,261)	527,699	-20%
Total Net Position	<u>\$ 22,682,747</u>	<u>\$ 21,035,374</u>	<u>\$ 1,647,373</u>	8%

Table 2 reflects the changes in net position for fiscal years 2021 and 2020.

Table 2
Summary of Changes in Net Position

	June 30, <u>2021</u>	June 30, <u>2020</u>	Increase/ (Decrease)	Percentage Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 6,664	\$ 93,959	\$ (87,295)	-93%
Operating Grants & Contributions	5,375,729	3,059,248	2,316,481	76%
General Revenues:				
Property Taxes	12,609,602	12,374,184	235,418	2%
Federal & State Aid	2,008,434	2,120,392	(111,958)	-5%
Other General Revenues	185,551	135,963	49,588	36%
Total Revenues	<u>20,185,980</u>	<u>17,783,746</u>	<u>2,402,234</u>	14%
Function/Program Expenses:				
Regular Instruction	4,077,977	4,052,413	25,564	1%
Special Education Instruction	1,449,354	1,385,534	63,820	5%
Other Instruction	303,684	501,479	(197,795)	-39%
Tuition	898,801	824,758	74,043	9%
Student & Instruction Related Services	1,809,231	1,739,133	70,098	4%
General Administrative	379,814	382,807	(2,993)	-1%
School Administrative Services	497,109	476,205	20,904	4%
Central Services	253,922	246,711	7,211	3%
Administrative Information Technology	100,763	109,878	(9,115)	-8%
Plant Operations & Maintenance	1,154,842	1,332,630	(177,788)	-13%
Pupil Transportation	608,066	623,571	(15,505)	-2%
Unallocated Benefits	3,515,545	1,647,390	1,868,155	113%
On Behalf TPAF Pension and Social Security Contributions	2,780,568	2,394,084	386,484	16%
Interest & Other Charges	73,203	84,891	(11,688)	-14%
Unallocated Depreciation	415,390	321,928	93,462	29%
Food Service	220,338	207,936	12,402	6%
Total Expenses	<u>18,538,607</u>	<u>16,331,348</u>	<u>2,207,259</u>	14%
Change In Net Position	1,647,373	1,452,398	194,975	13%
Net Position - Beginning	21,035,374	19,582,976	1,452,398	7%
Net Position - Ending	<u>\$ 22,682,747</u>	<u>\$ 21,035,374</u>	<u>\$ 1,647,373</u>	8%

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Governmental Activities

Governmental activities increased the net position of the School District by \$1,650,589 or 7.9% during the current fiscal year.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$22,567,320 with an unrestricted deficit balance of \$2,110,955. As mentioned earlier, deficit unrestricted net position are primarily due to accounting treatment for compensated absences payable, net pension liability and the last 2 state aid payments. The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

Table 3

Unrestricted Net Position (With GASB 68)	\$	(2,110,955)
Add back: PERS Pension Liability		1,872,603
Add back: Deferred Inflows related to pensions		1,234,208
Less: Deferred Outflows related to pensions		<u>(500,776)</u>
Unrestricted Net Position (Without GASB 68)	<u>\$</u>	<u>495,080</u>

Business-type Activities

At the end of the current fiscal year, the School District's proprietary funds (Food Service Fund) reported an ending net position of \$115,427, a decrease of \$3,216 from the prior year.

General Fund Budgeting Highlights

Final budgeted revenues was \$13,921,355, which was equal to the original budget. Final budgeted appropriations was \$14,339,447, which was an increase of \$93,133 from the original budget. The difference is the combination of prior year reserve for encumbrances and a withdrawal from Maintenance Reserve.

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 \$3,832,493, an increase of \$1,082,351 or 39.36% from the prior year fund balance in the amount of \$2,750,142.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$24,017,065 (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 \$191,761. Table 4 reflects the capital assets.

Table 4
Summary of Capital Assets - Governmental Activities

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2021</u>	June 30, <u>2020</u>
Land	\$ 564,918	\$ 564,918
Construction in Progress	9,040,251	9,040,251
Building and Improvements	13,462,105	13,666,073
Equipment	848,757	833,550
	<u>\$ 23,916,031</u>	<u>\$ 24,104,792</u>
Depreciation Expense	<u>\$ 415,390</u>	<u>\$ 321,928</u>

Summary of Capital Assets - Business-Type Activities

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2021</u>	June 30, <u>2020</u>
Equipment	\$ 101,034	\$ 104,034
	<u>\$ 101,034</u>	<u>\$ 104,034</u>
Depreciation Expense	<u>\$ 3,000</u>	<u>\$ 3,000</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 \$2,170,000, which is a decrease of \$550,000 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.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited) (Continued)

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 2021-22 fiscal year:

- State funding losses due to S-2 legislation
- Re-acclimation of staff and students to in-person instruction in the District
- Managing COVID-19 expenses

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.

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 2020 direct state aid was \$1,929,551 representing a mere 13.9% of the \$13.9 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 84.7% 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.

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, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 1,523,258	\$ -	\$ 1,523,258
Receivables, Net (Note 4)	329,774	41,878	371,652
Inventory	-	3,630	3,630
Restricted Cash & Cash Equivalents	1,983,926	-	1,983,926
Capital Assets, Net (Note 5)			
Non-depreciable	9,605,169	-	9,605,169
Depreciable	14,310,862	101,034	14,411,896
Total Assets	27,752,989	146,542	27,899,531
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	500,776	-	500,776
Total Deferred Outflow of Resources	500,776	-	500,776
LIABILITIES:			
Cash Deficit	-	13,317	13,317
Accounts Payable	7,371	-	7,371
Due to Other Governments	128,120	-	128,120
Unearned Revenue	9,644	5,248	14,892
Accrued Interest	15,817	-	15,817
Internal Balances	(12,550)	12,550	-
Noncurrent Liabilities (Note 7):			
Due within one year	550,000	-	550,000
Due in more than one year	3,753,835	-	3,753,835
Total Liabilities	4,452,237	31,115	4,483,352
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	1,234,208	-	1,234,208
Total Deferred Inflow of Resources	1,234,208	-	1,234,208
NET POSITION:			
Net Investment in Capital Assets	21,746,031	101,034	21,847,065
Restricted for:			
Capital Projects	1,057,449	-	1,057,449
Debt Service	181,522	-	181,522
Emergency Reserve	1	-	1
Maintenance Reserve	868,231	-	868,231
Other Purposes	86,378	-	86,378
Excess Surplus	738,663	-	738,663
Unrestricted (Deficit)	(2,110,955)	14,393	(2,096,562)
Total Net Position	\$ 22,567,320	\$ 115,427	\$ 22,682,747

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, 2021**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 4,077,977	\$ -	\$ 166,102	\$ (3,911,875)	\$ -	\$ (3,911,875)
Special Education Instruction	1,449,354	-	-	(1,449,354)	-	(1,449,354)
Other Instruction	303,684	-	-	(303,684)	-	(303,684)
Support Services:						
Tuition	898,801	-	253,495	(645,306)	-	(645,306)
Student & Instruction Related Services	1,809,231	-	82,744	(1,726,487)	-	(1,726,487)
General Administrative	379,814	-	-	(379,814)	-	(379,814)
School Administrative Services	497,109	-	-	(497,109)	-	(497,109)
Central Services	253,922	-	-	(253,922)	-	(253,922)
Administrative Information Technology	100,763	-	-	(100,763)	-	(100,763)
Plant Operations & Maintenance	1,154,842	-	-	(1,154,842)	-	(1,154,842)
Pupil Transportation	608,066	-	-	(608,066)	-	(608,066)
Unallocated Benefits	3,515,545	-	1,883,106	(1,632,439)	-	(1,632,439)
On Behalf TPAF Pension and Social Security Contributions	2,780,568	-	2,780,568	-	-	-
Interest & Other Charges	73,203	-	-	(73,203)	-	(73,203)
Unallocated Depreciation	415,390	-	-	(415,390)	-	(415,390)
Total Governmental Activities	18,318,269	-	5,166,015	(13,152,254)	-	(13,152,254)
Business-Type Activities:						
Food Service	220,338	6,664	209,714	-	(3,960)	(3,960)
Total Business-Type Activities	220,338	6,664	209,714	-	(3,960)	(3,960)
Total Primary Government	\$ 18,538,607	\$ 6,664	\$ 5,375,729	\$ (13,152,254)	\$ (3,960)	\$ (13,156,214)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				12,006,308	-	12,006,308
Property Taxes, Levied for Debt Service				603,294	-	603,294
Federal & State Aid Not Restricted				2,008,434	-	2,008,434
Tuition Charges				12,210	-	12,210
Miscellaneous				172,597	744	173,341
Total General Revenues				14,802,843	744	14,803,587
Change In Net Position				1,650,589	(3,216)	1,647,373
Net Position - Beginning (Restated - Note 21)				20,916,731	118,643	21,035,374
Net Position - Ending				\$ 22,567,320	\$ 115,427	\$ 22,682,747

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

B. Fund Financial Statements

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Governmental Funds

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SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash & Cash Equivalents	\$ 1,343,415	\$ 9,435	\$ -	\$ 181,522	\$ 1,534,372
Receivables, Net:					
Interfund Receivable	50,621	-	477	-	51,098
Due from Other Governments:					
State	250,705	-	-	-	250,705
Federal	-	49,843	-	-	49,843
Other Receivables	2,019	-	27,207	-	29,226
Restricted Cash & Cash Equivalents	1,983,926	-	-	-	1,983,926
Total Assets	\$ 3,630,686	\$ 59,278	\$ 27,684	\$ 181,522	\$ 3,899,170
LIABILITIES & FUND BALANCES:					
Liabilities:					
Cash Deficit	\$ -	\$ -	\$ 11,114	\$ -	\$ 11,114
Payroll Taxes and Deductions Withholdings	7,371	-	-	-	7,371
Interfund Payable	477	38,071	-	-	38,548
Unearned Revenue	-	9,644	-	-	9,644
Total Liabilities	7,848	47,715	11,114	-	66,677
Fund Balances:					
Restricted for:					
Capital Reserve	1,040,879	-	-	-	1,040,879
Emergency reserve	1	-	-	-	1
Maintenance reserve	868,231	-	-	-	868,231
Unemployment Compensation	74,815	-	-	-	74,815
Scholarships	-	2,849	-	-	2,849
Student Activities	-	8,714	-	-	8,714
Excess Surplus - Current year	438,663	-	-	-	438,663
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	300,000	-	-	-	300,000
Capital Projects	-	-	16,570	-	16,570
Debt Service	-	-	-	181,522	181,522
Assigned to:					
Designated for Subsequent Year's Expenditures	179,562	-	-	-	179,562
Other Purposes	96,234	-	-	-	96,234
Unassigned	624,453	-	-	-	624,453
Total Fund Balances	3,622,838	11,563	16,570	181,522	3,832,493
Total Liabilities & Fund Balances	\$ 3,630,686	\$ 59,278	\$ 27,684	\$ 181,522	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$34,365,579 and the accumulated depreciation is \$10,449,548.	23,916,031
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.	
Deferred Outflows related to pensions	500,776
Deferred Inflows related to pensions	(1,234,208)
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.	(15,817)
Accrued pension contributions for the June 30, 2021 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.	(128,120)
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.	(4,303,835)
Net Position of Governmental Activities	\$ 22,567,320

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

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 12,006,308	\$ -	\$ -	\$ 603,294	\$ 12,609,602
Tuition Charges	12,210	-	-	-	12,210
Miscellaneous	165,678	49,645	6,919	-	222,242
Total Local Sources	12,184,196	49,645	6,919	603,294	12,844,054
State Sources	4,565,922	-	-	-	4,565,922
Federal Sources	11,025	452,696	-	-	463,721
Total Revenues	16,761,143	502,341	6,919	603,294	17,873,697
Expenditures:					
Instruction:					
Regular Instruction	3,911,875	166,102	-	-	4,077,977
Special Education Instruction	1,449,354	-	-	-	1,449,354
Other Instruction	303,684	-	-	-	303,684
Support Services:					
Tuition	645,306	253,495	-	-	898,801
Student & Instruction Related Services	1,727,142	82,089	-	-	1,809,231
General Administrative	379,814	-	-	-	379,814
School Administrative Services	497,109	-	-	-	497,109
Central Services	253,922	-	-	-	253,922
Administrative Information Technology	100,763	-	-	-	100,763
Plant Operations & Maintenance	1,154,842	-	-	-	1,154,842
Pupil Transportation	608,066	-	-	-	608,066
Unallocated Benefits	1,835,542	-	-	-	1,835,542
On Behalf TPAF Pension and Social Security Contributions	2,568,513	-	-	-	2,568,513
Capital Outlay	226,629	-	-	-	226,629
Debt Service:					
Principal	-	-	-	550,000	550,000
Interest & Other Charges	23,805	-	-	53,294	77,099
Total Expenditures	15,686,366	501,686	-	603,294	16,791,346
Excess/(Deficiency) of Revenues over Expenditures Before Other Financing Sources/(Uses)	1,074,777	655	6,919	-	1,082,351
Other Financing Sources (Uses):					
Transfers in	6,919	-	-	-	6,919
Transfers out	-	-	(6,919)	-	(6,919)
Total Other Financing Sources (Uses)	6,919	-	(6,919)	-	-
Net changes in fund balances	1,081,696	655	-	-	1,082,351
Fund Balance, July 1 (Restated - Note 21)	2,541,142	10,908	16,570	181,522	2,750,142
Fund Balance, June 30	\$ 3,622,838	\$ 11,563	\$ 16,570	\$ 181,522	\$ 3,832,493

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, 2021**

Total Net Changes in Fund Balances - Governmental Funds (B-2) \$ 1,082,351

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	\$ (415,390)	
	Capital Outlays	<u>226,629</u>	
			(188,761)

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. 167,970

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. 550,000

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 (+). 3,896

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 (+). 35,133

Change in Net Position of Governmental Activities \$ 1,650,589

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Proprietary Funds

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2021**

ASSETS	<u>FOOD SERVICE</u>
Current Assets:	
Accounts Receivable:	
State	\$ 1,840
Federal	40,038
Inventories	<u>3,630</u>
Total Current Assets	<u>45,508</u>
Noncurrent Assets:	
Equipment	172,992
Less: Accumulated Depreciation	<u>(71,958)</u>
Total Capital Assets	<u>101,034</u>
Total Assets	<u>146,542</u>
LIABILITIES	
Current Liabilities:	
Cash Deficit	13,317
Unearned Revenue	5,248
Interfunds Payable	<u>12,550</u>
Total Liabilities	<u>31,115</u>
NET POSITION	
Net Position:	
Investment in Capital Assets	101,034
Unrestricted	<u>14,393</u>
Total Net Position	<u><u>\$ 115,427</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, 2021**

	FOOD SERVICE
Operating Revenues:	
Charges for service:	
Daily sales - non-reimbursable programs	\$ 6,664
Total Operating Revenue	6,664
Operating Expenses:	
Cost of Sales - Reimbursable Programs	86,001
Cost of Sales - nonreimbursable programs	2,723
Salaries	90,017
Management Fee	24,452
Miscellaneous	7,119
Supplies and Materials	7,026
Depreciation	3,000
Total Operating Expenses	220,338
Operating Income/(Loss)	(213,674)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	7,097
Federal Sources:	
National School Lunch Program	137,634
Healthy Hunger-Free Kids Act	2,745
School Breakfast Program	38,535
Food Distribution Program	23,703
Interest Earnings	744
Total Nonoperating Revenues/Expenses	210,458
Change in Net Position	(3,216)
Total Net Position - Beginning	118,643
Total Net Position - Ending	\$ 115,427

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, 2021**

	FOOD SERVICE
Cash Flows From Operating Activities:	
Receipts from Customers	\$ 4,645
Payments to Employees	(90,017)
Payments for Supplies and Services	(88,365)
Net Cash Provided by/(Used for) Operating Activities	(173,737)
Cash Flows From Noncapital Financing Activities:	
State Sources	5,881
Federal Sources	142,454
Net Cash Provided by (Used for) Non Capital & Related Financing Activities	148,335
Cash Flows From Investing Activities:	
Interest & Dividends	744
Net Cash Provided by Investing Activities	744
Net Increase/(Decrease) in Cash & Cash Equivalents	(24,658)
Cash & Cash Equivalents, July 1	11,341
Cash & Cash Equivalents, June 30	\$ (13,317)

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

Operating Income/(Loss)	\$ (213,674)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:	
Food Distribution Program	23,703
Depreciation & Net Amortization	3,000
Increase/(Decrease) in Unearned Revenue	(2,019)
(Increase)/Decrease in Inventories	2,703
(Increase)/Decrease in Interfund Payable	12,550
Total Adjustments	39,937
Net Cash Provided/(Used) by Operating Activities	\$ (173,737)

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

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NOTES TO FINANCIAL STATEMENTS

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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, 2021 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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 80, *Blending Requirements for certain component units – and Amendment of GASB Statement No. 14* and GASB Statement No. 90, *Majority Equity Interests – An amendment of GASB Statements No. 14 and No. 61*. The District had no component units as of or for the year ended June 30, 2021.

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.

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, 2021

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, 2021

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.

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. 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 and proprietary funds.

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

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

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

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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 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.

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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

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

Budgets/Budgetary Control

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

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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

year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

Encumbrances

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

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

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

Cash and Cash Equivalents

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

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, 2021 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, 2021**

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.

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, 2021**

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, 2021

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, 2021.
- 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, 2021**

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, 2021:

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, 2019.

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, 2019.

Recently Issued Accounting Pronouncements

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

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 June 15, 2021. Management has not yet determined the potential impact on the District's financial statements.

Deferred Outflows and Deferred Inflows of Resources

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

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021**

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan’s fiduciary net position 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, 2021, the District’s bank balance of \$4,327,725 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	4,258,176
Uninsured and Uncollateralized		69,549
		\$ 4,327,725

Investments

The School District has no investments at June 30, 2021.

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.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 3. Reserve Accounts (continued):

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020		\$	1,032,101
Increased by:			
Interest Earnings			8,778
Ending Balance, June 30, 2021		\$	1,040,879

The June 30, 2021 balance did not exceed the LRFPP balance of local support costs of uncompleted capital projects.

B. Maintenance Reserve Account

The District established a Maintenance Reserve Account for the accumulation of Funds for use as maintenance expenditures in subsequent fiscal years. The Maintenance Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both.

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020		\$	421,430
Increased by:			
Interest Earnings			5,201
Deposits approved by Board on June 28, 2021			450,000
			455,201
Decreased by:			
Budget Withdrawals			(8,400)
Ending Balance, June 30, 2021		\$	868,231

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 3. Reserve Accounts (continued):

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.

Ending Balance, June 30, 2021 and 2020 \$ 1

Note 4. Accounts Receivable

Accounts receivable at June 30, 2021 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 funds, in the aggregate, are as follows:

<u>Description</u>	Governmental Funds			Total Governmental <u>Activities</u>
	General <u>Fund</u>	Special Revenue <u>Fund</u>	Capital Projects <u>Fund</u>	
Federal Awards	\$ -	\$ 49,843	\$ -	\$ 49,843
State Awards	250,705	-	-	250,705
Other	2,019	-	27,207	29,226
Total	<u>\$ 252,724</u>	<u>\$ 49,843</u>	<u>\$ 27,207</u>	<u>\$ 329,774</u>

<u>Description</u>	Proprietary Funds	Total Business-Type <u>Activities</u>
	Food Service <u>Fund</u>	
Federal Awards	\$ 40,038	\$ 40,038
State Awards	1,840	1,840
Other	-	-
Total	<u>\$ 41,878</u>	<u>\$ 41,878</u>

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 5. Capital Assets (continued):

	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2021</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 564,918	\$ -	\$ -	\$ 564,918
Construction in Progress	9,040,251	-	-	9,040,251
Total Capital Assets not being depreciated	<u>9,605,169</u>	<u>-</u>	<u>-</u>	<u>9,605,169</u>
Capital Assets being depreciated:				
Buildings and Improvements	22,677,160	189,203	-	22,866,363
Equipment	1,856,621	37,426	-	1,894,047
Total Capital Assets being depreciated	<u>24,533,781</u>	<u>226,629</u>	<u>-</u>	<u>24,760,410</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(9,011,087)	(393,171)	-	(9,404,258)
Equipment	(1,023,071)	(22,219)	-	(1,045,290)
Total Accumulated Depreciation	<u>(10,034,158)</u>	<u>(415,390)</u>	<u>-</u>	<u>(10,449,548)</u>
Total Capital Assets being depreciated, net	<u>14,499,623</u>	<u>(188,761)</u>	<u>-</u>	<u>14,310,862</u>
Total Governmental Activities Capital Assets, net	<u>\$ 24,104,792</u>	<u>\$ (188,761)</u>	<u>\$ -</u>	<u>\$ 23,916,031</u>
	Balance July 1, <u>2020</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2021</u>
Business-Type Activities:				
Equipment	\$ 172,992	\$ -	\$ -	\$ 172,992
	<u>172,992</u>	<u>-</u>	<u>-</u>	<u>172,992</u>
Less: Accumulated Depreciation:				
Equipment	(68,958)	(3,000)	-	(71,958)
	<u>(68,958)</u>	<u>(3,000)</u>	<u>-</u>	<u>(71,958)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 104,034</u>	<u>\$ (3,000)</u>	<u>\$ -</u>	<u>\$ 101,034</u>

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2021 are as follows:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 6. Interfund Receivables, Payables and Transfers (continued):

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 50,621	\$ 477
Special Revenue Fund	-	38,071
Capital Projects Fund	477	-
Food Service Fund	-	12,550
	\$ 51,098	\$ 51,098

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	\$ 6,919	\$ -
Capital Projects Fund	-	6,919
	\$ 6,919	\$ 6,919

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2021 the following changes occurred in long-term obligations:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2021</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 2,720,000	\$ -	\$ 550,000	\$ 2,170,000	\$ 550,000
Compensated Absences	296,365	-	35,133	261,232	-
Net Pension Liability	1,887,049	-	14,446	1,872,603	-
	\$ 4,903,414	\$ -	\$ 599,579	\$ 4,303,835	\$ 550,000

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.

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 7. Long-Term Obligations (continued):

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").

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>
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
	\$ 2,170,000	\$ 95,263	\$ 2,265,263

Bonds Authorized But Not Issued:

As of June 30, 2021, the District had no authorized but not issued bonds.

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 annual financial statements, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

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

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

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

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 2020, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2021, the School District reported a liability of \$1,872,603 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. 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, 2020. The School District's proportion measured as of June 30, 2020, was 0.01148%, which was an increase of 0.00101% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2021, the School District recognized full accrual pension expense of \$(42,050) in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2020 measurement date. At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 34,097	\$ 6,622
Changes of Assumptions	60,749	784,077
Net Difference between Projected and Actual Earnings on Pension Plan Investments	64,007	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	213,803	443,509
School District Contributions Subsequent to Measurement Date	128,120	-
	\$ 500,776	\$ 1,234,208

\$128,120 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is based on the amount payable to the State due April 1, 2022 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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 <u>June 30,</u>	<u>Amount</u>
2021	\$ (385,803)
2022	(367,529)
2023	(204,448)
2024	(33,212)
2025	129,440
	\$ (861,552)

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, 2021**

Note 8. Pension Plans (continued):

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

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>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	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
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
June 30, 2019	-	5.21
June 30, 2020	-	5.16
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	-
June 30, 2019	5.00	-
June 30, 2020	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
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

Actuarial Assumptions – The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
Period of Actuarial Experience	
Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 3.50% as of June 30, 2019 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 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the discount rate of 7.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	<u>\$ 2,375,832</u>	<u>\$ 1,872,603</u>	<u>\$ 1,472,820</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2021 and 2020:

Balances at June 30, 2021 and June 30, 2020

	<u>6/30/2021</u>	<u>6/30/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2020	June 30, 2019
Collective Deferred Outflows of Resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective Deferred Inflows of Resources	7,849,949,467	7,645,087,574
Collective Net Pension Liability	16,435,616,426	18,143,832,135
District's portion of the Plan's total Net Pension Liability	0.01148%	0.01047%

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/annrpts.shtml.

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 8. Pension Plans (continued):

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

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. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the School District does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2020 was \$37,785,436. The School District's proportionate share was \$-0-.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.05738%, which was an increase of .00323% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the School District recognized \$2,349,659 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, 2020 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 - 4.45% Based on Years of Service
Thereafter	2.75 - 5.65% Based on Years of Service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2020) 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, 2020 are summarized in the following table:

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%

Discount Rate - The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020, 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 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 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 5.40% 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, 2021**

Note 8. Pension Plans (continued):

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

	1% Decrease <u>(4.40%)</u>	Current Discount Rate <u>(5.40%)</u>	1% Increase <u>(6.40%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	44,383,414	37,785,436	32,306,918
	<u>\$ 44,383,414</u>	<u>\$ 37,785,436</u>	<u>\$ 32,306,918</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, 2020 and 2019:

Balances at June 30, 2021 and June 30, 2020

	<u>6/30/2020</u>	<u>6/30/2019</u>
Actuarial valuation date (including roll forward)		
Collective Deferred Outflows of Resources	\$ 9,626,548,228	\$ 10,129,162,237
Collective Deferred Inflows of Resources	14,591,988,841	17,736,240,054
Collective Net Pension Liability	65,993,498,688	61,519,112,443
District's portion of the Plan's total Net Pension Liability	0.05738%	0.05415%

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;

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 8. Pension Plans (continued):

C. Defined Contribution Plan (DCRP) (continued)

- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2020 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, 2021, employee contributions totaled \$3,172, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$1,730.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

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

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other 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 is 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, 2020, was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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.

Total Nonemployer OPEB Liability: \$ 67,809,962,608

Inflation Rate: 2.5%

	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.45% based on years of service	2.00 - 6.00% based on years of service	3.25 - 15.25% based on years of service
Thereafter	1.55 - 4.45% based on years of service	3.00 - 7.00% based on years of service	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, 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, 2020 was \$42,708,668. The School District's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2020, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. 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, 2020, the State proportionate share of the OPEB Obligation attributable to the School District was 0.06298%, which was an increase of 0.000318% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the State of New Jersey recognized an OPEB expense in the amount of \$1,883,106 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, 2020 measurement date.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate

The following presents the total nonemployer OPEB liability as of June 30, 2020, 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:

	June 30, 2020		
	At 1% Decrease (1.21%)	At Discount Rate (2.21%)	At 1% Increase (3.21%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 51,487,504	\$ 42,708,668	\$ 35,844,464
State of New Jersey's Total Non- employer Liability	\$ 81,748,410,002	\$ 67,809,962,608	\$ 56,911,439,160

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued)

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, 2020, 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, 2020		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 34,475,877	\$ 42,708,668	\$ 52,512,092
State of New Jersey's Total Nonemployer OPEB Liability	\$ 54,738,488,540	\$ 67,809,962,608	\$ 83,375,182,975

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2020 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion Differences between Expected & Actual Experience	\$ 10,295,318,750	\$ (9,170,703,615)
Change in Assumptions	-	-
Contributions Made in Fiscal Year Year Ending 2020 After June 30, 2019 Measurement Date **	11,534,251,250	(7,737,500,827)
	TBD	-
	\$ 21,829,570,000	\$ (16,908,204,442)

** Employer Contributions made after June 30, 2020 are reported as a deferred outflow of resources, but are not amortized in expense.

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 9. Other Post-Retirement Benefits (continued)

Fiscal Year Ending June 30,	
2021	\$ 43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Thereafter	<u>4,704,163,473</u>
	<u>\$ 4,921,365,558</u>

Plan Membership

At June 30, 2019, the Program membership consisted of the following:

	<u>June 30, 2019</u>
Active Plan Members	216,804
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	<u>149,304</u>
	<u>366,108</u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

Total OPEB Liability

Service Cost	\$ 1,790,973,822
Interest Cost	1,503,341,357
Difference Between Expected & Actual Experience	11,544,750,637
Changes of Assumptions	12,386,549,981
Contributions: Member	35,781,384
Gross Benefit Payments	<u>(1,180,515,618)</u>
Net Change in Total OPEB Liability	26,080,881,563
Total OPEB Liability (Beginning)	<u>41,729,081,045</u>
Total OPEB Liability (Ending)	<u>\$ 67,809,962,608</u>
Total Covered Employee Payroll	\$ 14,267,738,658
Net OPEB Liability as a Percentage of Payroll	475%

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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, 2021, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$1,627,554, \$429,533, \$510,050 and \$1,376, respectively.

Note 11. Risk Management

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

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 14,715	\$ 1,523	\$ -	\$ 74,815
2019-2020	7,229	1,045	5,729	58,577
2018-2019	11,500	-	32,097	56,032

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, 2021 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.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

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

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, 2021 is \$261,232.

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, 2021 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

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Note 16. Tax Abatements (continued)

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, 2021 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$96,234.

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, 2021 was \$438,663.

Note 19. Fund Balance

General Fund – Of the \$3,622,838 General Fund fund balance at June 30, 2021, \$1,040,879 has been reserved in the Capital Reserve account; \$1 has been reserved in the Emergency Reserve account; \$868,231 has been reserved for the Maintenance Reserve account; \$74,815 is restricted for Unemployment Compensation; \$438,663 is restricted for excess surplus; \$300,000 is restricted for excess surplus – designated for subsequent year's expenditures; \$179,562 has been assigned as designated for subsequent year's expenditures; \$96,234 has been reserved for encumbrances; and \$624,453 is unassigned.

Special Revenue Fund – Of the \$11,563 Special Revenue Fund fund balance at June 30, 2021, \$8,714 is restricted for student activities and \$2,849 is restricted for scholarships.

Capital Projects Fund – Of the \$16,570 Capital Projects Fund fund balance at June 30, 2021, \$16,570 is restricted for capital projects.

Debt Service Fund – Of the \$181,522 Debt Service Fund fund balance at June 30, 2021, \$181,522 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 \$(2,110,955) at June 30, 2021. 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, 2021.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

Note 21. Prior Period Adjustment/Restatement of Net Position and Fund Balance

During the year ended June 30, 2021 the District adopted GASB Statement No. 84, *Fiduciary Activities* (See Note 1). The District adjusted its beginning balances to reflect all newly adopted standards for its Restricted Net Position and Restricted Fund Balance for New Jersey Unemployment Trust Fund, Scholarships and Student Activities. The beginning balances as of July 1, 2020 were adjusted as follows:

Prior Period Adjustment to Net Position

Balance, July 1, 2020 prior to Adjustment	\$ 20,847,246
Add:	
New Jersey Unemployment Trust	58,577
Scholarship	1,731
Student Activities	<u>9,177</u>
Balance, July 1, 2020 Restated	<u>\$ 20,916,731</u>

Prior Period Adjustment to Fund Balance (General Fund)

Balance, July 1, 2020 prior to Adjustment	\$ 2,482,565
Add:	
New Jersey Unemployment Trust	<u>58,577</u>
Balance, July 1, 2020 Restated	<u>\$ 2,541,142</u>

Prior Period Adjustment to Fund Balance (Special Revenue Fund)

Balance, July 1, 2020 prior to Adjustment	\$ -
Add:	
Scholarship	1,731
Student Activities	<u>9,177</u>
Balance, July 1, 2020 Restated	<u>\$ 10,908</u>

Note 22. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2021 and February 25, 2022, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

The COVID-19 pandemic is ongoing. Because of the evolving nature of the outbreak and federal, state and local responses, it cannot be predicted how the outbreak will impact the financial condition or operations of the District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. To date the School District has not been materially and adversely affected financially due to the virus.

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REQUIRED SUPPLEMENTARY INFORMATION-PART II

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C. Budgetary Comparison Schedules

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**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 12,006,308	\$ -	\$ 12,006,308	\$ 12,006,308	\$ -
Tuition	10-1300	2,801	-	2,801	12,210	9,409
Interest Earned on Maintenance Reserve	10-xxxx	500	-	500	5,201	4,701
Interest Earned on Capital Reserve	10-1500	500	-	500	8,778	8,278
Unrestricted Miscellaneous Revenues	10-1900	139,289	-	139,289	135,461	(3,828)
Other Restricted Miscellaneous Revenue	10-xxxx	-	-	-	16,238	16,238
Total Local Sources		12,149,398	-	12,149,398	12,184,196	34,798
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	321,629	-	321,629	321,629	-
Categorical Transportation Aid	10-3121	420,886	-	420,886	420,886	-
Extraordinary Aid	10-3131	-	-	-	221,241	221,241
Aid for Adult and Post-Graduate Programs	10-3191	-	-	-	8,120	8,120
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	1,627,554	1,627,554
On-Behalf TPAF Post Retirement Medical Contributions		-	-	-	510,050	510,050
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,376	1,376
Reimbursed TPAF Social Security Contributions		-	-	-	429,533	429,533
Total State Sources		1,752,148	-	1,752,148	4,550,022	2,797,874
Federal Sources:						
Medicaid Reimbursement	10-4200	19,809	-	19,809	11,025	(8,784)
Total Federal Sources		19,809	-	19,809	11,025	(8,784)
Total Revenues		13,921,355	-	13,921,355	16,745,243	2,823,888
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Preschool/Kindergarten	11-110-100-101	271,985	-	271,985	271,985	-
Grades 1 - 5	11-120-100-101	1,636,825	273,456	1,910,281	1,873,600	36,681
Grades 6 - 8	11-130-100-101	1,169,265	(55,348)	1,113,917	1,106,288	7,629
Regular Programs - Home Instruction:						
Salaries of Teachers	11-150-100-101	6,180	-	6,180	2,827	3,353
Purchased Professional/Educational Services	11-150-100-320	500	-	500	-	500
Regular Programs - Undistributed Instruction:						
Purchased Professional/Educational Services	11-190-100-320	490,432	-	490,432	459,449	30,983
Other Purchased Services	11-190-100-500	38,000	8,507	46,507	46,507	-
General Supplies	11-190-100-610	197,276	8,268	205,544	143,380	62,164
Textbooks	11-190-100-640	25,823	-	25,823	7,839	17,984
Other Objects	11-190-100-800	52,390	-	52,390	-	52,390
Total Regular Programs		3,888,676	234,883	4,123,559	3,911,875	211,684
Special Education:						
Learning and/or Language Disabilities:						
Salaries of Teachers	11-204-100-101	237,525	-	237,525	237,255	270
Purchased Profess. & Educ. Services	11-204-100-320	80,296	-	80,296	74,754	5,542
Total Learning and/or Language Disabilities		317,821	-	317,821	312,009	5,812
Resource Room/ Resource Center:						
Salaries of Teachers	11-213-100-101	977,420	-	977,420	920,890	56,530
Purchased Professional/Educational Services	11-213-100-320	81,300	-	81,300	74,572	6,728
Total Resource Room		1,058,720	-	1,058,720	995,462	63,258
Autism:						
Salaries of Teachers	11-214-100-101	65,000	-	65,000	58,530	6,470
Total Autism		65,000	-	65,000	58,530	6,470

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	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	58,810	-	58,810	58,810	-
Purchased Profess. & Educ. Services	11-215-100-320	24,498	-	24,498	24,498	-
General Supplies	11-215-100-610	800	-	800	45	755
Total Preschool Disabilities - Part-Time		84,108	-	84,108	83,353	755
Total Special Education		1,525,649	-	1,525,649	1,449,354	76,295
Basic Skills/Remedial:						
Salaries of Teachers	11-230-100-101	424,735	(218,108)	206,627	206,627	-
Purchased Professional/Educational Services	11-230-100-320	25,800	9,974	35,774	34,448	1,326
General Supplies	11-230-100-610	250	-	250	-	250
Total Basic Skills/Remedial		450,785	(208,134)	242,651	241,075	1,576
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	55,948	(5,772)	50,176	44,929	5,247
Supplies & Materials	11-401-100-600	28,802	(302)	28,500	-	28,500
Total School Sponsored Cocurricular Activities		84,750	(6,074)	78,676	44,929	33,747
School Sponsored Athletics:						
Salaries	11-402-100-100	63,966	-	63,966	314	63,652
Purchased Services	11-402-100-500	9,950	-	9,950	-	9,950
Supplies & Materials	11-402-100-610	6,950	860	7,810	-	7,810
Total School Sponsored Athletics		80,866	860	81,726	314	81,412
Other Instruction Programs						
Salaries	11-422-100-101	31,000	(3,000)	28,000	16,254	11,746
Purchased Services	11-422-100-300	5,250	(900)	4,350	1,112	3,238
Total Other Instructional Programs		36,250	(3,900)	32,350	17,366	14,984
Total - Instruction		6,066,976	17,635	6,084,611	5,664,913	419,698
Undistributed Expenditures:						
Instruction:						
Tuition Other LEA's - In State - Regular	11-000-100-561	15,000	-	15,000	963	14,037
Tuition Other LEA's - In State - Special Education	11-000-100-562	127,773	-	127,773	109,803	17,970
Tuition to CSSD & Regional Day Schools	11-000-100-565	733,981	(110,445)	623,536	301,280	322,256
Tuition to Private Schools for the Handicapped - State	11-000-100-566	122,815	110,445	233,260	233,260	-
Total Instruction		999,569	-	999,569	645,306	354,263
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	20,000	3,000
Health Services:						
Salaries	11-000-213-100	127,840	1,350	129,190	128,137	1,053
Purchased Professional & Technical Services	11-000-213-300	5,500	(1,350)	4,150	3,748	402
Supplies and Materials	11-000-213-610	5,000	-	5,000	4,187	813
Total Health Services		138,340	-	138,340	136,072	2,268
Other Support Services - Students - Related Services:						
Salaries	11-000-216-101	208,155	2,500	210,655	179,376	31,279
Purchased Professional/Educational Services	11-000-216-320	167,550	(6,046)	161,504	181,499	(19,995)
Supplies & Materials	11-000-216-610	15,152	15,631	30,783	26,109	4,674
Total Other Services - Students - Related Services		390,857	12,085	402,942	386,984	15,958
Other Support Services - Students - Extra Services:						
Purchased Professional Services	11-000-217-320	342,156	-	342,156	342,156	-
Total Other Services - Students - Related Services		342,156	-	342,156	342,156	-

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	203,715	-	203,715	190,423	13,292
Purchased Professional/Educational Services	11-000-218-320	3,750	-	3,750	3,750	-
Purchased Professional & Technical Services	11-000-218-390	6,800	-	6,800	-	6,800
Supplies & Materials	11-000-218-600	1,000	-	1,000	-	1,000
Other Objects	11-000-218-800	600	(375)	225	-	225
Total Other Support Services - Students - Regular		215,865	(375)	215,490	194,173	21,317
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	450,739	(437,202)	13,537	13,537	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	42,400	-	42,400	42,400	-
Other Salaries	11-000-219-110	-	439,881	439,881	376,952	62,929
Purchased Professional/Educational Services	11-000-219-320	3,000	546	3,546	3,546	-
Supplies & Materials	11-000-219-610	13,400	2,553	15,953	15,308	645
Other Objects	11-000-219-800	3,600	945	4,545	4,545	-
Total Other Support Services - Students - Special Services		513,139	6,723	519,862	456,288	63,574
Improvement of Instructional Staff						
Salaries of Supervisors of Instruction	11-000-221-102	56,357	-	56,357	56,357	-
Salaries of Secretarial & Clerical Assistants	11-000-221-105	42,400	-	42,400	41,000	1,400
Purchased Professional/Educational Services	11-000-221-320	32,136	-	32,136	14,700	17,436
Purchased Professional & Technical Services	11-000-221-390	5,070	-	5,070	-	5,070
Total Instructional Staff Training		135,963	-	135,963	112,057	23,906
Educational Media Services/School Library:						
Salaries	11-000-222-100	56,435	-	56,435	846	55,589
Purchased Professional & Technical Services	11-000-222-300	2,500	-	2,500	-	2,500
Supplies and Materials	11-000-222-610	17,000	-	17,000	4,967	12,033
Total Educational Media Services/School Library		75,935	-	75,935	5,813	70,122
Instructional Staff Training:						
Salaries of Supervisors of Instruction	11-000-223-102	75,580	(6,052)	69,528	56,357	13,171
Supplies and Materials	11-000-223-610	-	6,052	6,052	6,052	-
Other Objects	11-000-223-800	35,504	-	35,504	11,190	24,314
Total Instructional Staff Training		111,084	-	111,084	73,599	37,485
Support Services General Administration:						
Salaries	11-000-230-100	229,793	(42,489)	187,304	187,304	-
Legal Services	11-000-230-331	30,000	36,774	66,774	66,774	-
Audit Fees	11-000-230-332	27,000	(351)	26,649	26,649	-
Architectural/Engineering Services	11-000-230-334	8,500	(7,096)	1,404	1,404	-
Other Purchased Services	11-000-230-500	-	2,000	2,000	2,000	-
Communications/Telephone	11-000-230-530	33,000	10,936	43,936	43,936	-
Other Purchased Services	11-000-230-590	19,160	(1,259)	17,901	17,901	-
General Supplies	11-000-230-610	1,800	(70)	1,730	1,705	25
Miscellaneous Expenditures	11-000-230-890	25,000	606	25,606	25,559	47
BOE Membership Dues & Fees	11-000-230-895	6,500	82	6,582	6,582	-
Total Support Services General Administration		380,753	(867)	379,886	379,814	72
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	367,406	3,608	371,014	371,014	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	120,320	-	120,320	112,200	8,120
Other Purchased Services	11-000-240-500	400	-	400	-	400
Supplies and Materials	11-000-240-610	17,950	(4,051)	13,899	9,227	4,672
Other Objects	11-000-240-800	6,000	-	6,000	4,668	1,332
Total Support Services School Administration		512,076	(443)	511,633	497,109	14,524
Central Services:						
Salaries	11-000-251-100	230,513	-	230,513	230,513	-
Purchased Professional Services	11-000-251-330	21,000	-	21,000	19,394	1,606
Supplies and Materials	11-000-251-600	5,000	-	5,000	2,372	2,628
Miscellaneous Expenditures	11-000-251-800	2,700	-	2,700	1,643	1,057
Total Central Services		259,213	-	259,213	253,922	5,291

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Administrative Information Technology:						
Salaries	11-000-252-100	3,231	-	3,231	3,231	-
Purchased Professional Services	11-000-252-330	103,600	-	103,600	92,132	11,468
Purchased Technical Services	11-000-252-340	5,000	400	5,400	5,400	-
Total Administrative Information Technology		111,831	400	112,231	100,763	11,468
Interest Earned on Current Expense						
Maintenance Reserve	10-606	500	(500)	-	-	-
Total Interest Earned on Current Expense		500	(500)	-	-	-
Allowable Maintenance for School Facilities:						
Cleaning, Repair & Maintenance Services	11-000-261-420	102,000	-	102,000	68,058	33,942
Supplies	11-000-261-610	15,000	-	15,000	14,829	171
Other Objects	11-000-261-800	68,000	32,858	100,858	88,312	12,546
Total Allowable Maintenance for School Facilities		185,000	32,858	217,858	171,199	46,659
Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	526,000	(6,023)	519,977	505,881	14,096
Salaries - Aides	11-000-262-107	65,500	3,753	69,253	67,605	1,648
Purchased Professional & Technical Services	11-000-262-300	1,000	(232)	768	440	328
Cleaning, Repair & Maintenance Services	11-000-262-420	40,000	8,400	48,400	34,914	13,486
Other Purchased Property Services	11-000-262-490	30,000	5,937	35,937	35,937	-
Insurance	11-000-262-520	32,705	(262)	32,443	32,443	-
General Supplies	11-000-262-610	75,000	(5,811)	69,189	39,893	29,296
Energy (Natural Gas)	11-000-262-621	60,000	(8,953)	51,047	50,039	1,008
Energy (Electricity)	11-000-262-622	204,000	11,966	215,966	215,966	-
Other Objects	11-000-262-800	900	(375)	525	525	-
Total Operation & Maintenance of Plant Services		1,035,105	8,400	1,043,505	983,643	59,862
Student Transportation Services:						
Contracted Services - (Aid in Lieu of Payments)	11-000-270-503	13,000	(10,500)	2,500	2,500	-
Contracted Services (Between Home & School) - Vendors	11-000-270-511	404,000	(68,722)	335,278	335,278	-
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	25,020	(25,020)	-	-	-
Contracted Services (Special Education Students) - Joint Agreement	11-000-270-513	26,000	(1,669)	24,331	24,035	296
Contracted Services - (Jointures Special Education)	11-000-270-515	164,610	87,299	251,909	242,703	9,206
Other Objects	11-000-270-800	3,750	(200)	3,550	3,550	-
Total Student Transportation Services		636,380	(18,812)	617,568	608,066	9,502
Unallocated Benefits - Employee Benefits:						
Group Insurance	11-000-291-210	-	750	750	605	145
Social Security - Other	11-000-291-220	82,000	19,250	101,250	100,786	464
Other Retirement Contributions-PERS	11-000-291-241	142,000	(14,328)	127,672	127,402	270
Workmen's Compensation	11-000-291-260	61,740	1,310	63,050	63,050	-
Health Benefits	11-000-291-270	1,394,338	106,351	1,500,689	1,464,685	36,004
Tuition Reimbursement	11-000-291-280	20,000	-	20,000	19,328	672
Other Employee Benefits	11-000-291-290	67,500	(49,601)	17,899	-	17,899
Unused Sick Pay	11-000-291-299	86,889	(27,203)	59,686	59,686	-
Total Unallocated Benefits - Employee Benefits		1,854,467	36,529	1,890,996	1,835,542	55,454
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	1,627,554	(1,627,554)
On-Behalf TPAF Post Retirement Medical Contributions		-	-	-	510,050	(510,050)
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,376	(1,376)
Reimbursed TPAF Social Security Contributions		-	-	-	429,533	(429,533)
Total Undistributed Expenditures		7,921,233	75,998	7,997,231	9,771,019	(1,773,788)
Total Expenditures - Current Expense		13,988,209	93,633	14,081,842	15,435,932	(1,354,090)

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Capital Outlay:						
Equipment:						
Undist. Expenditures - Admin IT	12-000-252-730	5,800	-	5,800	-	5,800
Undist. Expend. Required Maint for School Fac.	12-000-261-730	228,000	-	228,000	226,629	1,371
Total Equipment		233,800	-	233,800	226,629	7,171
Facilities Acquisition & Construction Services:						
Purchased Professional Services	12-000-400-320	-	-	-	-	-
Assessment for Debt Service on SDA Funding	12-000-400-896	23,805	-	23,805	23,805	-
Total Facilities Acquisition & Construction Services		23,805	-	23,805	23,805	-
Interest Deposit to Capital Reserve	10-604	500	(500)	-	-	-
Total Capital Outlay		258,105	(500)	257,605	250,434	7,171
Total Expenditures		14,246,314	93,133	14,339,447	15,686,366	(1,346,919)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/ (Uses)		(324,959)	(93,133)	(418,092)	1,058,877	1,476,969
Other Financing Sources/ (Uses)						
Operating Transfers In - Capital Projects		-	-	-	6,919	6,919
Total Other Financing Sources/(Uses)		-	-	-	6,919	6,919
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses		(324,959)	(93,133)	(418,092)	1,065,796	1,483,888
Fund Balances, July 1		2,628,088	-	2,628,088	2,628,088	-
Prior Period Adjustment		58,577	-	58,577	58,577	-
Fund Balances, July 1 (Restated)		2,686,665	-	2,686,665	2,686,665	-
Fund Balances, June 30		<u>\$ 2,361,706</u>	<u>\$ (93,133)</u>	<u>\$ 2,268,573</u>	<u>\$ 3,752,461</u>	<u>\$ 1,483,888</u>

RECAPITULATION OF BUDGET TRANSFERS:

Prior Year Reserve for Encumbrances	\$ 86,733
Withdrawal from Maintenance Reserve	8,400
Cancellation of Prior Year Encumbrances	<u>(2,000)</u>
Total Budget Transfers	<u><u>\$ 93,133</u></u>

RECAPITULATION OF FUND BALANCE:

Restricted Fund Balance:	
Capital Reserve	\$ 1,040,879
Emergency Reserve	1
Maintenance Reserve	868,231
Unemployment Compensation	74,815
Excess Surplus	438,663
Reserved Excess Surplus Designated for Subsequent Year's Expenditures	300,000
Assigned Fund Balance:	
Designated for Subsequent Year's Expenditures	179,562
Year-end Encumbrances	96,234
Unassigned Fund Balance	<u>754,076</u>
Subtotal	3,752,461
Reconciliation to Governmental Funds Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(129,623)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 3,622,838</u></u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

REVENUES	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Local Sources	\$ -	\$ 49,415	\$ 49,415	\$ 49,720	\$ 305
Federal Sources	291,701	135,005	426,706	416,902	(9,804)
Total Revenues	291,701	184,420	476,121	466,622	(9,499)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	34,939	19,534	54,473	53,647	826
Purchased Prof. Education Services	-	35,166	35,166	35,166	-
Tuition	206,878	46,617	253,495	253,495	-
Supplies	26,014	52,121	78,135	77,289	846
Total Instruction	267,831	153,438	421,269	419,597	1,672
Support Services:					
Salaries	-	2,964	2,964	2,964	-
Employee Benefits	8,093	5,454	13,547	13,547	-
Purchased Professional Education Services	8,841	(2,855)	5,986	2,646	3,340
Training	6,936	(3,936)	3,000	2,800	200
Supplies	-	28,621	28,621	23,679	4,942
Student Activities	-	734	734	734	-
Total Support Services	23,870	30,982	54,852	46,370	8,482
Total Expenditures	291,701	184,420	476,121	465,967	10,154
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	-	-	-	655	655
Fund Balance, July 1	-	-	-	-	-
Prior Period Adjustment	-	-	-	10,908	10,908
Fund Balance, July 1 (Restated)	-	-	-	10,908	10,908
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 11,563	\$ 11,563

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:

Scholarships	\$ 2,849
Student Activities	<u>8,714</u>
	<u>\$ 11,563</u>

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II
 BUDGETARY COMPARISON SCHEDULE
 FOR FISCAL YEAR ENDED JUNE 30, 2021**

**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)	\$ 16,745,243	\$ 466,622
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	145,523	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(129,623)	-
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	-	(75)
Prior Year	-	35,794
	-	35,794
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 16,761,143	\$ 502,341
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 15,686,366	\$ 465,967
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.		
	-	35,719
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 15,686,366	\$ 501,686

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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 EIGHT FISCAL YEARS***

	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.01148%	0.01047%	0.01079%	0.01458%	0.01407%	0.01406%	0.01366%	0.01326%
School District's proportionate share of the net pension liability	\$ 1,872,603	\$ 1,887,049	\$ 2,123,831	\$ 3,394,088	\$ 4,166,101	\$ 3,155,841	\$ 2,557,410	\$ 2,557,410
School District's covered payroll	\$ 792,473	\$ 764,161	\$ 702,488	\$ 1,005,656	\$ 960,517	\$ 964,241	\$ 925,671	Unavailable
School District's proportionate share of the net pension liability as a percentage of its covered payroll	236.30%	246.94%	302.33%	337.50%	433.74%	327.29%	276.28%	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	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 EIGHT FISCAL YEARS***

	2021	2020	2019	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 125,620	\$ 101,780	\$ 107,292	\$ 135,072	\$ 124,965	\$ 120,865	\$ 112,606	\$ 100,412
Contributions in relation to the contractually required contribution	(125,620)	(101,780)	(107,292)	(135,072)	(124,965)	(120,865)	(112,606)	(100,412)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 900,726	\$ 792,473	\$ 764,161	\$ 702,488	\$ 1,005,656	\$ 960,517	\$ 964,241	\$ 925,671
Contributions as a percentage of covered payroll	13.95%	12.84%	14.04%	19.23%	12.43%	12.58%	11.68%	10.85%

*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 EIGHT FISCAL YEARS***

	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	37,785,436	33,230,712	35,419,453	38,061,668	44,745,283	36,359,168	31,641,997	29,673,065
	<u>\$ 37,785,436</u>	<u>\$ 33,230,712</u>	<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	\$ 5,962,416	\$ 6,022,636	\$ 5,865,497	\$ 5,815,216	\$ 5,748,143	\$ 5,691,902	\$ 5,464,226	Unavailable
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	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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M. Schedules Related to Accounting and Reporting for Other Post-Employment Benefits (GASB 75)

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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 FOUR FISCAL YEARS*

	2021	2020	2019	2018
District's Total OPEB Liability				
Service Cost	\$ 1,001,957	\$ 796,188	\$ 1,047,855	\$ 1,267,493
Interest Cost	937,791	1,127,223	1,256,773	1,089,007
Differences Between Expected and Actual Experiences	7,539,022	(4,101,692)	(3,976,061)	-
Changes of Assumptions	7,801,406	389,891	(3,295,395)	(4,488,144)
Contributions: Member	22,536	23,795	26,539	29,361
Gross Benefit Payments	(743,523)	(802,711)	(767,877)	(797,355)
Net Change in District's Total OPEB Liability	16,559,189	(2,567,306)	(5,708,166)	(2,899,638)
District's Total OPEB Liability (Beginning)	26,149,479	28,716,785	34,424,951	37,324,589
District's Total OPEB Liability (Ending)	<u>\$ 42,708,668</u>	<u>\$ 26,149,479</u>	<u>\$ 28,716,785</u>	<u>\$ 34,424,951</u>
District's Covered Employee Payroll	\$ 6,754,889	\$ 6,786,797	\$ 6,567,985	\$ 6,820,872
District's Net OPEB Liability as a Percentage of Payroll	632%	385%	437%	505%

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, government should present information for those years for which information is available.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2021**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 5.60% as of June 30, 2019, to 5.40% as of June 30, 2020.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.50% as of June 30, 2019, to 2.21% as of June 30, 2020.

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, 2021

	TITLE I	TITLE II - PART A	TITLE IV	I.D.E.A.		CARES ACT	CRF GRANT	STAR FOUNDATION	OTHER LOCAL GRANTS	STUDENT ACTIVITIES	SCHOLARSHIP	TOTALS
				BASIC	PRESCHOOL							
Revenues:												
Federal Sources	\$ 84,242	\$ 10,647	\$ 10,390	\$ 240,613	\$ 12,882	\$ 19,998	\$ 38,130	\$ -	\$ -	\$ -	\$ -	\$ 416,902
Local Sources	-	-	-	-	-	-	-	44,650	3,681	271	1,118	49,720
Total Revenues	84,242	10,647	10,390	240,613	12,882	19,998	38,130	44,650	3,681	271	1,118	466,622
Expenditures:												
Instruction:												
Salaries of Teachers	47,932	5,715	-	-	-	-	-	-	-	-	-	53,647
Other Technical Services	-	-	-	-	-	-	35,166	-	-	-	-	35,166
Tuition	-	-	-	240,613	12,882	-	-	-	-	-	-	253,495
Supplies	22,249	-	10,390	-	-	-	-	44,650	-	-	-	77,289
Total Instruction	70,181	5,715	10,390	240,613	12,882	-	35,166	44,650	-	-	-	419,597
Support Services:												
Salaries	-	-	-	-	-	-	2,964	-	-	-	-	2,964
Employee Benefits	11,261	2,286	-	-	-	-	-	-	-	-	-	13,547
Purchased Professional Education Services	-	2,646	-	-	-	-	-	-	-	-	-	2,646
Training	2,800	-	-	-	-	-	-	-	-	-	-	2,800
Supplies	-	-	-	-	-	19,998	-	-	3,681	-	-	23,679
Student Activities	-	-	-	-	-	-	-	-	-	734	-	734
Total Support Services	14,061	4,932	-	-	-	19,998	2,964	-	3,681	734	-	46,370
Total Expenditures	84,242	10,647	10,390	240,613	12,882	19,998	38,130	44,650	3,681	734	-	465,967
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-	-	-	-	-	(463)	1,118	655
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	9,177	1,731	10,908
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-	-	-	9,177	1,731	10,908
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,714	\$ 2,849	\$ 11,563

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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, 2021**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE 2021
			PRIOR YEARS	CURRENT YEAR	
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	812,940	-	60
Total		\$ 925,615	\$ 854,215	\$ -	\$ 71,400
Reconciliation to Governmental Funds (GAAP):					
					\$ 71,400
					(54,830)
					<u>\$ 16,570</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, 2021**

Revenues and Other Financing Sources:	
Interest Earnings	\$ <u>6,919</u>
Total Revenues	<u>6,919</u>
Other Financing Sources/(Uses):	
Transfer to Capital Reserve	<u>(6,919)</u>
Total Other Financing Sources/(Uses):	<u>(6,919)</u>
Excess (deficiency) of revenues over (under) expenditures	-
Fund Balance - Beginning	<u>71,400</u>
Fund Balance - Ending	<u>\$ 71,400</u>

**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, 2021**

	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	<u>\$ 18,635</u>	<u>\$ -</u>	<u>\$ 18,635</u>	<u>\$ -</u>

ADDITIONAL PROJECT INFORMATION

Project Number	4930-070-13-2006
Grant Date	February 24, 2014
Grant Award	\$ 18,635
Bond Authorization Date	n/a
Bonds Authorized	n/a
Bonds Issued	n/a
Original Authorized Cost	\$ 46,588
Additional Authorized Cost	(11,245)
Revised Authorized Cost	\$ 35,343
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	47.27%
Original Target Completion Date	September 30, 2015
Revised Target Completion Date	September 30, 2016

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
SOUTHAMPTON - SCHOOL #2 INTRUDER DOORS
FOR FISCAL YEAR ENDED JUNE 30, 2021**

	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, 2021**

	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	130,000	-	130,000	130,000
Construction Services	682,940	-	682,940	683,000
Total Expenditures	812,940	-	812,940	813,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 60	\$ -	\$ 60	\$ -

ADDITIONAL PROJECT INFORMATION

Original Authorized Cost	\$ 813,000
Additional Authorized Cost	-
Revised Authorized Cost	\$ 813,000
Percentage Increase Over Original Authorized Cost	n/a
Percentage Completion	99.99%
Original Target Completion Date	September 30, 2019

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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, 2021

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2020	RETIRED	BALANCE JUNE 30, 2021
			DATE	AMOUNT				
School Bond, Series 2014	9/1/14	\$ 4,521,000	09/01/21	\$ 550,000	2.125%	\$ 2,720,000	\$ 550,000	\$ 2,170,000
			09/01/22	550,000	2.125%			
			09/01/23	550,000	2.250%			
			09/01/24	520,000	2.250%			
Total						\$ 2,720,000	\$ 550,000	\$ 2,170,000

**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, 2021**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL (GAAP BASIS)	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 603,294	\$ -	\$ 603,294	\$ 603,294	\$ -
Total Revenues	603,294	-	603,294	603,294	-
Expenditures:					
Regular Debt Service:					
Interest	53,294	-	53,294	53,294	-
Redemption of Principal	550,000	-	550,000	550,000	-
Total Expenditures	603,294	-	603,294	603,294	-
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	181,522	-	181,522	181,522	-
Fund Balance, June 30	\$ 181,522	\$ -	\$ 181,522	\$ 181,522	\$ -

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF COMPENSATED ABSENCES
JUNE 30, 2021**

	OUTSTANDING BALANCE 2020	ADDITIONS	REDUCTIONS	OUTSTANDING BALANCE 2021
Compensated Absences	\$ 296,365	\$ -	\$ 35,133	\$ 261,232

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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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
FISCAL YEAR ENDING JUNE 30.										
Governmental Activities:										
Net Investment in Capital Assets	\$ 21,746,031	\$ 21,384,792	\$ 20,539,042	\$ 19,572,710	\$ 18,804,050	\$ 15,711,126	\$ 15,099,474	\$ 14,423,126	\$ 14,074,244	\$ 13,708,862
Restricted	2,932,244	2,101,624	1,878,451	1,861,004	1,687,156	2,979,745	795,156	970,688	1,392,967	931,002
Unrestricted	(2,110,955)	(2,638,870)	(3,047,976)	(3,203,584)	(2,978,941)	(2,832,869)	(2,778,573)	(223,116)	(337,142)	(14,959)
Total Governmental Activities	\$ 22,567,320	\$ 20,847,546	\$ 19,369,517	\$ 18,230,130	\$ 17,512,265	\$ 15,858,002	\$ 13,116,057	\$ 15,170,698	\$ 15,130,069	\$ 14,624,905
Business-Type Activities:										
Net Investment in Capital Assets	\$ 101,034	\$ 104,034	\$ 107,034	\$ 110,034	\$ 113,034	\$ 116,034	\$ 119,035	\$ 122,139	\$ 27,078	\$ 29,078
Unrestricted	14,393	14,609	36,940	26,652	16,088	1,741	1,138	9,383	109,573	98,913
Total Business-Type Activities	\$ 115,427	\$ 118,643	\$ 143,974	\$ 136,686	\$ 129,122	\$ 117,775	\$ 120,173	\$ 131,522	\$ 136,651	\$ 127,991
Government-Wide:										
Net Investment in Capital Assets	\$ 21,847,065	\$ 21,488,826	\$ 20,646,076	\$ 19,682,744	\$ 18,917,084	\$ 15,827,160	\$ 15,218,509	\$ 14,545,265	\$ 14,101,322	\$ 13,737,940
Restricted	2,932,244	2,101,624	1,878,451	1,861,004	1,687,156	2,979,745	795,156	970,688	1,392,967	931,002
Unrestricted	(2,096,562)	(2,624,261)	(3,011,036)	(3,176,932)	(2,962,853)	(2,831,128)	(2,777,435)	(213,733)	(227,569)	83,954
Total District Net Position	\$ 22,682,747	\$ 20,966,189	\$ 19,513,491	\$ 18,366,816	\$ 17,641,387	\$ 15,975,777	\$ 13,236,230	\$ 15,302,220	\$ 15,266,720	\$ 14,752,896

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

Unaudited

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Governmental Activities										
Instruction:										
Regular	(4,077,977)	(4,052,413)	(4,067,284)	(4,112,711)	(5,675,307)	(5,607,800)	(5,653,289)	(3,877,885)	(3,864,214)	(3,931,818)
Special Education	(1,449,354)	(1,385,534)	(1,253,158)	(1,327,812)	(1,208,338)	(1,280,612)	(1,238,381)	(1,312,127)	(1,272,287)	(1,258,510)
Other Special Education	(303,684)	(501,479)	(611,666)	(639,691)	(663,887)	(599,118)	(576,224)	(556,098)	(507,334)	(492,174)
Other Instruction	-	-	-	-	-	(6,439)	(10,647)	(7,965)	(10,364)	(9,258)
Support Services & Undistributed Costs:										
Tuition	(898,801)	(824,758)	(1,002,717)	(777,252)	(546,451)	(462,863)	(631,149)	(552,655)	(393,415)	(359,975)
Student & Instruction Related Services	(1,809,231)	(1,739,133)	(1,688,284)	(1,725,221)	(1,639,258)	(1,437,611)	(1,343,590)	(1,278,498)	(1,196,436)	(1,152,968)
General Administrative Services	(379,814)	(382,807)	(381,397)	(363,527)	(392,521)	(380,660)	(399,826)	(394,698)	(345,307)	(341,504)
Administrative Information Technology	(100,763)	(109,878)	(58,865)	(67,592)	(120,470)	(101,032)	(106,816)	(104,203)	(98,590)	(98,306)
School Administrative Services	(497,109)	(476,205)	(454,122)	(448,063)	(594,096)	(682,249)	(626,559)	(522,149)	(494,484)	(466,596)
Central Services	(253,922)	(246,711)	(270,100)	(343,225)	(342,386)	(329,608)	(321,377)	(238,955)	(235,230)	(237,517)
Plant Operations & Maintenance	(1,154,842)	(1,332,630)	(1,153,651)	(987,771)	(1,146,193)	(1,079,538)	(1,031,091)	(1,242,042)	(991,561)	(857,184)
Pupil Transportation	(608,066)	(623,571)	(709,242)	(667,771)	(622,201)	(626,309)	(571,828)	(528,380)	(494,134)	(495,948)
Business and Other Support Services	(3,515,545)	(1,647,390)	(2,887,971)	(4,030,482)	(204,158)	(3,311,844)	(2,641,319)	(3,343,829)	(3,333,099)	(18,015)
Unallocated Benefits	(2,780,568)	(2,394,084)	(2,496,847)	(3,060,606)	(1,574,195)	-	-	-	-	(2,925,218)
On Behalf TPAF Pension and Social Security Contributions	-	-	-	(10,916)	-	-	-	-	-	-
Transfer to Charter Schools	(73,203)	(84,891)	(71,938)	(112,523)	(117,591)	(174,045)	(114,093)	(141,803)	(149,824)	(178,514)
Interest & Other Charges	-	-	-	-	-	(12,332)	(1,467)	34,738	60,411	5,231
Increase in Compensated Absences - Unallocated	(415,390)	(321,928)	(306,188)	(306,188)	(288,141)	(485,454)	(470,701)	(464,041)	(514,061)	(600,000)
Unallocated Depreciation	(18,318,269)	(16,123,412)	(17,413,430)	(18,981,351)	(15,135,193)	(16,577,514)	(15,738,357)	(14,531,342)	(13,844,542)	(13,418,274)
Total Governmental Activities Expenses	(220,338)	(207,936)	(259,736)	(260,411)	(255,303)	(259,152)	(287,737)	(270,434)	(270,154)	(283,376)
Business-Type Activities:										
Food Service	(220,338)	(207,936)	(259,736)	(260,411)	(255,303)	(259,152)	(287,737)	(270,434)	(270,154)	(283,376)
Total Business-Type Activities Expense	(18,538,607)	(16,331,348)	(17,673,166)	(19,241,762)	(15,390,496)	(16,836,666)	(16,026,094)	(14,801,776)	(14,114,696)	(13,701,650)
Program Revenues:										
Governmental Activities:										
Operating Grants & Contributions	5,166,015	2,971,639	3,797,825	5,292,888	1,911,146	3,530,000	2,913,068	373,563	386,319	376,193
Total Governmental Activities Program Revenues	5,166,015	2,971,639	3,797,825	5,292,888	1,911,146	3,530,000	2,913,068	373,563	386,319	376,193

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Business-Type Activities:										
Changes for Services:										
Food Service	6,664	93,959	151,567	156,351	147,687	143,082	170,091	160,612	174,639	181,133
Operating Grants & Contributions	209,714	87,609	115,457	111,624	118,963	113,672	107,289	104,534	103,694	108,349
Total Business Type Activities Program Revenues	216,378	181,568	267,024	267,975	266,650	256,754	277,380	265,146	278,333	289,482
Total District Program Revenues	\$ 5,382,393	\$ 3,153,207	\$ 4,064,849	\$ 5,560,863	\$ 2,177,796	\$ 3,786,754	\$ 3,190,448	\$ 638,709	\$ 664,652	\$ 663,675
Net (Expense)/Revenue:										
Governmental Activities	\$ (13,152,254)	\$ (13,151,773)	\$ (13,615,605)	\$ (13,688,463)	\$ (13,224,047)	\$ (13,047,514)	\$ (12,825,289)	\$ (14,157,779)	\$ (13,458,223)	\$ (13,042,081)
Business-Type Activities	(3,960)	(26,368)	7,288	7,564	11,347	(2,398)	(10,357)	(5,288)	8,179	6,106
Total Government-Wide Net Expense	\$ (13,156,214)	\$ (13,178,141)	\$ (13,608,317)	\$ (13,680,899)	\$ (13,212,700)	\$ (13,049,912)	\$ (12,835,646)	\$ (14,163,067)	\$ (13,450,044)	\$ (13,035,975)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 12,006,308	\$ 11,770,890	\$ 11,540,089	\$ 11,240,283	\$ 10,802,294	\$ 10,590,484	\$ 10,456,357	\$ 10,133,516	\$ 9,727,818	\$ 9,537,076
Taxes Levied for Debt Service	603,294	603,294	893,743	889,248	881,657	849,598	469,250	820,943	844,689	854,731
Unrestricted Grants & Contributions	2,008,434	2,120,592	2,229,532	2,244,503	3,127,517	4,268,021	2,301,525	3,204,263	3,340,948	3,138,373
Investment Earnings	-	-	-	-	-	-	1	7	14	24
Miscellaneous Income	184,807	135,226	91,628	32,294	66,842	81,356	90,462	58,115	49,918	66,634
Transfers	-	-	-	-	-	-	-	1,207	-	-
Cancellation of Prior Year Accounts	-	-	-	-	-	-	-	(30,583)	-	-
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Cancellation of Current Year Accounts Payable	-	-	-	-	-	-	-	10,940	-	-
Total Governmental Activities	14,802,843	14,629,802	14,754,992	14,406,328	14,878,310	15,789,459	13,317,595	14,198,408	13,963,387	13,596,838
Business-Type Activities:										
Investment Earnings	744	1,037	-	-	-	-	8	366	481	-
Transfers	-	-	-	-	-	-	-	(1,207)	-	-
Total Business-Type Activities	744	1,037	-	-	-	-	8	(841)	481	-
Total Government-Wide	\$ 14,803,587	\$ 14,630,839	\$ 14,754,992	\$ 14,406,328	\$ 14,878,310	\$ 15,789,459	\$ 13,317,603	\$ 14,197,567	\$ 13,963,868	\$ 13,596,838
Change in Net Position:										
Governmental Activities	\$ 1,650,589	\$ 1,478,029	\$ 1,139,387	\$ 717,865	\$ 1,654,263	\$ 2,741,945	\$ 492,306	\$ 40,629	\$ 505,164	\$ 554,757
Business-Type Activities	(3,216)	(25,331)	7,288	7,564	11,347	(2,398)	(10,349)	(6,129)	8,660	6,106
Total District	\$ 1,647,373	\$ 1,452,698	\$ 1,146,675	\$ 725,429	\$ 1,665,610	\$ 2,739,547	\$ 481,957	\$ 34,500	\$ 513,824	\$ 560,863

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

Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund:										
Restricted	\$ 2,722,589	\$ 1,903,532	\$ 1,280,100	\$ 1,681,986	\$ 1,347,042	\$ 1,224,055	\$ 827,722	\$ 957,878	\$ 778,676	\$ 1,302,469
Committed	-	-	-	-	-	35,575	107,347	34,131	173,025	-
Assigned	275,796	261,692	143,140	91,761	106,263	4,063	-	61,986	4,757	-
Unassigned	624,453	317,341	317,320	245,702	214,903	193,769	104,461	48,124	513,839	94,822
Total General Fund	\$ 3,622,838	\$ 2,482,565	\$ 1,740,560	\$ 2,019,449	\$ 1,668,208	\$ 1,457,462	\$ 1,039,530	\$ 1,102,119	\$ 1,470,297	\$ 1,397,291

All Other Governmental Funds:

Restricted:										
Special Revenue Fund	11,563	-	-	-	-	-	-	-	-	-
Capital Projects Fund	16,570	16,570	405,142	179,017	338,145	1,802,269	4,854,533	288,728	264,362	264,362
Debt Service Fund	181,522	181,522	193,209	1.00	1,969,000	1,968,000	17,102,000	17,352	-	-
Total All Other Governmental Funds	\$ 209,655	\$ 198,092	\$ 598,351	\$ 179,018	\$ 340,114	\$ 1,804,237	\$ 4,871,635	\$ 306,080	\$ 264,362	\$ 264,362

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Tax Levy	\$ 12,609,602	\$ 12,374,184	\$ 12,433,832	\$ 12,129,531	\$ 11,683,951	\$ 11,440,082	\$ 10,925,607	\$ 10,954,459	\$ 10,572,507	\$ 10,391,807
Tuition Charges	12,210	5,400	1,800	5,060	2,160	-	3,000	-	1,000	2,000
Interest Earnings	-	-	-	-	-	-	1	1,404	3,611	7,997
Miscellaneous	222,242	144,226	116,652	73,177	83,526	81,356	87,462	56,718	45,321	56,661
State Sources	4,565,922	4,310,899	4,241,956	4,047,187	4,695,750	5,696,166	3,517,327	3,269,463	3,407,887	3,125,417
Federal Sources	463,721	331,199	275,209	327,689	324,069	337,202	305,638	308,363	319,380	389,149
Total Revenue	17,873,697	17,165,908	17,069,449	16,582,644	16,789,456	17,554,806	14,839,035	14,590,407	14,349,706	13,973,031
Expenditures:										
Instruction:										
Regular Instruction	4,077,977	4,052,413	4,067,284	4,112,711	5,675,307	5,607,800	5,653,289	3,877,885	3,864,214	3,931,818
Special Education Instruction	1,449,354	1,385,534	1,253,158	1,327,812	1,208,338	1,280,612	1,238,381	1,312,127	1,272,287	1,258,510
Other Special Instruction	303,684	501,479	611,666	639,691	663,887	599,118	576,224	556,098	507,334	492,174
Other Instruction	-	-	-	-	-	6,439	10,647	7,965	10,364	9,258
Support Services:										
Tuition	898,801	824,758	1,002,717	777,252	546,451	462,863	631,149	552,655	393,415	359,975
Student & Instruction Related Services	1,809,231	1,739,133	1,688,284	1,725,221	1,639,258	1,538,643	1,450,406	1,382,701	1,295,026	1,251,274
General Administration Services	379,814	382,807	381,397	363,527	392,521	682,249	626,559	522,149	494,484	466,596
School Administrative Services	497,109	476,205	454,122	448,063	594,096	380,660	399,826	394,698	345,307	341,504
Central Services	253,922	246,711	270,100	343,225	342,386	329,608	321,377	238,955	235,230	237,517
Other Support Services	100,763	109,878	58,865	67,592	120,470	-	-	752	4,613	18,015
Plant Operations & Maintenance	1,154,842	1,332,630	1,153,651	987,771	1,146,193	1,079,538	1,031,091	1,242,042	991,561	857,184
Pupil Transportation	608,066	623,571	709,242	667,771	622,201	626,309	571,828	528,380	494,134	495,948
Unallocated Benefits	1,835,542	1,702,072	1,918,391	1,924,322	342	20,464	20,202	2,260,086	2,089,348	1,938,134
On Behalf TPAF Pension and Social Security Contributions	2,568,513	2,190,507	2,012,424	1,806,092	1,574,195	1,417,254	1,200,789	1,083,743	1,243,751	987,084
Capital Outlay	226,629	617,678	453,960	275,512	2,611,727	5,306,016	655,801	83,272	134,882	185,403
Debt Service:										
Principal	550,000	550,000	810,000	790,000	760,000	706,000	415,000	770,000	760,000	740,000
Interest & Other Charges	77,099	88,786	83,744	125,020	145,461	160,699	54,500	129,724	140,750	173,575
Total Expenditures	16,791,346	16,824,162	16,929,005	16,381,582	18,042,833	20,204,272	14,857,069	14,943,232	14,276,700	13,743,969
Excess (Deficiency) of Revenues Over/(Under) Expenditures	1,082,351	341,746	140,444	201,062	(1,253,377)	(2,649,466)	(18,034)	(352,825)	73,006	229,062

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Other Financing Sources/(Uses):										
Cancellation of Prior Year A/R	-	-	-	-	-	-	-	(30,583)	-	-
Cancellation of Current Year A/P	-	-	-	-	-	-	-	10,940	-	-
Transfers in	6,919	8,706	-	-	250,000	1,967	313,080	1,214	14	24
Transfers Out	(6,919)	(8,706)	-	-	(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	\$ 1,082,351	\$ 341,746	\$ 140,444	\$ 201,062	\$ (1,253,377)	\$ (2,649,466)	\$ 4,502,966	\$ (326,460)	\$ 73,006	\$ 229,062
Debt Service as a Percentage of Noncapital Expenditures	3.79%	3.94%	5.42%	5.68%	5.87%	5.82%	3.31%	6.05%	6.37%	6.74%

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>
2021	\$ 108,588	\$ 12,210	\$ -	\$ 57,090	\$ 177,888
2020	78,570	5,400	4,768	37,782	126,520
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
			-		

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
2021	\$ 12,547,500	\$ 834,522,600	\$ 47,444,100	\$ 6,398,900	\$ 83,161,350	\$ 10,606,500	\$ 994,680,950	\$ 1,960,614	\$ 996,641,564	2.074	\$ 1,260,667,517
2020	12,963,900	835,606,600	47,754,500	6,562,200	80,353,000	10,606,500	993,846,700	1,940,716	995,787,416	2.024	1,211,162,687
2019	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	1.980	1,150,222,259
2018	14,249,700	836,869,100	48,294,500	6,526,200	79,889,500	11,222,600	997,051,600	2,030,828	999,082,428	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

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		TOWNSHIP OF SOUTHAMPTON		OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	TOWNSHIP OPEN SPACE	BURLINGTON COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE		
2021	1.280	0.794	2.074	0.408	0.432	0.038	0.026	2.998	
2020	1.259	0.765	2.024	0.408	0.418	0.038	0.025	2.932	
2019	1.245	0.735	1.980	0.409	0.388	0.037	0.035	2.869	
2018	1.230	0.693	1.923	0.409	0.387	0.035	0.020	2.802	
2017	1.200	0.733	1.933	0.408	0.372	0.035	0.020	2.812	
2016	1.162	0.732	1.894	0.394	0.366	0.034	0.044	2.752	
2015	1.128	0.697	1.825	0.373	0.369	0.035	0.043	2.665	
2014	1.096	0.693	1.789	0.349	0.363	0.034	0.016	2.571	
2013	1.070	0.666	1.736	0.330	0.369	0.034	0.017	2.506	
2012	1.050	0.672	1.722	0.311	0.364	0.036	0.047	2.500	

Source: Municipal Tax Collector

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

		2021			2012		
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	0.48%
Singh Real Estate Ent. Inc.	4,900,500	2	0.49%	Singh Real Estate Ent. Inc.	4,547,900	2	0.45%
ARA 1869, LLC	3,764,900	3	0.38%	Diamond M. Lumber	3,975,300	3	0.40%
Diamond M. Lumber	3,688,100	4	0.37%	D R Horton	3,388,700	4	0.34%
Wawa, Inc.	2,414,400	5	0.24%	Verizon - NJ	2,204,732	5	0.22%
Southampton Industrial Park, LLC	2,196,200	6	0.22%	RCC Properties, Inc	1,390,700	6	0.14%
Lion Self Storage	1,955,800	7	0.20%	SKG Partners, LLC	1,314,800	7	0.13%
Verizon - NJ	1,877,602	8	0.19%	Taxpayer #1	1,073,400	8	0.11%
RCC Properties, Inc.	1,660,400	9	0.17%	SKG Partners, LLC	1,061,600	9	0.11%
BUA, VITO & Vincenza	1,648,100	10	0.17%	Vincetown Enterprises LLC	922,000	10	0.09%
Total	\$ 34,057,302		3.42%		\$ 24,742,732		2.47%

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 TAXES LEVIED FOR THE FISCAL YEAR		COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	
			<u>AMOUNT</u>	<u>PERCENTAGE OF LEVY</u>		
2021	\$	12,609,602	\$	12,609,602	100.00%	\$ -
2020		12,374,184		12,374,184	100.00%	-
2019		12,433,832		12,433,832	100.00%	-
2018		12,432,264		12,432,264	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%	-

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				
2021	\$ 2,170,000	\$ -	\$ 2,170,000	unavailable	unavailable	
2020	2,720,000	-	2,720,000	unavailable	\$ 269	
2019	3,270,000	-	3,270,000	0.51%	323	
2018	4,080,000	-	4,080,000	0.66%	403	
2017	4,870,000	-	4,870,000	0.81%	479	
2016	5,630,000	-	5,630,000	0.95%	553	
2015	6,336,000	-	6,336,000	1.10%	618	
2014	2,230,000	-	2,230,000	0.40%	216	
2013	3,005,000	-	3,005,000	0.56%	290	
2012	3,765,000	-	3,765,000	0.71%	362	

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>	<u>GENERAL BONDED DEBT OUTSTANDING</u>			PERCENTAGE OF NET VALUATION <u>TAXABLE</u>	<u>PER CAPITA</u>
	<u>GENERAL OBLIGATION BONDS</u>	<u>DEDUCTIONS</u>	<u>NET GENERAL BONDED DEBT OUTSTANDING</u>		
2021	\$ 2,170,000	-	\$ 2,170,000	0.22%	unavailable
2020	2,720,000	-	2,720,000	0.27%	\$ 269
2019	3,270,000	-	3,270,000	0.33%	323
2018	4,080,000	-	4,080,000	0.41%	403
2017	4,870,000	-	4,870,000	0.49%	479
2016	5,630,000	-	5,630,000	0.56%	553
2015	6,336,000	-	6,336,000	0.64%	618
2014	2,230,000	-	2,230,000	0.22%	216
2013	3,005,000	-	3,005,000	0.30%	290
2012	3,765,000	-	3,765,000	0.37%	362

SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
Unaudited

<u>GOVERNMENTAL UNIT</u>	NET DEBT (1)	TOWNSHIP PROPORTIONATE SHARE	NET DEBT ALLOCAED TO TOWNSHIP
Southampton Township	\$ 5,810,294	100.00%	\$ 5,810,294
Burlington County (2)	221,311,009	2.52%	5,573,894
Lenape Regional High School (3)	42,455,000	6.44%	2,735,602
Southampton Township School District	2,170,000	100.00%	<u>2,170,000</u>
Total Direct & Overlapping Debt			<u>\$ 16,289,790</u>

(1) 2020 Annual Debt Statement

(2) County net debt is allocated as a proportion of the Township's share of the total 2020 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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt Limit	36,139,233	\$ 34,785,339	\$ 33,706,716	\$ 32,886,236	\$ 32,619,364	\$ 32,613,444	\$ 33,776,228	\$ 35,671,727	\$ 38,024,517	
Total Net Debt Applicable to Limit	2,170,000	2,720,000	3,270,000	4,545,000	5,330,000	5,630,000	2,230,000	3,005,000	3,765,000	
Legal Debt Margin	\$ 33,969,233	\$ 32,065,339	\$ 30,436,716	\$ 28,341,236	\$ 27,289,364	\$ 26,983,444	\$ 31,546,228	\$ 32,666,727	\$ 34,259,517	
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.00%	7.82%	9.70%	13.82%	16.34%	17.26%	18.78%	6.60%	8.42%	9.90%

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized Valuation Basis	
2020	\$ 1,255,967,016
2019	1,210,334,751
2018	1,147,621,547
	<u>\$ 3,613,923,314</u>
Average Equalized Valuation of Taxable Property	<u>\$ 1,204,641,105</u>
Debt Limit (3.0 % of Average Equalization Value)	\$ 36,139,233
Net Debt Applicable to Limit	<u>2,170,000</u>
Legal Debt Margin	<u>\$ 33,969,233</u>

SOURCE: Annual Debt Statement

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts.

Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

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

<u>YEAR</u>	<u>POPULATION</u> ^a	<u>PERSONAL INCOME (THOUSANDS OF DOLLARS)</u> ^b	<u>BURLINGTON COUNTY PER CAPITA INCOME</u> ^c	<u>UNEMPLOYMENT RATE</u> ^d
2020	10,094	Unavailable	Unavailable	9.6%
2019	10,115	643,364,575	63,605	3.9%
2018	10,128	620,279,232	61,244	4.6%
2017	10,159	603,769,688	59,432	5.0%
2016	10,189	590,462,739	57,951	4.0%
2015	10,260	577,402,020	56,277	5.2%
2014	10,322	555,013,940	53,770	6.4%
2013	10,347	534,267,345	51,635	9.8%
2012	10,407	531,860,142	51,106	7.6%
2011	10,430	521,625,160	50,012	7.4%

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

	2021			2012		
	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	RANK (OPTIONAL)	PERCENTAGE OF TOTAL EMPLOYMENT
Southampton Board of Education	105	1	84.68%	118	1	77.12%
Southampton Township	19	2	15.32%	35	2	22.88%
	<u>124</u>		<u>100.00%</u>	<u>153</u>		<u>100.00%</u>

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,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction:										
Regular	47	47	48	55	55	55	55	55	55	55
Special Education	19	19	19	23	23	23	23	23	23	23
Other Special Education	2	2	2	3	3	3	3	3	3	3
Support Services:										
Student & Instruction Related Services	15	16	16	19	19	19	19	16	16	16
School Administrative Services	8	8	8	8	8	8	8	7	7	7
General Administrative Services	5	5	6	5	5	5	5	5	5	5
Plant Operations & Maintenance	9	10	10	10	10	10	9	9	9	9
Total	105	107	109	123	123	123	122	118	118	118

Source: District Personnel Records

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Operating Information

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

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO ELEMENTARY	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2021	713	\$ 15,937,618	\$ 22,353	0.0045%	82	8.69	694.4	672.7	-0.1537%	94.35%
2020	702	15,567,698	22,176	0.0046%	82	8.56	682.4	661.6	-0.1511%	94.25%
2019	707	15,581,301	22,039	0.0049%	82	8.62	682.4	661.6	-0.1487%	93.58%
2018	713	15,191,050	21,306	0.0054%	79	8.78	688.8	667.0	-0.1494%	93.55%
2017	709	14,031,557	19,791	0.0050%	78	8.96	690.3	668.2	-0.1497%	94.25%
2016	690	13,731,768	19,901	0.0051%	78	9.33	690.3	668.2	-0.1360%	96.84%
2015	710	13,960,236	19,662	0.0059%	78	9.29	710.8	701.0	-0.1374%	98.73%
2014	723	13,241,068	18,314	0.0063%	78	9.83	723.2	714.3	-0.1342%	98.80%
2013	739	12,644,991	17,111	0.0070%	78	10.13	739.0	729.5	-0.1290%	98.71%
2012	783	12,241,557	15,634	0.0064%	78	9.90	783.9	751.9	-0.1310%	96.03%

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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Elementary Schools:										
School #1 (1921, 1922, 1952, 1959)	35,109	35,109	35,109	35,109	35,109	35,109	35,109	35,109	35,109	35,109
Square Feet	223	223	223	223	223	223	223	223	223	223
Capacity (Students)	226	226	227	240	239	233	235	239	244	244
Enrollment										
School #2 (1962, 1969)	40,674	40,674	40,674	40,674	40,674	40,674	40,674	40,674	40,674	40,674
Square Feet	279	279	279	279	279	279	279	279	279	279
Capacity (Students)	227	227	228	232	230	224	226	231	235	243
Enrollment (a)										
Middle School:										
School # 3 (1994)	52,280	52,280	52,280	52,280	52,280	52,280	52,280	52,280	52,280	52,280
Square Feet	417	417	417	417	417	417	417	417	417	417
Capacity (Students)	249	249	252	241	240	233	249	253	260	296
Enrollment										
Total District Enrollment:	713	702	707	713	709	690	710	723	739	783
Other Buildings:										
Administration Building (1910)	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394	4,394
Square Feet										
Storage Building - Garage (1930)	900	900	900	900	900	900	900	900	900	900
Square Feet										
Storage Building - Barn (1930)	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520
Square Feet										
Storage Building - Stable (1930)	396	396	396	396	396	396	396	396	396	396
Square Feet										
Storage Building - Bus Garage (1938)	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516	2,516
Square Feet										
Number of Schools at June 30, 2021:										
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 #</u>			<u>DISTRICT</u>
	<u>#1</u>	<u>#2</u>	<u>#3</u>	<u>TOTAL</u>
2021	\$ 46,935	\$ 54,374	\$ 69,890	\$ 171,199
2020	24,329	137,364	152,211	313,904
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

* 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, 2021
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	250,000	
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		100,000-250,000
Beazley Insurance Company, Inc.		
Cyber Liability	2,000,000	50,000-100,000
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 Londaon
Cyber Liability	AIG / Lexington Insurance Company, Inc.
Violent malicious Acts	Lloyd's of Londaon
Disaster Managemnet Services	Lloyd's of Londaon

Source: District Records

SINGLE AUDIT SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Southampton Township School District (the "School District") as of and for the year ended June 30, 2021, 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 February 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing 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 School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We also noted one immaterial instance of noncompliance that is not required to be reported under *Governmental Auditing Standards* and 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 February 25, 2022.

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,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

David T. McNally
Certified Public Accountant
Public School Accountant, No. 2616

Medford, New Jersey
February 25, 2022

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

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

Report on Compliance for Each Major State Program

We have audited the Southampton Township School District's (the "School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2021. The 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 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, the Uniform Guidance and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about 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 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, 2021.

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 finding no. 2021-001. 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 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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over

compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

David T. McNally
Certified Public Accountant
Public School Accountant, No. 2616

Medford, New Jersey
February 25, 2022

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SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER	ASSISTANCE LISTING NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE 6/30/2020	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	(ACCOUNTS RECEIVABLE)	BALANCE, JUNE 30, 2021 UNEARNED REVENUE
U.S. Department of Health and Human Services Passed Through New Jersey Department of Human Services Medical Assistance Program (SEMI)	93.778	2105N5MAP	100-054-7540-211	\$ 11,025	7/1/20-6/30/21	\$ -	\$ 11,025	\$ (11,025)	\$ -	\$ -	\$ -	\$ -
						(1,212)	1,212	(38,535)	-	-	(4,838)	-
						(1,212)	34,909	(38,535)	-	-	(4,838)	-
						-	102,755	(137,634)	-	-	(34,879)	-
						(2,319)	2,319	-	-	-	-	-
						2,745	2,424	(2,745)	-	-	(321)	-
						(48)	48	-	-	-	-	-
						23,679	23,679	(21,248)	-	-	-	2,431
						2,455	-	(2,455)	-	-	-	-
						88	131,225	(164,082)	-	-	(35,200)	2,431
						(1,124)	166,134	(202,617)	-	-	(40,038)	2,431
						(1,124)	166,134	(202,617)	-	-	(40,038)	2,431
Total U.S. Department of Health and Human Services												
U.S. Department of Agriculture Passed Through New Jersey Department of Agriculture; Child Nutrition Cluster:												
COVID-19 School Breakfast Program	10.553	21NIJ304N1099	100-010-3350-028	\$ 38,535	7/1/20-6/30/21	\$ -	\$ 33,697	\$ (38,535)	\$ -	\$ -	\$ (4,838)	\$ -
COVID-19 School Breakfast Program	10.553	20NIJ304N1104	100-010-3350-028	12,034	3/13/20-6/30/20	(1,212)	1,212	-	-	-	-	-
						(1,212)	34,909	(38,535)	-	-	(4,838)	-
						-	102,755	(137,634)	-	-	(34,879)	-
						4,058	2,319	-	-	-	-	-
						2,745	2,424	(2,745)	-	-	(321)	-
						(48)	48	-	-	-	-	-
						23,679	23,679	(21,248)	-	-	-	2,431
						17,452	-	(2,455)	-	-	-	-
						88	131,225	(164,082)	-	-	(35,200)	2,431
						(1,124)	166,134	(202,617)	-	-	(40,038)	2,431
						(1,124)	166,134	(202,617)	-	-	(40,038)	2,431
Total U.S. Department of Agriculture												
U.S. Department of Education Passed Through New Jersey Department of Education; L.D.E.A., Part B (Special Education Cluster)												
Basic	84.027	H027A200100	100-034-5065-016	203,497	7/1/20-9/30/21	-	203,497	(203,497)	-	-	-	-
Basic	84.027	H027A190100	100-034-5065-016	200,226	7/1/19-9/30/20	(2,926)	40,042	(37,116)	-	-	-	-
						(2,926)	243,539	(240,613)	-	-	-	-
						-	12,882	(12,882)	-	-	-	-
						(2,591)	2,591	-	-	-	-	-
						(2,591)	15,473	(12,882)	-	-	-	-
						(5,517)	259,012	(253,495)	-	-	-	-
						-	79,586	(84,242)	-	-	(4,656)	-
						(31,044)	31,044	-	-	-	-	-
						(31,044)	110,630	(84,242)	-	-	(4,656)	-
						-	7,936	(10,647)	-	-	(2,711)	-
						(5,432)	5,432	-	-	-	-	-
						(5,432)	13,368	(10,647)	-	-	(2,711)	-
						-	9,435	(9,435)	-	-	-	-
						(904)	1,859	(955)	-	-	-	-
						(904)	11,294	(10,390)	-	-	-	-
						(47,308)	22,904	(19,998)	-	1,926	(42,476)	-
						(47,308)	22,904	(19,998)	-	1,926	(42,476)	-
						(90,205)	417,208	(378,772)	-	1,926	(49,843)	-
Total U.S. Department of Education												
U.S. Department of Treasury COVID-19 Corona Virus Relief Fund	21.019	SLT007	100-034-5120-517	38,130	3/13/20-9/30/22	-	38,130	(38,130)	-	-	-	-
						-	38,130	(38,130)	-	-	-	-
						-	38,130	(38,130)	-	-	-	-
Total U.S. Department of Treasury												
Total Expenditures of Federal Awards						\$ (91,329)	\$ 632,497	\$ (630,544)	\$ -	\$ 1,926	\$ (89,881)	\$ 2,431

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, 2021**

STATE GRANTOR/PROGRAM/TITLE OR CLUSTER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2020	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	BALANCE JUNE 30, 2021 ACCOUNTS RECEIVABLE	MEMO	
									BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<u>New Jersey Department of Education:</u>										
General Fund:										
State Aid Public:										
Equalization Aid	495-034-5120-078	\$ 425,897	7/1/20-6/30/21	-	\$ 425,897	\$ (425,897)	\$ -	\$ -	\$ 31,507	\$ 425,897
Security Aid	495-034-5120-084	94,037	7/1/20-6/30/21	-	94,037	(94,037)	-	-	6,957	94,037
Adjustment Aid	495-034-5120-085	321,629	7/1/20-6/30/21	-	321,629	(321,629)	-	-	23,794	321,629
Special Education Categorical Aid	495-034-5120-089	489,699	7/1/20-6/30/21	-	489,699	(489,699)	-	-	36,228	489,699
Total State Aid Public				-	1,331,262	(1,331,262)	-	-	98,486	1,331,262
Transportation Aid	495-034-5120-014	420,886	7/1/20-6/30/21	-	420,886	(420,886)	-	-	31,137	420,886
Additional Nonpublic School Transportation Aid	495-034-5120-014	8,120	7/1/20-6/30/21	(1,826)	-	(8,120)	-	(8,120)	-	8,120
Additional Nonpublic School Transportation Aid	495-034-5120-014	1,826	7/1/19-6/30/20	-	1,826	-	-	-	-	-
Extraordinary Aid	495-034-5120-044	221,241	7/1/20-6/30/21	(195,347)	-	(221,241)	-	(221,241)	-	221,241
Extraordinary Aid	495-034-5120-044	195,347	7/1/19-6/30/20	-	195,347	-	-	-	-	-
Reimbursed TPAF Social Security Contributions	100-034-5094-003	429,533	7/1/20-6/30/21	-	408,189	(429,533)	-	(21,344)	-	429,533
Reimbursed TPAF Social Security Contributions	100-034-5094-003	432,448	7/1/19-6/30/20	(21,325)	21,325	-	-	-	-	-
Medical (Noncash Assistance)	495-034-5094-001	510,050	7/1/20-6/30/21	-	510,050	(510,050)	-	-	-	510,050
TPAF Pension Contributions (Noncash Assistance)	495-034-5094-002	1,627,554	7/1/20-6/30/21	-	1,627,554	(1,627,554)	-	-	-	1,627,554
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	1,376	7/1/20-6/30/21	-	1,376	(1,376)	-	-	-	1,376
Total General Fund				(218,498)	4,517,815	(4,550,022)	-	(250,705)	129,623	4,550,022
<u>New Jersey Department of Agriculture:</u>										
Enterprise Fund:										
National School Lunch Program	100-010-3350-023	7,097	7/1/20-6/30/21	-	5,257	(7,097)	-	(1,840)	-	7,097
National School Lunch Program	100-010-3350-023	2,260	7/1/19-6/30/20	(624)	624	-	-	-	-	-
Total Enterprise Fund				(624)	5,881	(7,097)	-	(1,840)	-	7,097
Total State Financial Assistance				\$ (219,122)	\$ 4,523,696	\$ (4,557,119)	\$ -	\$ (252,545)	\$ 129,623	\$ 4,557,119
State Financial Assistance Programs not subject to Calculation for Major Program Determination:										
TPAF - Post Retirement Medical (Noncash Assistance)	495-034-5094-001	510,050	7/1/20-6/30/21	-	-	510,050	-	-	-	-
TPAF Pension Contributions (Noncash Assistance)	495-034-5094-002	1,627,554	7/1/20-6/30/21	-	-	1,627,554	-	-	-	-
TPAF - Long-Term Disability Insurance (Noncash Assistance)	495-034-5094-004	1,376	7/1/20-6/30/21	-	-	1,376	-	-	-	-
Total State Financial Assistance subject to Calculation for Major Program Determination						\$ (2,418,139)				

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, 2021**

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, 2021. 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, 2021.

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, 2021**

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 15,900 for the general fund and \$35,794 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	\$ 11,025	\$ 4,565,922	\$ 4,576,947
Special Revenue Fund	452,696	-	452,696
Food Service Fund	202,617	7,097	209,714
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 666,338</u>	<u>\$ 4,573,019</u>	<u>\$ 5,239,357</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, 2021.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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?	_____ yes	_____ <u>X</u> no
2) Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:		
1) Material weakness(es) identified?	_____ yes	_____ no
2) Significant deficiency(ies) identified?	_____ yes	_____ none reported
Type of auditor's report issued on compliance for major programs	_____	_____
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance?	_____ yes	_____ no

Identification of major programs:

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

Dollar threshold used to determine Type A programs _____

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

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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?	_____ yes		_____ X _____	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?	_____ X _____	yes		_____ no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

495-034-5120-078	State Aid - Public:
495-034-5120-084	Equalization Aid
495-034-5120-085	Categorical Security Aid
495-034-5120-089	Adjustment Aid
	Categorical Special Education Aid

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings – N/A

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.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

STATE FINANCIAL ASSISTANCE

Finding 2021-001

Information on the State Program:

State Aid – Public

Criteria or specific requirement:

N.J.A.C. 6A:23A-16.10 prohibits a school district from incurring any obligation or approve any payment in excess of the amount appropriated by the district board of education in the applicable line item account or program category account.

Condition:

It was noted during our audit that the District incurred obligations in excess of the amount appropriated by the Board in the General Fund.

Questioned Costs:

None

Context:

As a result of required audit adjustments, budget appropriations for tuition were over-expended.

Effect or potential effect:

The District did not comply with N.J.A.C. 6A:23A-16.10.

Cause:

The District did not properly record noncash state aid adjustments. An adjustment to record these items resulted in over-expenditures in the budget.

Recommendation:

That the District ensure that all noncash entries are recorded prior to year-end.

**SOUTHAMPTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Finding 2021-001 (continued)

View of responsible official:

The responsible official agrees with this finding 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, 2021**

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 – N/A

Federal Awards – N/A

State Financial Assistance – N/A