

SHORE REGIONAL BOARD OF EDUCATION

WEST LONG BRANCH, NEW JERSEY
COUNTY OF MONMOUTH

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SHORE REGIONAL BOARD OF EDUCATION

WEST LONG BRANCH, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by

Business Office – Dennis W. Kotch, Business Administrator/Board Secretary

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	2
Roster of Officials	3
Consultants and Advisors	4
FINANCIAL SECTION	
Independent Auditor’s Report	7
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management’s Discussion and Analysis	13
BASIC FINANCIAL STATEMENTS	
A. District-wide Financial Statements:	
A-1 Statement of Net Assets	27
A-2 Statement of Activities	28
B. Fund Financial Statements:	
B-1 Balance Sheet	33
B-2 Statement of Revenues, Expenditures & Changes in Fund Balances	34
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Proprietary Funds:	
B-4 Statement of Net Assets	39
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Assets	40
B-6 Statement of Cash Flows	41
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	45
B-8 Statement of Changes in Fiduciary Net Assets	46
Notes to Financial Statements	49
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	81
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b Education Jobs Fund Program – Budget & Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	85

(continued)

OUTLINE OF CAFR (continued):

	PAGE
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	86
D. School Based Budget Schedules –	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures Special Revenue Fund – Budgetary Basis	95
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	99
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	100
F-2a Schedule of Revenues, Expenditures Project Balance & Project Status – Project Status – Indian Mills Memorial & Indian Mills Schools, Renovation, Site Work & Solar Panel Installation	101
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	107
G-2 Combining Schedule of Revenues, Expenses & Changes in in Fund Net Assets	108
G-3 Combining Schedule of Cash Flows	109
Internal Service Fund –	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	115
H-2 Combining Statement of Changes in Fiduciary Net Assets	116
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	117
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	118
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	121
I-2 Schedule of Obligations Under Capital Leases	122
I-3 Debt Service Fund Budgetary Comparison Schedule	123

(continued)

OUTLINE OF CAFR (continued):

STATISTICAL SECTION (unaudited)

	PAGE
Financial Trends:	
J-1 Net Assets by Component	127
J-2 Changes in Net Assets	128
J-3 Fund Balances – Governmental Funds	130
J-4 Changes in Fund Balances – Governmental Funds	131
J-5 General Fund Other Local Revenue by Source	132
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	133
J-7 Direct & Overlapping Property Tax Rates	137
J-8 Principal Property Taxpayers	141
J-9 Property Tax Levies & Collections	145
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	146
J-11 Ratios of General Bonded Debt Outstanding	147
J-12 Direct & Overlapping Governmental Activities Debt	148
J-13 Legal Debt Margin Information	149
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	150
J-15 Principal Employers	154
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	158
J-17 Operating Statistics	159
J-18 School Building Information	160
J-19 Schedule of Required Maintenance	161
J-20 Insurance Schedule	162

K SINGLE AUDIT SECTION

K-1 Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	165
K-2 Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	167
K-3 Schedule of Expenditures of Federal Awards, Schedule A (See Additional Information)	171
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	172
K-5 Notes to Schedules of Awards and Financial Assistance	173
K-6 Schedule of Findings and Questioned Costs	175
K-7 Summary Schedule of Prior Audit Findings	178

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INTRODUCTORY SECTION

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Shore Regional High School District

MONMOUTH BEACH - OCEANPORT - SEA BRIGHT - WEST LONG BRANCH

August 28, 2013

132 MONMOUTH PARK HIGHWAY
WEST LONG BRANCH, NEW JERSEY 07764-1396
Telephone: 732-222-9300

Honorable President and
Members of the Board of Education
Shore Regional High School District
County of Monmouth, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Shore Regional High School District ("District") for the fiscal year ended June 30, 2013 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 Shore Regional High Board of Education ("Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart, a roster of principal officials and a list of consultants and advisors. The financial section includes the district-wide and fund financial statements and schedules, as well as the auditor's report and the Management's Discussion and Analysis. The statistical section includes selected financial statements and schedules as well as information generally presented on a multi-year basis.

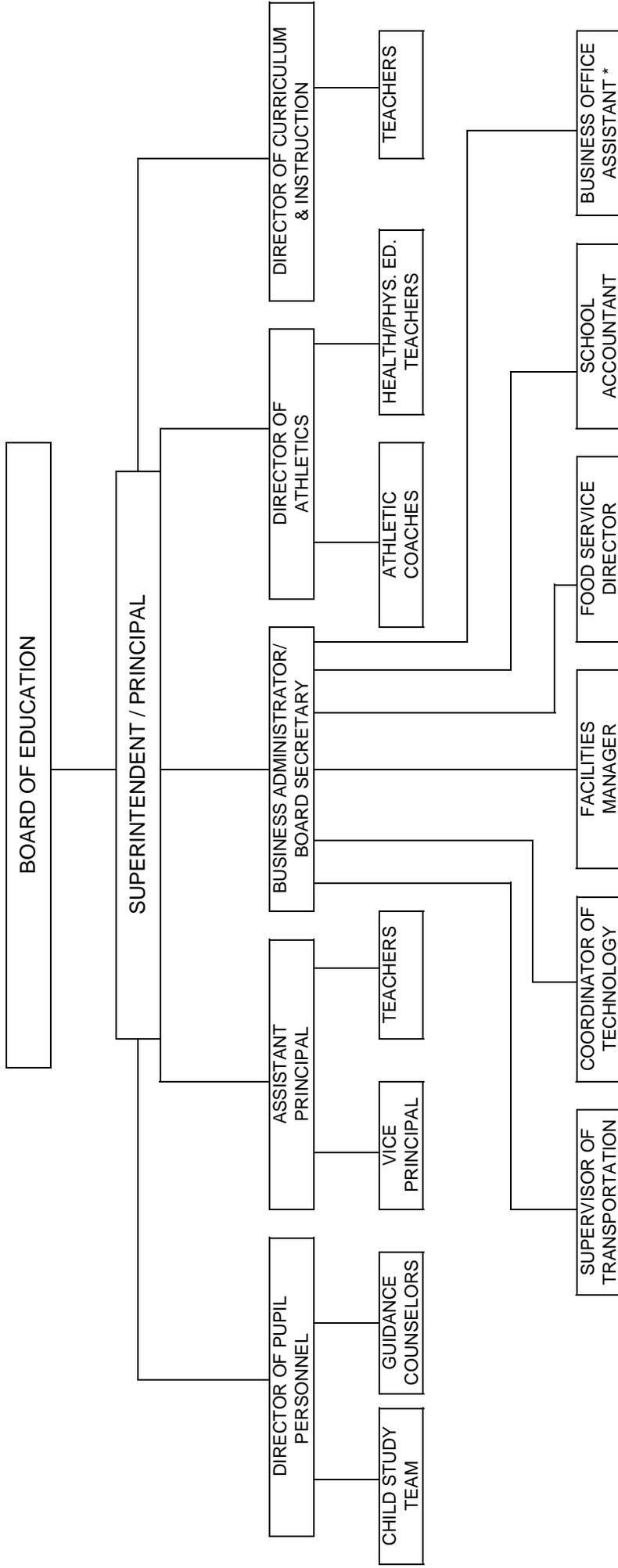
The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Respectfully submitted,

Thomas Farrell
Superintendent of Schools

Dennis Kotch, CPA
School Business Administrator

SHORE REGIONAL HIGH SCHOOL DISTRICT ORGANIZATIONAL CHART



SHORE REGIONAL BOARD OF EDUCATION

ROSTER OF OFFICIALS

6/30/2013

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Ronald O'Neill, President	2014
Paul Roller, Vice President	2015
David Baker	2013
Elizabeth Garrigal	2015
Mary Lynn Mango	2015
Diane E. Merla	2013
Susanna Markson	2013
Frank J. Pingitore	2013
Tadeusz "Ted" Szczurek	2014

OTHER OFFICIALS

Renae LaPrete, Interim Superintendent/Principal (07/01/12-04/14/13)

Thomas Farrell, Superintendent/Principal (04/15/13-06/30/13)

Dennis W. Kotch, CPA, Board Secretary/Business Administrator/Treasurer

**SHORE REGIONAL BOARD OF EDUCATION
WEST LONG BRANCH, NEW JERSEY**

CONSULTANTS AND ADVISORS

AUDIT FIRM/FINANCIAL ADVISORS

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Holman Frenia Allison, P. C.
912 Highway 33, Suite 2
Freehold, New Jersey 07728

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Attorney at Law
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Long Branch, NJ 07740

Dennis Collins, Esq.
Attorney at Law
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Farmingdale, NJ 07727

SUPERINTENDENT CONSULTANT

Renae LaPrete
RLP, LLC
1919 Troy Drive
Wall, NJ 07719

OFFICIAL DEPOSITORY

MBIA Municipal Investors Service Corporation
113 King Street
Armok, NY 10504

Investors Savings Bank
2426 Highway 34 North
Manasquan, NJ 08736

FINANCIAL SECTION

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

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www.hfacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Shore Regional High School District
County of Monmouth
West Long Branch, 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 Board of Education of the Shore Regional High School District, County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Shore Regional High School District, County of Monmouth, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13 through 22 and 81 through 86 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 Shore Regional Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements.

The combining and individual fund financial statements, long-term debt schedules and the accompanying schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the accompanying

schedule of expenditures state financial assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section, and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no 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 November 14, 2013 on our consideration of the Board of Education of the Shore Regional High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Board of Education of the Shore Regional High School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Allison', with a long horizontal line extending to the left.

Robert W. Allison
Public School Accountant
Certified Public Accountant
No. 897

Freehold, New Jersey
November 14, 2013

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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SHORE REGIONAL HIGH SCHOOL DISTRICT
MONMOUTH COUNTY, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

UNAUDITED

The discussion and analysis of Shore Regional High School District's ("School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Key financial highlights for 2013 are as follows:

- ◆ General revenues accounted for \$17,265,518.52 in revenue or 94.23 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,066,752.32 or 5.82 percent of total revenues of \$18,322,270.84.
- ◆ Total net assets of governmental activities increased by \$1,207,172.69.
- ◆ The School District had \$17,128,233.87 in expenses; only \$1,066,752.32 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$17,265,518.52 were adequate to provide for these programs.
- ◆ The General Fund had \$16,799,097.42 in revenues and \$15,849,332.63 in expenditures and other financing uses. The General Fund's balance increased \$939,764.79 over 2013. This increase was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Shore Regional High School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Shore Regional High School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2013?” The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ◆ **Governmental Activities** – All of the School District’s programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds is included in the 2012-13 Comprehensive Annual Financial Report as presented by the School District. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary comparison of the School District's net assets for 2012 and 2013.

Table 1

Net Assets as of June 30, 2012 and 2013

	<u>2013</u>	<u>2012</u>
Assets:		
Cash and Cash Equivalents	\$ 3,105,247.79	\$ 2,128,467.90
Receivables, Net	478,750.89	520,030.82
Interfund Receivable	83,875.55	
Inventory	3,664.88	3,896.00
Capital Assets, Net	<u>16,176,092.39</u>	<u>16,738,335.77</u>
Total Assets	<u>\$ 19,847,631.50</u>	<u>\$ 19,390,730.49</u>
Liabilities:		
Accounts Payable	\$ 466,817.34	\$ 262,293.45
Interfund Payable	82,798.77	90,000.00
Payable To State Government	8,474.52	9,665.80
Cash Deficit		
Accrued Expenses		130,936.49
Deferred Revenue	56,754.63	51,720.08
Noncurrent Liabilities:		
Due Within One Year	765,909.25	836,345.47
Due Beyond One Year	<u>12,382,193.20</u>	<u>13,129,122.39</u>
Total Liabilities	<u>\$ 13,762,947.71</u>	<u>\$ 14,510,083.68</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 3,218,391.47	\$ 2,960,902.32
Restricted for:		
Capital Projects	231,528.77	1,006,720.95
General Fund		679,337.77
Debt Service Fund	109,267.06	109,194.75
Other Purposes	2,233,107.98	
Unrestricted	<u>292,388.51</u>	<u>124,491.02</u>
Total Net Assets	<u>\$ 6,084,683.79</u>	<u>\$ 4,880,646.81</u>

Table 2
Changes in Net Assets

	<u>2013</u>	<u>2012</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 624,754.67	\$ 377,548.35
Operating Grants and Contributions	441,997.65	10,568.40
General Revenues:		
Property Taxes	15,307,225.06	15,754,172.00
Grants and Entitlements	1,905,501.25	2,263,233.41
Other	<u>42,749.37</u>	<u>52,907.90</u>
Total Revenues	<u>\$ 18,322,228.00</u>	<u>\$ 18,458,430.06</u>
<u>Program Expenses</u>		
Instruction	\$ 5,315,570.33	\$ 7,689,360.98
Support Services:		
Pupils and Instructional Staff	3,124,060.92	4,003,756.49
General Administration, School		
Administration, Business	975,271.53	1,334,953.70
Operations and Maintenance		
of Facilities	1,503,897.84	1,498,830.63
Pupil Transportation	1,010,341.94	1,574,030.33
Employee Benefits	3,403,552.69	
Unallocated Depreciation		
And Amortization	1,173,682.23	
Interest on Long-Term Debt	414,595.51	426,082.39
Food Service	<u>207,260.88</u>	<u>202,440.56</u>
Total Expenses	<u>17,128,233.87</u>	<u>16,729,455.08</u>
Increase in Net Assets	<u>\$ 1,193,994.13</u>	<u>\$ 1,728,974.98</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 83.54 percent of revenues for governmental activities for the Shore Regional High School District for fiscal year 2013. The School District's total governmental revenues were \$18,322,228.00 for the fiscal year ended June 30, 2013. Federal, state and local grants accounted for another 10.40 percent.

The total cost of all program and services was \$17,128,233.87. Instruction comprises 31.03 percent of School District expenses.

Business-Type Activities

Revenues for the School District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ◆ Food service expenses exceeded revenues by \$3,178.56.

- ◆ Charges for services represent \$204,082.32 of revenue. This represents the amount paid by patrons for daily food services.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the School District's taxpayers by each of these functions.

Table 3

Governmental Activities

	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 5,315,570.33	\$ 4,968,459.84	\$ 7,689,360.98	\$ 7,631,138.76
Support Services:				
Pupils and Instructional Staff	3,124,060.92	3,013,657.96	4,003,756.49	4,003,756.49
General Administration, School Administration, Business	975,271.53	975,271.53	1,334,953.70	1,334,953.70
Operation and Maintenance of Facilities	1,503,897.84	1,503,897.84	1,498,830.63	1,498,830.63
Pupil Transportation	1,010,341.94	595,185.39	1,574,030.33	1,406,023.41
Employee Benefits	3,403,552.69	3,403,552.69		
Unallocated Depreciation And Amortization	1,173,682.23	1,173,682.23		
Interest on Long-Term Debt	414,595.51	414,595.51	426,082.39	426,082.39
Total Expenses	\$ 16,920,972.99	\$ 16,048,302.99	\$ 16,527,014.52	\$ 16,300,785.38

Instruction expenses: include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. This excludes media center, guidance and out-of-district placement expenses. Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Pupils and instructional staff: include the activities involved with assisting staff with the content and process of teaching to students, including curriculum, staff development, guidance, media center, and out-of-district placements. Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

General administration, school administration and business: include expenses associated with administrative and financial supervision of the School District.

Operation and maintenance of facilities activities: involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation: includes activities involved with the conveyance of students to and from school, school activities, county vocational schools, and out-of-district placements, as provided by state law.

The School District's Funds

Information about the School District's major funds is included in the 2012-13 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects and Debt Service Fund presented in the fund-based statements) had total revenues and transfers of \$18,138,145.68 and expenditures and transfers of \$17,188,308.58.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2013, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2011/12</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 15,790,646.78	87.06%	\$ (215,927.52)	(1.37)%
State Sources	2,011,409.94	11.09	(188,585.83)	(9.38)
Federal Sources	<u>336,088.96</u>	<u>1.85</u>	<u>262,282.92</u>	78.04
Total	<u>\$ 18,138,145.68</u>	<u>100.00%</u>	<u>\$ (142,230.43)</u>	<u>(0.78)%</u>

The decrease in Local Sources is attributed to a decrease in debt service aid.

The decrease in State Sources is due to a decrease in debt service aid.

The increase in Federal Sources is due to carryover of funds.

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2013.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2011/12</u>	<u>Percent of Increase/ (Decrease)</u>
Current:				
Instruction	\$ 5,315,570.33	30.93%	\$ 306,752.27	5.77%
Undistributed Expenditures	10,272,095.22	56.76	199,870.80	1.95
Debt Service:				
Principal	540,000.00	3.14	540,000.00	100.00
Interest	419,462.50	2.44	419,462.50	100.00
Capital Outlay	<u>641,180.53</u>	<u>3.73</u>	<u>8,544.56</u>	1.33
Total	<u>\$ 17,188,308.58</u>	<u>100.00%</u>	<u>\$1,474,630.13</u>	<u>8.58%</u>

The increase in Current - Instruction is attributed to an increase in salaries per contract and an increase in technology and teaching supplies.

The increase in Current - Undistributed Expenditures is attributed to insurance premium increases, grounds maintenance costs and facilities costs.

The increase in Capital Outlay is attributed to the purchase of new technology, grounds and athletic equipment.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2013, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Staffing changes based on student needs.
- ◆ Additional costs for student transportation both in regular education, special education, and vocational education.
- ◆ Accounting changes in maintenance and operations.
- ◆ Changes in appropriations to prevent budget overruns.

While the School District's final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$948,951.79 decrease in surplus funds for a total unrestricted free balance (GAAP) of \$939,764.79 at June 30, 2013.

Capital Assets

At the end of the fiscal year 2013, the School District had \$16,411,206.50 invested in land, buildings and improvements, and machinery and equipment.

Table 4

Capital Assets (Net of Depreciation) at June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Land	\$ 485,000.00	\$ 485,000.00
Construction in Progress		
Site Improvements	407,014.61	440,284.74
Building and Improvements	4,245,532.20	4,517,555.04
Machinery and Equipment	<u>11,273,659.69</u>	<u>11,257,263.53</u>
Total	<u>\$ 16,145,206.50</u>	<u>\$ 16,700,103.31</u>

Debt Administration

At June 30, 2013, the School District had \$13,148,102.45 as outstanding debt. Of this amount, \$190,401.53 is for compensated absences, \$522,700.92 for capital leases, and \$12,435,000.00 for bonds payable.

At June 30, 2013, the School District's overall legal debt margin was \$149,905,424.00.

For the Future

The Shore Regional High School District is a highly-competitive 9-12 high school. The School District is financially sound, has a stable population and possesses a quality organizational structure. The School District has been ranked within the top 100 schools in New Jersey.

The present enrollment is approximately 675 students and studies project the enrollment to be 670 students. The goal is to maintain high-quality instruction by hiring the most qualified personnel to meet the students needs of the year 2013.

Historically, the taxpayers have approved the School District's budget, but in the recent years, the voters have rejected the budget 5 out of the last 10 years. During this time, poor economic conditions resulted in state aid being frozen and the federal government revising guidelines for aid to schools. The taxpayers had to bear a greater burden of school finances. Legislators are revising the regulations for school funding, budgeting procedures and implementation during the school year. The School District's future finances are at best unstable and must balance educational needs verses taxpayer burden.

Shore Regional is composed of 4 municipalities whose share of supporting the regional school is controlled by a percent share calculation. The formula is composed of a yearly calculation of the percent students within their schools and the amount of assessed evaluation. This results in a fluctuation of a district's tax levy in addition to the normal operational increases. For example, a constituent's district tax levy has increased 7 cents. The 7 cents is composed of a 3.4 cents operational increase and a share change increase of 3.6 cents. This has created an atmosphere of people reacting against the impact of the formula, not necessarily reacting against the school operational budget.

The facility is well-maintained for a building that was constructed in 1962. A thorough review of the 40-year-old systems was conducted in October, 2005. After assessing the heat, light, plumbing, and mechanical systems, the School District developed a plan to upgrade the building which was approved at a referendum vote of the taxpayers in September 2008. Construction to replace the heating system, air conditioning system, lights and electrical switchgear began in July 2009 and should be complete by December 2010. This plan will include yearly upgrades and possible long-term financing that may result in additional tax burden. The condition of the building and grounds must be addressed so that the facility can provide the basis for a sound, safe educational environment.

The goal is to provide a high-quality education, in a sound, safe environment, within a backdrop of federal, state and local funding issues. This will enable Shore Regional to maintain its place as one of the best schools in New Jersey.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, please contact Dennis Kotch, CPA, School Business Administrator/Board Secretary at Shore Regional High School District Board of Education, 132 Monmouth Park Highway, West Long Branch, NJ 07764.

BASIC FINANCIAL STATEMENTS

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A. District-Wide Financial Statements

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SHORE REGIONAL HIGH SCHOOL DISTRICT

STATEMENT OF NET POSITION

For the fiscal year ended June 30, 2013

	Governmental Activities	Business -Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 3,095,630.43	\$ 9,617.36	\$ 3,105,247.79
Receivables, Net	478,750.89		478,750.89
Interfund Receivable	83,875.55		83,875.55
Inventory		3,664.88	3,664.88
Deferred Financing Costs, Net			
Capital Assets, Net	<u>16,145,206.50</u>	<u>30,885.89</u>	<u>16,176,092.39</u>
Total Assets	<u>19,803,463.37</u>	<u>44,168.13</u>	<u>19,847,631.50</u>
Liabilities:			
Accounts Payable	450,683.22	16,134.13	466,817.35
Interfund Payable		82,798.77	82,798.77
Payable to State Government	8,474.52		8,474.52
Unearned Revenue	55,931.18	823.45	56,754.63
Noncurrent Liabilities:			
Due Within One Year	765,909.25		765,909.25
Due Beyond One Year	<u>12,382,193.20</u>		<u>12,382,193.20</u>
Total Liabilities	<u>13,663,191.37</u>	<u>99,756.35</u>	<u>13,762,947.72</u>
Net Position:			
Invested in Capital Assets, Net of Related Debt	3,187,505.58	30,885.89	3,218,391.47
Restricted for:			
Capital Projects	231,528.77		231,528.77
Debt Service	109,267.06		109,267.06
Other Purposes	2,233,107.97		2,233,107.97
Unrestricted	<u>378,862.62</u>	<u>(86,474.11)</u>	<u>292,388.51</u>
Total Net Position	<u>\$ 6,140,272.00</u>	<u>\$ (55,588.22)</u>	<u>\$ 6,084,683.78</u>

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

SHORE REGIONAL HIGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
Instruction:							
Regular	\$ 3,985,073.53	\$ 78,000.00	\$ 269,110.49		\$ (3,637,963.04)	\$ (3,637,963.04)	
Special Education	494,990.14				(494,990.14)	(494,990.14)	
Other Instruction	835,506.66				(835,506.66)	(835,506.66)	
Support Services:							
Tuition	1,491,445.63				(1,491,445.63)	(1,491,445.63)	
Student and Instruction Related Services	1,632,615.29		110,402.96		(1,522,212.33)	(1,522,212.33)	
General and Business Administrative Services	333,544.06				(333,544.06)	(333,544.06)	
School Administrative Services	365,220.62				(365,220.62)	(365,220.62)	
Central Services	207,670.52				(207,670.52)	(207,670.52)	
Administrative Information Technology	68,836.33				(68,836.33)	(68,836.33)	
Plant Operations and Maintenance	1,503,897.84				(1,503,897.84)	(1,503,897.84)	
Pupil Transportation	1,010,341.94	352,672.35	62,484.20		(595,185.39)	(595,185.39)	
Employee Benefits	3,403,552.69				(3,403,552.69)	(3,403,552.69)	
Interest on Long-Term Debt	414,595.51				(414,595.51)	(414,595.51)	
Unallocated Depreciation and Amortization	1,173,682.23				(1,173,682.23)	(1,173,682.23)	
Total Government Activities	16,920,972.99	430,672.35	441,997.65		(16,048,302.99)	(16,048,302.99)	
BUSINESS-TYPE ACTIVITIES							
Food Service	207,260.88	184,082.32				\$ (23,178.56)	
Total Business-Type Activities	207,260.88	184,082.32				(23,178.56)	
Total Primary Government	\$ 17,128,233.87	\$ 614,754.67	\$ 441,997.65	\$ 0.00	\$ (16,048,302.99)	\$ (23,178.56)	\$ (16,071,481.55)
GENERAL REVENUES							
Property Taxes Levied for:							
General Purposes					\$ 14,673,980.06	\$ 14,673,980.06	
Debt Service					633,245.00	633,245.00	
Federal and State Aid Not Restricted					1,905,501.25	1,905,501.25	
Investment Earnings					1,359.67	42.84	
Miscellaneous Income					51,389.70	51,389.70	
Transfers					(10,000.00)	10,000.00	
Total General Revenues					17,255,475.68	10,042.84	17,265,518.52
Change in Net Position					1,207,172.69	(13,135.72)	1,194,036.97
Net Position - Beginning					4,933,099.31	(52,452.50)	4,880,646.81
Net Position - Ending					\$ 6,140,272.00	\$ (65,588.22)	\$ 6,074,683.78

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

B. Fund Financial Statements

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Governmental Funds

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SHORE REGIONAL HIGH SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 2,786,132.69		\$ 231,528.77	\$ 197,409.65	\$ 3,215,071.11
Receivables From Other Governments:					
State	144,153.64				144,153.64
Federal		\$ 189,375.53			189,375.53
Other Receivables	136,747.20	8,474.52			145,221.72
Due From Other Funds	<u>84,785.17</u>				<u>84,785.17</u>
Total Assets	<u>3,151,818.70</u>	<u>197,850.05</u>	<u>231,528.77</u>	<u>197,409.65</u>	<u>3,778,607.17</u>
Liabilities and Fund Balances:					
Liabilities:					
Cash Deficit		119,440.68			119,440.68
Accounts Payable	223,377.08	13,094.05		88,142.59	324,613.72
Interfund Payable		909.62			909.62
Payable to State Government		8,474.52			8,474.52
Deferred Revenue		<u>55,931.18</u>			<u>55,931.18</u>
Total Liabilities	<u>223,377.08</u>	<u>197,850.05</u>		<u>88,142.59</u>	<u>509,369.72</u>
Fund Balances:					
Restricted:					
Reserve for Excess Surplus	222,509.53				222,509.53
Capital Reserve	1,276,479.04				1,276,479.04
Capital Projects Fund			231,528.77		231,528.77
Debt Service Fund				109,267.06	109,267.06
Assigned:					
Year-End Encumbrances	1,050,590.43				1,050,590.43
Unassigned	<u>378,862.62</u>				<u>378,862.62</u>
Total Fund Balances	<u>2,928,441.62</u>	<u>-</u>	<u>231,528.77</u>	<u>109,267.06</u>	<u>3,269,237.45</u>
Total Liabilities and Fund Balances	<u>\$ 3,151,818.70</u>	<u>\$ 197,850.05</u>	<u>\$ 231,528.77</u>	<u>\$ 197,409.65</u>	

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 governmental funds. The cost of the assets is \$26,002,057.33 and the accumulated depreciation is \$9,590,850.83 (See Note 8).

16,145,206.50

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 9).

(13,148,102.45)

Accrued interest on long-term liabilities is not reported as a liability in the Fund.

(126,069.50)

Net Position of Governmental Activities

\$ 6,140,272.00

SHORE REGIONAL HIGH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local Sources:					
Local Tax Levy	\$ 14,673,980.06			\$ 633,245.00	\$ 15,307,225.06
Tuition - From Individuals	78,000.00				78,000.00
Transportation Fees From State	352,672.35				352,672.35
Interest Earned on Investments	1,286.86			72.81	1,359.67
Miscellaneous	38,160.18	\$ 13,229.52			51,389.70
Total - Local Sources	15,144,099.45	13,229.52		633,317.81	15,790,646.78
State Sources	1,654,997.97	30,194.97		326,217.00	2,011,409.94
Federal Sources		336,088.96			336,088.96
Total Revenues	16,799,097.42	379,513.45		959,534.81	18,138,145.68
Expenditures:					
Current:					
Regular Instruction	3,715,963.04	269,110.49			3,985,073.53
Special Education Instruction	494,990.14				494,990.14
Other Instruction	835,506.66				835,506.66
Support Services and Undistributed Costs:					
Tuition	1,491,445.63				1,491,445.63
Student and Instruction Related Services	1,522,212.33	110,402.96			1,632,615.29
General Administration	333,544.06				333,544.06
School Administrative Services	365,220.62				365,220.62
Central Services	207,670.52				207,670.52
Administrative Information Technology	68,836.33				68,836.33
Plant Operations and Maintenance	1,503,897.84				1,503,897.84
Pupil Transportation	1,267,679.36				1,267,679.36
Employee Benefits	3,401,185.57				3,401,185.57
Debt Service:					
Interest and Other Charges				419,462.50	419,462.50
Principal				540,000.00	540,000.00
Capital Outlay	641,180.53				641,180.53
Total Expenditures	15,849,332.63	379,513.45		959,462.50	17,188,308.58
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	949,764.79			72.31	949,837.10
Other Financing Sources/(Uses):					
Transfer Out	(10,000.00)				(10,000.00)
Transfer In					
Total Other Financing Sources/(Uses)	(10,000.00)				(10,000.00)
Net Change in Fund Balances	939,764.79			72.31	939,837.10
Fund Balance - July 1	1,988,676.83		\$ 231,528.77	109,194.75	2,329,400.35
Fund Balance - June 30	\$ 2,928,441.62	\$ 0.00	\$ 231,528.77	\$ 109,267.06	\$ 3,269,237.45

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

SHORE REGIONAL HIGH 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, 2013

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	939,837.10
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, on 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 depreciation exceeded capital outlays in the current fiscal year.		
Depreciation Expense	\$	(1,173,682.23)
Capital Outlay		<u>618,785.42</u>
		(554,896.81)
Repayment of bond, loans and capital lease principal is 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.		
		540,000.00
Repayment of capital leases is 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.		
		279,732.53
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		(2,367.12)
In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest over the previous year is an addition in the reconciliation.		
		<u>4,866.99</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,207,172.69</u></u>

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Proprietary Funds

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SHORE REGIONAL HIGH SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION

PROPRIETARY FUNDS

June 30, 2013

	Business-Type Activities - <u>Enterprise Funds</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 9,617.36
Inventory	<u>3,664.88</u>
Total - Current Assets	<u>13,282.24</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	162,301.74
Less:	
Accumulated Depreciation	<u>(131,415.85)</u>
Total - Noncurrent Assets	<u>30,885.89</u>
Total Assets	<u>\$ 44,168.13</u>
Liabilities:	
Accounts Payable	\$ 16,134.13
Interfund Payable	82,798.77
Unearned Revenue	<u>823.45</u>
Total - Liabilities	<u>\$ 99,756.35</u>
Net Position:	
Invested in Capital Assets Net of Related Debt	\$ 30,885.89
Unrestricted	<u>(86,474.11)</u>
Total Net Position	<u>\$ (55,588.22)</u>

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

SHORE REGIONAL HIGH SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS

For the fiscal year ended June 30, 2013

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Non-Reimbursable Programs	\$ 159,186.28
Special Functions	12,358.40
Miscellaneous	<u>22,537.64</u>
Total Operating Revenues	<u>194,082.32</u>
Operating Expenses:	
Salaries	35,711.22
Employee Benefits	11,672.31
Purchased Professional/Technical Services	21,215.25
Other Purchased Services	30,519.68
Depreciation	7,346.57
Miscellaneous Expense	17,908.09
Supplies and Materials	6,704.26
Cost of Sales	<u>76,183.50</u>
Total Operating Expenses	<u>207,260.88</u>
Operating Income (Loss)	<u>(13,178.56)</u>
Nonoperating Revenues:	
Interest	42.84
Board Contribution	<u>10,000.00</u>
Total Nonoperating Revenues	<u>10,042.84</u>
Change in Net Position	(3,135.72)
Total Net Position - Beginning	<u>(52,452.50)</u>
Total Net Position - Ending	<u><u>\$ (55,588.22)</u></u>

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

SHORE REGIONAL HIGH SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the fiscal year ended June 30, 2013

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 197,089.79
Payments To Employees	(42,774.26)
Payments To Suppliers	<u>(145,062.20)</u>
Net Cash Provided By/(Used For) Operating Activities	<u>9,253.33</u>
Cash Flows From Investing Activities:	
Interest	42.84
Net Cash Provided By Noncapital Financing Activities	<u>42.84</u>
Net Increase in Cash and Cash Equivalents	9,296.17
Balance - Beginning of Year	<u>321.19</u>
Balance - End of Year	<u><u>\$ 9,617.36</u></u>
Reconciliation of Operating Loss To Net Cash Provided By/ (Used For) Operating Activities:	
Operating Income/(Loss):	\$ (13,178.56)
Adjustments To Reconcile Operating Loss To Net Cash Provided By/(Used For) Operating Activities:	
Depreciation	7,346.57
Donated Commodities Received During the Year (Increase)/Decrease in Interfund Payable	(7,201.23)
(Increase)/Decrease in Accounts Receivable	
Increase/(Decrease) in Deferred Revenue	208.70
(Increase)/Decrease in Inventories	231.12
Increase/(Decrease) in Accounts Payable	<u>11,846.73</u>
Total Adjustments	<u>12,431.89</u>
Net Cash Provided By/(Used For) Operating Activities	<u><u>\$ (746.67)</u></u>

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

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Fiduciary Fund

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SHORE REGIONAL HIGH SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2013

	Unemployment Compensation <u>Trust</u>	Agency Fund	<u>Totals</u>
Assets:			
Cash and Cash Equivalents	\$ 2,736.26	\$ 159,472.58	\$ 162,208.84
Due From Agency	3,144.77		3,144.77
Payroll Receivable		<u>1,806.11</u>	<u>1,806.11</u>
Total Assets	<u>\$ 5,881.03</u>	<u>\$ 161,278.69</u>	<u>\$ 167,159.72</u>
Liabilities:			
Due To Unemployment Trust Fund		\$ 3,144.77	\$ 3,144.77
Due To General Fund		1,076.78	1,076.78
Payable To Student Groups		<u>157,057.14</u>	<u>157,057.14</u>
Total Liabilities		<u>161,278.69</u>	<u>161,278.69</u>
Net Position:			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 5,881.03</u>		<u>5,881.03</u>
Total Net Position	<u>5,881.03</u>		<u>5,881.03</u>
Total Liabilities and Net Position	<u>\$ 5,881.03</u>	<u>\$ 161,278.69</u>	<u>\$ 167,159.72</u>

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

SHORE REGIONAL HIGH SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS

For the fiscal year ended June 30, 2013

	Unemployment Compensation <u>Trust</u>
Additions:	
Contributions:	
Plan Member	\$ 16,490.82
Board Contribution	<u>26,626.96</u>
Total Contributions	<u>43,117.78</u>
Total Additions	<u>43,117.78</u>
Deductions:	
Quarterly Contributions	4,850.24
Unemployment Claims	<u>35,309.12</u>
Total Deductions	<u>40,159.36</u>
Change in Net Position	2,958.42
Net Position - Beginning of Year	<u>2,922.61</u>
Net Position - End of Year	<u><u>\$ 5,881.03</u></u>

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

SHORE REGIONAL BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Board of Education (“Board”) of the Shore Regional School District (“District”) have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34 Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This statement established new financial reporting requirements for state and local governmental entities throughout the United States. It also required new information and restructured much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District implemented these standards for the fiscal year-ending June 30, 2004, with the implementation of GASB Statement 34; the District has prepared required supplementary information titled Management’s Discussion and Analysis, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. The District has implemented the following GASB Statements in the current fiscal year: Statement 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. GASB Statement No.65 reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this Statement but it is expected to have a material impact on the financial statements for the year ended June 30, 2014.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2013.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

A. Reporting Entity:

The Shore Regional School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of ten members elected to three-year staggered terms. The purpose of the District is to educate students in grades 9-12. The Shore Regional School District had an approximate enrollment of 667 students at June 30, 2013.

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

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

Based on the aforementioned criteria, the District has no component units.

SHORE REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Assets and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information.

Basis of Presentation

District-Wide Statements: The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These Statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These Statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Assets presents the financial condition of the governmental and business-type activity of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The Fund Financial Statements provide information about the District's funds, including its fiduciary funds. Separate statements for each Fund category – governmental, proprietary, and fiduciary – are presented. The New Jersey Department of Education ("NJDOE") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among District financial reporting models.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following governmental funds:

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

As required by the NJDOE, 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, District taxes and appropriated Fund Balance. Expenditures are those that result in the acquisition of or additions to Fixed 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). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

SHORE REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Fund is comprised of the Food Service Fund.

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund-type operating statements present increases/(revenues) and decreases/(expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

SHORE REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following fiduciary funds:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. At June 30, 2013, the District had no Non-Expendable Trust Funds.

Agency Funds - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

SHORE REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting

Basis of Accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "Accounts Receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and Enterprise Funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. 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 and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund. 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. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally-authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Project Fund presents the remaining project appropriations compared to current-year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payments 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. At June 30, 2013, there was a reconciling difference of \$9,187.00 between the budgetary basis and GAAP basis in the General Fund and of \$475.44 in the Special Revenue Fund.

The following presents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules - General and Special Revenue Funds to the GAAP basis of Accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. Note that the District does not report encumbrances outstanding at 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 payment.

SHORE REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Budgets/Budgetary Control: (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 16,808,284.42	\$ 379,988.89
Difference – budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Less:		(12,441.25)
Add:		11,965.81
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	32,242.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(41,429.00)</u>	<u> </u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 16,799,097.42</u>	<u>\$ 379,513.45</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 15,849,332.63	\$ 379,988.89
Difference – budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Less:		(12,441.25)
Add:		<u>11,965.81</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,849,332.63</u>	<u>\$ 379,513.45</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Encumbrance Accounting:

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 reservations of 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 deferred revenues 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.

E. Assets, Liabilities, and Equity:

Interfund Transactions:

Transfers between Governmental and Business-type activities on the District-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 the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the Enterprise Fund, are recorded as expenditures during the first year of purchase. Enterprise Fund inventories are valued at cost, which approximates market, using the first-in/first-out ("FIFO") method.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Capital Assets:

The District has an established formal system of accounting for its Capital Assets. Purchased or constructed Capital Assets are reported at cost. Donated Capital Assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure.

All reported Capital Assets except for Land and Construction in Progress are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Temporary or Portable Buildings	25
Vehicles	5
Carpeting	7
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15
Site Improvements	20
Custodial Equipment	10

Compensated Absences:

The District accounts for Compensated Absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting 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 the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

SHORE REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Compensated Absences (Cont'd):

In the District-wide Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

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, 2013, no liability existed for compensated absences in the Food Service Fund.

Deferred Revenue:

Deferred Revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as Deferred Revenue. Grants and entitlement received before the eligibility requirements are met are also recorded as Deferred Revenue.

Accrued Liabilities and Long-Term Obligations:

All Payables, Accrued Liabilities, and Long-Term Obligations are reported on the District-wide financial statements. In general, governmental 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, contractually-required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Assets:

Net Assets represent the difference between assets and liabilities. Net Assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net Assets are 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. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Assets are available.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Fund Balance Reserves:

The District reserves those portions of Fund Balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved Fund Balance indicates that portion which is available for appropriation in future periods. A Fund Balance Reserve has been established for encumbrances, maintenance, capital and subsequent years expenditures.

Revenues – Exchange and Nonexchange Transactions:

Revenue resulting from Exchange Transactions, in which each party gives and receives essentially equal value, is recorded on the actual accrual basis when the Exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year-end.

Nonexchange Transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from Nonexchange Transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

Allocation of Indirect Expenses:

The District reports all Direct Expenses by function in the Statement of Activities. Direct Expenses are those that are clearly identifiable with a function. Indirect Expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of Social Security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the Indirect Expense column of the Statement of Activities. Depreciation expense that could not be attributable to a specific function is considered an Indirect Expense and is reported separately in the Statement of Activities. Interest on long-term debt is considered an Indirect Expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary Items are transactions or events that are unusual in nature and infrequent in occurrence. Special Items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

F. Fund Equity

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

- Nonspendable Fund Balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned Fund Balance – amounts a District *intends* to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned Fund Balance – amounts that are available for any purpose; these amounts are reported only in the General Fund.

Fund balance reporting is the result of State Statutes, New Jersey Department of Education regulations and motions (resolutions/ordinances) that are passed at Board meetings. The Board acts on these motions under the guidance of the District's Superintendent and Business Administrator.

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of each fiscal year, utilizing adjusting journal entries.

First, non-spendable fund balances are determined; then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-General Funds are classified as restricted fund balances.

There is a potential for the non-General Funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balances for the non-General Funds.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

2. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the Shore Regional High School Board of Education by inclusion of \$100,000.00 and \$100,000.00 on September 28, 2000 and February 28, 2001, respectively, 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 of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the excess approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the Account cannot at any time exceed the local support costs of uncompleted Capital Projects in its approved LRFP.

During the fiscal year ended June 30, 2013, the District had actual interest earnings of \$1,286.86.

The activity of the Capital Reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012		\$ 775,192.18
Increased By:		
Transferred by Board Resolution		
June 21, 2013	\$ 500,000.00	
Interest Earnings	<u>1,286.86</u>	
		<u>501,286.86</u>
Ending Balance, June 30, 2013		<u>\$1,276,479.04</u>

The June 30, 2013 LRFP balance of local support costs of uncompleted Capital Projects at June 30, 2013 is \$5,841,109.20

3. TRANSFERS TO CAPITAL OUTLAY

During the year ending June 30, 2013, the District transferred \$702,889.75 to the Capital Outlay accounts for equipment.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

4. DEPOSITS AND INVESTMENTS

The Board of Education considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances at June 30, 2013 and 2012 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At June 30, 2013 and 2012, the book value of the Board's deposits were \$3,776,574.88 and \$2,295,394.18, respectively.

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Board's deposits might not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the FDIC. Public funds 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, bail funds, or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At June 30, 2013 and 2012, the Board's bank balances of \$4,131,134.81 and \$2,550,666.17 respectively, were exposed to Custodial Credit Risk as follows:

	<u>2013</u>	<u>2012</u>
Insured	<u>\$ 4,131,134.81</u>	<u>\$ 2,550,666.17</u>

During the year ended June 30, 2013, the Board participated in the New Jersey Cash Management Fund ("Fund"). The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the Fund are not subject to custodial credit risk as defined above. At June 30, 2013 and 2012, the Board's deposits with the Fund were \$28,756.86 and \$48,285.19, respectively.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

4. DEPOSITS AND INVESTMENTS (CONT'D)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully-collaterized securities, if transacted in accordance with the above statute.

As of June 30, 2013, the Board had no investments.

Interest Rate Risk

The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

5. RECEIVABLES

Receivables at June 30, 2013, consisted of property taxes, accrued interest, interfund, and intergovernmental. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	District-Wide Financial <u>Statements</u>
Federal/State Aid	\$ 333,529.17	\$ 333,529.17
Interfunds	84,785.17	83,875.55
Other	<u>145,221.72</u>	<u>145,221.72</u>
Less Allowance for Uncollectibles	<u>0.00</u>	<u>0.00</u>
Total Receivables, Net	<u>\$ 563,536.06</u>	<u>\$ 562,626.44</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

6. INTERFUND BALANCES AND TRANSFERS

Balances due to/from other funds at June 30, 2013 consist of the following:

\$		Due to General Operating Fund from Payroll Agency Fund representing a cash advance.
	1,076.78	
		Due to General Operating Fund from Special Revenue Fund representing a cash advance.
	909.62	
		Due to Unemployment Trust Fund From Payroll Agency Fund representing a cash advance.
	3,144.77	
		Due to General Operating from Food Service Fund representing a cash advance.
	<u>82,798.77</u>	
	<u>\$ 87,929.94</u>	

Transfers

As of June 30, 2013, the District's operating transfers consisted of \$0.00 of interest income from Capital Projects Fund to Debt Service Fund.

7. INVENTORY

Inventory in the Food Service Fund at June 30, 2013, consisted of the following:

Food	\$ 2,563.55
Supplies	<u>1,121.33</u>
	<u>\$ 3,684.88</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 485,000.00			\$ 485,000.00
Total Capital Assets Not Being Depreciated	<u>485,000.00</u>			<u>485,000.00</u>
Capital Assets Being Depreciated:				
Site Improvements	770,366.71			770,366.71
Building and Building Improvements	9,835,217.37	\$ 15,180.00		9,850,397.37
Machinery and Equipment	14,159,687.83	603,605.42	\$ (133,000.00)	14,896,293.25
Totals at Historical Cost	<u>24,765,271.91</u>	<u>618,785.42</u>	<u>(133,000.00)</u>	<u>25,517,057.33</u>
Less Accumulated Depreciation for:				
Site Improvements	(330,081.97)	(33,270.13)		(363,352.10)
Building and Building Improvements	(5,317,662.33)	(287,202.84)		(5,604,865.17)
Machinery and Equipment	(2,902,424.30)	(853,209.26)	133,000.00	(3,622,633.56)
Total Accumulated Depreciation	<u>(8,550,168.60)</u>	<u>(1,173,682.23)</u>	<u>133,000.00</u>	<u>(9,590,850.83)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>16,215,103.31</u>	<u>(554,896.81)</u>		<u>15,660,206.50</u>
Government Activity Capital Assets, Net	<u>16,700,103.31</u>	<u>(554,896.81)</u>		<u>16,145,206.50</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	162,301.74			162,301.74
Less Accumulated Depreciation	(124,069.28)	(7,346.57)		(131,415.85)
Enterprise Fund Capital Assets, Net	<u>\$ 38,232.46</u>	<u>\$ (7,346.57)</u>	<u>\$ 0.00</u>	<u>\$ 30,885.89</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

8. CAPITAL ASSETS (CONT'D)

The NJ State Department of Education has set the capitalization threshold used by school districts in the State of New Jersey at \$2,000.00.

Depreciation expense for the fiscal year ended June 30, 2013 amounted to \$133,000.00 for governmental funds and \$7,346.57 for business-type funds. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve various functions.

9. LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity:

Changes in Long-Term Obligations for the year ended June 30, 2013, are as follows:

	Balance June 30, <u>2012</u>	<u>Additions</u>	<u>Retired</u>	Balance June 30, <u>2013</u>	Amounts Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
Obligations Under					
Capital Leases	\$ 802,433.45		\$ 279,732.53	\$ 522,700.92	\$ 196,700.92
Bonds Payable	12,975,000.00		540,000.00	12,435,000.00	555,000.00
Compensated					
Absences Payable	<u>188,034.41</u>	<u>\$ 93,793.72</u>	<u>91,426.60</u>	<u>190,401.53</u>	<u>14,208.33</u>
	<u>\$ 13,965,467.86</u>	<u>\$ 93,793.72</u>	<u>\$ 911,159.13</u>	<u>\$ 13,148,102.45</u>	<u>\$ 765,909.25</u>

Compensated absences and capital leases have been liquidated in the General Fund.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

9. LONG-TERM OBLIGATIONS (CONT'D)

B. Bonds Payable

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

As of June 30, 2013, the District had the following Bonds payable:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013/14	\$ 555,000.00	\$ 414,062.50	\$ 969,062.50
2014/15	570,000.00	402,962.50	972,962.50
2015/16	585,000.00	390,137.50	975,137.50
2016/17	600,000.00	376,975.00	976,975.00
2017/18	620,000.00	361,975.00	981,975.00
2018/19	640,000.00	343,375.00	983,375.00
2019/20	660,000.00	324,175.00	984,175.00
2020/21	680,000.00	304,375.00	984,375.00
2021/22	710,000.00	282,275.00	992,275.00
2022/23	735,000.00	259,200.00	994,200.00
2023/24	765,000.00	235,312.50	1,000,312.50
2024/25	795,000.00	208,537.50	1,003,537.50
2025/26	830,000.00	178,725.00	1,008,725.00
2026/27	865,000.00	147,600.00	1,012,600.00
2027/28	900,000.00	113,000.00	1,013,000.00
2028/29	940,000.00	77,000.00	1,017,000.00
2029/30	<u>985,000.00</u>	<u>39,400.00</u>	<u>1,024,400.00</u>
	<u>\$ 12,435,000.00</u>	<u>\$ 4,459,087.50</u>	<u>\$ 16,894,087.50</u>

C. Bonds Authorized But Not Issued

As of June 30, 2013, the District had no bonds authorized but not issued.

SHORE REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

9. LONG-TERM OBLIGATIONS (CONT'D)

D. Capital Leases

The District is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Assets and the General Long-Term Debt, respectively. Assets under capital leases total \$1,396,556.20. The following is a schedule of future minimum lease payments under capital leases as of June 30, 2013:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 196,700.92	\$ 16,803.62	\$ 213,504.54
2015	163,000.00	8,520.00	171,520.00
2016	80,000.00	4,090.00	84,090.00
2017	<u>83,000.00</u>	<u>1,245.00</u>	<u>84,245.00</u>
	<u>\$ 522,700.92</u>	<u>\$ 30,658.62</u>	<u>\$ 553,359.54</u>

10. OPERATING LEASES

The District has commitments to lease copiers under operating leases that expire in 2014. Total operating lease payments made during the year ended June 30, 2013 were \$59,647.06. Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2014	\$ 20,683.80
2015	<u>18,138.34</u>
Total Future Minimum Lease Payments	<u>\$ 38,822.14</u>

11. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by New Jersey Division of Pension and Benefits ("Division"). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly-available financial report that includes the financial statements and is required supplementary information for the Public Employees Retirement Systems and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

11. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund ("TPAF") - The Teachers' Pension and Annuity Fund was established as of January, 1955 under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional, and certified.

Public Employees' Retirement System ("PERS") - The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A: 6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members always full 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 account.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the assets valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for reduction in the employee's rate after calendar year 1999 providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and to change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

11. PENSION PLANS (CONT'D)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially-determined rate in both TPAF and PERS. The actuarially-determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year Funding June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 100,295.00	100.00%	\$ 0.00
2012	120,105.00	100.00%	0.00
2011	144,576.00	100.00	0.00

Three-Year Trend Information (Paid on Behalf of District)

<u>Year Funding June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013	\$ 733,956.00	100.00%	\$ 0.00
2012	507,690.00	100.00%	0.00
2011	362,015.00	100.00	0.00

During the year ended June 30, 2013, the State of New Jersey contributed \$327,242.00 to the TPAF for normal costs, \$17,217.00 for NCGI premiums and \$389,497.00 for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A: 66-66, the State of New Jersey reimbursed the District \$378,005.77 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with GASB 24.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

11. PENSION PLANS (CONT'D)

Contribution Requirements (cont'd)

Legislation enacted during 1991 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1992 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The District will assume the increased cost for the early retirement as it affects their district.

12. POST – RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

The State will set the contribution rate based on the annual required contribution of the employers ("ARC"), an amount actuarially-determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2013, 2012, and 2011 were \$389,497.00, \$339,036.00, and \$345,737.00, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

13. DEFERRED COMPENSATION

The Board offers its employees choice of the following Deferred Compensation Plans created in accordance with Internal Revenue Code Section 403(b). The Plans, which are administered by the entities listed below, permit 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:

Variable Annuity	Lincoln Investment
AXA Equitable	American Fund
Metropolitan Life	Ameriprise Financial
Unum	

14. 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 table below is a summary of the District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and the previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012/13	\$ 26,626.96	\$ 16,490.82	\$ 40,159.36	\$ 5,881.03
2011/12	53,998.53	15,685.43	66,242.60	2,922.61
2010/11	128,430.21	13,274.21	130,516.27	4,094.61

15. CONTINGENT LIABILITIES

Grant Programs

The District participates in federally-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

SHORE REGIONAL HIGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

16. FUND BALANCE DISCLOSURE

The District has implemented GASB 54 during fiscal year 2012.

As such, fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

Classification Totals

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Fund Balances:					
Restricted	\$ 1,498,988.57		\$ 109,267.06	\$ 231,528.77	\$1,839,784.40
Assigned	1,050,590.43				1,050,590.43
Unassigned	<u>378,862.62</u>	<u> </u>	<u> </u>	<u> </u>	<u>378,862.62</u>
	<u>\$ 3,151,818.70</u>	<u>\$ 0.00</u>	<u>\$ 109,267.06</u>	<u>\$ 231,528.77</u>	<u>\$3,269,237.45</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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SHORE REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 14,673,980.00		\$ 14,673,980.00	\$ 14,673,980.06	\$ 0.06
Tuition	30,000.00		30,000.00	78,000.00	48,000.00
Transportation Fees From Other LEAS	292,000.00		292,000.00	352,672.35	60,672.35
Interest Earned on Capital Reserve Funds	100.00		100.00	1,286.86	1,186.86
Unrestricted Miscellaneous Revenues	24,500.00		24,500.00	38,160.18	13,660.18
Total Local Sources	15,020,580.00		15,020,580.00	15,144,099.45	123,519.45
State Sources:					
Extraordinary Aid				111,099.00	111,099.00
Categorical Special Education Aid	369,293.00		369,293.00	369,293.00	
Other State Aid	149,040.00		149,040.00	14,445.20	(134,594.80)
Categorical Security Aid	9,347.00		9,347.00	9,347.00	
Categorical Transportation Aid	48,039.00		48,039.00	48,039.00	
TPAF Contributions (On-Behalf - Non-Budgeted)				327,242.00	327,242.00
TPAF Pension NCGI (On-Behalf - Non-Budgeted)				17,217.00	17,217.00
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				389,497.00	389,497.00
TPAF Social Security (Reimbursed - Non-Budgeted)				378,005.77	378,005.77
Total State Sources	575,719.00		575,719.00	1,664,184.97	1,088,465.97
Total Revenues	15,596,299.00		15,596,299.00	16,808,284.42	1,211,985.42
EXPENDITURES					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Grades 9 - 12	3,428,346.00	(4,343.61)	3,424,002.39	3,424,002.39	
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000.00	(2,320.62)	7,679.38	6,192.60	1,486.78
Purchased Professional - Educational Services	10,000.00		10,000.00	963.11	9,036.89
Regular Programs - Undistributed Instruction:					
Other Purchased Services	84,306.00	(19,620.42)	64,685.58	# 42,886.10	21,799.48
General Supplies	222,850.00	48,939.44	271,789.44	# 220,411.41	51,378.03
Textbooks	19,600.00	7,942.43	27,542.43	# 10,221.02	17,321.41
Other Objects	29,100.00	979.11	30,079.11	# 11,286.41	18,792.70
Total Regular Programs - Instruction	3,804,202.00	31,576.33	3,835,778.33	3,715,963.04	119,815.29
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	469,675.00		469,675.00	460,616.13	9,058.87
Other Salaries for Instruction	27,000.00		27,000.00	27,000.00	
Purchased Professional - Educational Services	12,000.00		12,000.00	7,374.01	4,625.99
General Supplies	2,000.00		2,000.00		2,000.00
Other Objects	1,000.00		1,000.00		1,000.00
Total Resource Room/Resource Center	511,675.00		511,675.00	494,990.14	16,684.86
Total Special Education - Instruction	511,675.00		511,675.00	494,990.14	16,684.86
School Sponsored Cocurricular Activities - Instruction:					
Salaries	119,135.00		119,135.00	108,967.29	10,167.71
Supplies and Materials	40,500.00	2,150.52	42,650.52	33,880.73	8,769.79
Other Objects	39,050.00		39,050.00	27,966.75	11,083.25
Total School Sponsored Cocurricular Activities - Instruction	198,685.00	2,150.52	200,835.52	170,814.77	30,020.75
School Sponsored Athletics - Instruction:					
Salaries	504,537.00	26,284.23	530,821.23	530,821.23	
Supplies and Materials	75,150.00	(23,474.88)	51,675.12	51,675.12	
Other Objects	83,100.00	15,180.00	98,280.00	82,195.54	16,084.46
Total School Sponsored Athletics - Instruction	662,787.00	17,989.35	680,776.35	664,691.89	16,084.46
Total - Instruction	5,177,349.00	51,716.20	5,229,065.20	5,046,459.84	182,605.36
Undist. Expend. - Instruction:					
Tuition To Other LEAs Within the State - Special	146,700.00	25,272.24	171,972.24	171,972.24	
Tuition To County Voc. School District - Regular	348,600.00	12,600.00	361,200.00	361,200.00	
Tuition To County Voc. School District - Special	30,600.00	28,170.00	58,770.00	58,770.00	
Tuition To Private Schools for the Disabled Within State	1,245,016.00	(240,396.91)	1,004,619.09	834,054.39	170,564.70
Tuition To Priv. Sch. Disabled & Other LEAs - Spl. O/S State	65,000.00	449.00	65,449.00	65,449.00	
Total Undist. Expend. - Instruction	1,835,916.00	(173,905.67)	1,662,010.33	1,491,445.63	170,564.70
Undist. Expend. - Attendance and Social Work Services:					
Salaries	74,554.00	2,776.92	77,330.92	77,330.92	
Total Undist. Expend. - Attendance and Social Work Services	74,554.00	2,776.92	77,330.92	77,330.92	
Undist. Expend. - Health Services:					
Salaries	65,400.00	2,070.00	67,470.00	67,470.00	
Purchased Professional and Technical Services	16,000.00		16,000.00	15,804.76	195.24
Supplies and Materials	5,200.00	4,004.61	9,204.61	6,888.11	2,316.50
Other Objects	11,200.00	(6,074.61)	5,125.39	4,886.28	239.11

SHORE REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Total Undist. Expend. - Health Services	97,800.00		97,800.00	95,049.15	2,750.85
Undist. Expend. - Speech, OT, PT & Related Services: Purchased Professional - Educational Services		1,700.00	1,700.00	1,700.00	
Total Undist. Expend. - Speech, OT, PT & Related Services		1,700.00	1,700.00	1,700.00	
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	491,918.00	5,820.26	497,738.26	497,738.26	
Salaries of Secretarial and Clerical Assistants	88,865.00	8,128.92	96,993.92	96,993.92	
Purchased Professional - Educational Services	3,000.00		3,000.00	2,180.00	820.00
Other Purchased Services	15,000.00	481.26	15,481.26	15,481.26	
Supplies and Materials	6,500.00	3,580.00	10,080.00	5,387.29	4,692.71
Other Objects	4,300.00	(1,700.00)	2,600.00	2,553.31	46.69
Total Undist. Expend. - Guidance	609,583.00	16,310.44	625,893.44	620,334.04	5,559.40
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	108,535.00	93,594.61	202,129.61	202,129.61	
Purchased Professional - Educational Services	88,000.00		88,000.00	63,478.50	24,521.50
Miscellaneous Purchased Services	1,900.00	0.20	1,900.20	1,900.20	
Supplies and Materials	1,700.00		1,700.00		1,700.00
Other Objects	5,000.00		5,000.00	394.73	4,605.27
Total Undist. Expend. - Child Study Teams	205,135.00	93,594.81	298,729.81	267,903.04	30,826.77
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	153,343.00	19,462.04	172,805.04	172,805.04	
Salaries of Other Professional Staff	10,000.00	(1,056.26)	8,943.74	8,050.00	893.74
Salaries of Secretarial and Clerical Assistants	42,284.00	1,056.26	43,340.26	43,340.26	
Supplies and Materials	3,000.00		3,000.00	(1,560.00)	4,560.00
Other Objects	47,700.00		47,700.00	25,284.49	22,415.51
Total Undist. Expend. - Improvement of Instructional Services	256,327.00	19,462.04	275,789.04	247,919.79	27,869.25
Undist. Expend. - Educational Media/School Library:					
Salaries	145,912.00	34,900.20	180,812.20	180,812.20	
Other Purchased Services	29,000.00	669.39	29,669.39	25,147.39	4,522.00
Supplies and Materials	2,700.00	(669.39)	2,030.61	1,301.03	729.58
Other Objects	400.00		400.00		400.00
Total Undist. Expend. - Educational Media/School Library	178,012.00	34,900.20	212,912.20	207,260.62	5,651.58
Undist. Expend. - Instructional Staff Training Services:					
Other Purchased Services	6,500.00		6,500.00	4,108.97	2,391.03
Supplies and Materials	1,000.00		1,000.00		1,000.00
Other Objects	3,500.00		3,500.00	605.80	2,894.20
Total Undist. Expend. - Instructional Staff Training Services	11,000.00		11,000.00	4,714.77	6,285.23
Undist. Expend. - Support Services - General Administration:					
Salaries	131,342.00	(23,634.67)	107,707.33	107,707.33	
Legal Services	20,000.00	18,794.06	38,794.06	38,794.06	
Audit Fees	26,000.00	26,500.00	52,500.00	26,250.00	26,250.00
Other Purchased Professional Services	10,000.00	37,055.50	47,055.50	47,055.50	
Communications/Telephone	81,291.00	(29,839.26)	51,451.74	49,516.61	1,935.13
BOE Other Purchased Services	5,000.00		5,000.00	2,956.00	2,044.00
Miscellaneous Purchased Services	12,800.00	1,990.51	14,790.51	14,790.51	
General Supplies	3,000.00	734.53	3,734.53	3,734.53	
BOE In-House Training/Meeting Supplies	6,000.00		6,000.00	4,830.75	1,169.25
Miscellaneous Expenditures	27,000.00	1,873.97	28,873.97	28,694.97	179.00
BOE Membership Dues and Fees	13,210.00		13,210.00	9,213.80	3,996.20
Total Undist. Expend. - Support Services - General Administration	335,643.00	33,474.64	369,117.64	333,544.06	35,573.58
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	340,048.00	(30,261.98)	309,786.02	309,786.02	
Salaries of Secretarial and Clerical Assistants	16,730.00	(1,104.92)	15,625.08	12,596.00	3,029.08
Other Purchased Services	500.00	447.45	947.45	947.45	
Supplies and Materials	9,750.00	12,764.52	22,514.52	22,514.52	
Other Objects	13,079.00	6,297.63	19,376.63	19,376.63	
Total Undist. Expend. - Support Services - School Administration	380,107.00	(11,857.30)	368,249.70	365,220.62	3,029.08
Undist. Expend. - Central Services:					
Salaries	225,646.00	(31,038.33)	194,607.67	169,607.67	25,000.00
Purchased Professional Services	20,750.00		20,750.00	20,525.00	225.00
Supplies and Materials	10,000.00		10,000.00	7,983.93	2,016.07
Miscellaneous Expenditures	9,950.00		9,950.00	9,553.92	396.08
Total Undist. Expend. - Central Services	266,346.00	(31,038.33)	235,307.67	207,670.52	27,637.15
Undist. Expend. - Admin. Info. Technology:					
Salaries	7,871.00	1,099.80	8,970.80	8,970.80	
Other Purchased Services	25,100.00	30,192.52	55,292.52	55,292.52	
Supplies and Materials	1,000.00	3,573.01	4,573.01	4,573.01	
Total Undist. Expend. - Admin. Info. Technology	33,971.00	34,865.33	68,836.33	68,836.33	

SHORE REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Undist. Expend. - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	48,200.00	92,739.76	140,939.76	140,939.76	
General Supplies	30,500.00	5,091.19	35,591.19	34,892.78	698.41
Other Objects	12,000.00		12,000.00	6,487.42	5,512.58
Total Undist. Expend. - Required Maintenance for School Facilities	90,700.00	97,830.95	188,530.95	182,319.96	6,210.99
Undist. Expend. - Other Operations and Maintenance of Plant:					
Cleaning, Repair and Maintenance Services	546,000.00		546,000.00	540,456.24	5,543.76
Other Purchased Property Services	77,000.00	3,673.46	80,673.46	78,695.28	1,978.18
Insurance	132,670.00	1,206.05	133,876.05	133,876.05	
General Supplies	26,000.00	8,391.81	34,391.81	34,391.81	
Energy (Electricity)	280,000.00	(23,286.84)	256,713.16	246,031.93	10,681.23
Energy (Natural Gas)	10,000.00	94,289.81	104,289.81	100,850.07	3,439.74
Other Objects	150,000.00	(140,000.00)	10,000.00	(141.30)	10,141.30
Total Undist. Expend. - Other Oper. & Maint. of Plant	1,221,670.00	(55,725.71)	1,165,944.29	1,134,160.08	31,784.21
Undist. Expend. - Care & Upkeep of Grounds:					
Cleaning, Repair, & Maintenance Services	45,000.00	22,993.14	67,993.14	67,993.14	
General Supplies	40,500.00	3,789.71	44,289.71	43,792.63	497.08
Other Objects	7,000.00		7,000.00	5,840.48	1,159.52
Total Undist. Expend. - Care & Upkeep of Grounds	92,500.00	26,782.85	119,282.85	117,626.25	1,656.60
Undist. Expend. - Security:					
Salaries	65,822.00	4,759.05	70,581.05	64,312.02	6,269.03
Cleaning, Repair, & Maintenance Services	7,000.00		7,000.00	5,479.53	1,520.47
Total Undist. Expend. - Security	72,822.00	4,759.05	77,581.05	69,791.55	7,789.50
Total Undist. Expend. - Req. Maint. & Oper. & Maint. of Plant	1,477,692.00	73,647.14	1,551,339.14	1,503,897.84	47,441.30
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transp. (Bet. Home & School) - Regular	497,000.00	(20,813.70)	476,186.30	476,186.30	
Salaries for Pupil Transp. (Bet. Home & School) - Special Ed.	29,925.00	(29,925.00)		(3,100.27)	3,100.27
Salaries for Pupil Transp. (Other than Bet. Home & School)		15,012.59	15,012.59	15,012.59	
Salaries for Pupil Transp. (Bet. Home & School) - NonPublic Sch.	97,906.00	(22,061.84)	75,844.16	75,844.16	
Cleaning, Repair and Maintenance Services	60,000.00	18,388.32	78,388.32	77,288.32	1,100.00
Lease Purchase Payments - School Buses	64,934.00	414,355.91	479,289.91	199,927.31	279,362.60
Contracted Services (Regular Students) - ESCs & CTSA's	338,500.00	(258,067.44)	80,432.56	79,671.72	760.84
Contracted Services (Special Ed. Students) - ESCs & CTSA's	202,000.00	(14,411.00)	187,589.00	178,113.85	9,475.15
Contracted Services - Aid in Lieu of Payments - NonPublic Sch.	30,000.00	(22,838.00)	7,162.00	7,162.00	
Misc. Purchased Services - Transportation	39,100.00	(11,090.11)	28,009.89	9,820.50	18,189.39
General Supplies	500.00	677.00	1,177.00	1,020.79	156.21
Transportation Supplies	102,500.00	31,226.02	133,726.02	133,726.02	
Other Objects	7,950.00	11,556.07	19,506.07	17,006.07	2,500.00
Total Undist. Expend. - Student Transportation Services	1,470,315.00	112,008.82	1,582,323.82	1,267,679.36	314,644.46
Regular Programs - Instruction - Employee Benefits:					
Social Security Contributions	85,894.00	4,689.81	90,583.81	90,583.81	
Workmen's Compensation	78,700.00		78,700.00	78,700.00	
Health Benefits	1,297,000.00	(46,769.44)	1,250,230.56	1,249,619.41	611.15
Tuition Reimbursement	27,000.00	(1,420.44)	25,579.56	7,648.80	17,930.76
Other Employee Benefits	28,000.00	(28,000.00)			
Total Regular Programs - Instruction - Employee Benefits	1,516,594.00	(71,500.07)	1,445,093.93	1,426,552.02	18,541.91
EXPENDITURES (continued)					
Guidance - Employee Benefits:					
Social Security Contributions	11,195.00		11,195.00	11,195.00	
Workmen's Compensation	7,900.00		7,900.00	7,900.00	
Health Benefits	159,000.00	(14,430.24)	144,569.76	142,354.93	2,214.83
Tuition Reimbursement	1,000.00		1,000.00		1,000.00
Total Guidance - Employee Benefits	179,095.00	(14,430.24)	164,664.76	161,449.93	3,214.83
Educational Media Services - School Library - Employee Benefits:					
Tuition Reimbursement	3,000.00	(3,000.00)			
Total Educ. Media Services - School Library - Employee Benefits	3,000.00	(3,000.00)			
Student Transportation Services - Employee Benefits:					
Social Security Contributions	7,895.00		7,895.00	4,895.00	3,000.00
Workmen's Compensation	11,500.00		11,500.00	11,500.00	
Health Benefits	267,000.00	(102,431.06)	164,568.94	164,568.94	
Total Student Transportation Services - Employee Benefits	286,395.00	(102,431.06)	183,963.94	180,963.94	3,000.00
Total Allocated Benefits	1,985,084.00	(191,361.37)	1,793,722.63	1,768,965.89	24,756.74
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	66,190.00	20,693.15	86,883.15	86,118.28	764.87
Other Retirement Contributions - Regular	140,000.00	(13,173.17)	126,826.83	126,826.83	
Unemployment Compensation	99,000.00	(32,270.04)	66,729.96	26,729.96	40,000.00
Workmen's Compensation	24,100.00		24,100.00	24,100.00	
Health Benefits	334,000.00	(72,157.00)	261,843.00	251,034.90	10,808.10
Tuition Reimbursement	15,000.00		15,000.00	1,395.00	13,605.00
Other Employee Benefits	2,500.00	1,552.94	4,052.94	4,052.94	

SHORE REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Total Unallocated Benefits - Employee Benefits	680,790.00	(95,354.12)	585,435.88	520,257.91	65,177.97
TPAF Contributions (On-Behalf - Non-Budgeted)				327,242.00	(327,242.00)
TPAF Pension NCGI (On-Behalf - Non-Budgeted)				17,217.00	(17,217.00)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				389,497.00	(389,497.00)
TPAF Social Security (Reimbursed - Non-Budgeted)				378,005.77	(378,005.77)
Total On-Behalf Contributions				1,111,961.77	(1,111,961.77)
Total Personal Services - Employee Benefits	2,665,874.00	(286,715.49)	2,379,158.51	3,401,185.57	(1,022,027.06)
Total Undistributed Expenditures	9,898,275.00	(80,776.45)	9,817,498.55	10,161,692.26	(344,193.71)
Total Expenditures - Current Expense	15,075,624.00	(29,060.25)	15,046,563.75	15,208,152.10	(161,588.35)
CAPITAL OUTLAY					
Interest Deposit To Capital Reserve	100.00		100.00		100.00
Equipment:					
Grades 9-12	224,000.00	15,077.16	239,077.16	239,077.16	
Undistributed Expenditures:					
Required Maint. For School Facilities	230,451.00	95,581.40	326,032.40	289,635.18	36,397.22
Custodial Services	20,000.00		20,000.00	20,000.00	
Total Equipment	474,451.00	110,658.56	585,109.56	548,712.34	36,397.22
Facilities Acquisition and Construction Services:					
Land and Improvements	150,000.00	565,233.19	715,233.19	40,233.19	675,000.00
Lease Purchase Agreements - Principal	24,213.00	26,998.00	51,211.00	51,211.00	
Other Objects					
Assessment for Debt Service on SDA Funding	1,024.00		1,024.00	1,024.00	
Total Facilities Acquisition and Construction Services	175,237.00	592,231.19	767,468.19	92,468.19	675,000.00
Assets Acquired Under Capital Leases (Non-Budgeted):					
Equipment					
Total Assets Acquired Under Capital Leases (Non-Budgeted)					
Total Capital Outlay	649,788.00	702,889.75	1,352,677.75	641,180.53	711,497.22
Total Expenditures	15,725,412.00	673,829.50	16,399,241.50	15,849,332.63	549,908.87
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(129,113.00)	(673,829.50)	(802,942.50)	958,951.79	1,761,894.29
Other Financing Sources/(Uses):					
Operating Transfers In/(Out):					
Capital Lease (Non-Budgeted)					
Transfer To Cover Deficit - Enterprise Fund	(10,000.00)		(10,000.00)	(10,000.00)	
Total Other Financing Sources/(Uses)	(10,000.00)		(10,000.00)	(10,000.00)	
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(139,113.00)	(673,829.50)	(812,942.50)	948,951.79	1,761,894.29
Fund Balances, July 1	2,020,918.83		2,020,918.83	2,020,918.83	
Fund Balances, June 30	\$ 1,881,805.83	\$ (673,829.50)	\$ 1,207,976.33	\$ 2,969,870.62	\$ 1,761,894.29
Recapitulation:					
Restricted:					
Reserve for Excess Surplus				\$ 222,509.53	
Capital Reserve				1,276,479.04	
Assigned:					
Year-End Encumbrances				1,050,590.43	
Unassigned				420,291.62	
				2,969,870.62	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(41,429.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,928,441.62	

SHORE REGIONAL HIGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND

Fiscal year ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Revenues:			
Local Sources	\$ 41,202.58	\$ 13,229.52	\$ (27,973.06)
State Sources	38,670.00	30,194.97	(8,475.03)
Federal Sources	<u>337,154.03</u>	<u>336,564.40</u>	<u>(589.63)</u>
Total Revenues	<u>417,026.61</u>	<u>379,988.89</u>	<u>(37,037.72)</u>
Expenditures:			
Instruction:			
Salaries of Teachers	106,224.07	106,224.07	
Purchased Services	7,175.00	7,175.00	
Purchased Professional- Educational Services	31,225.00	22,750.48	8,474.52
Other Purchased Services	112,999.29	112,999.29	
General Supplies	6,222.39	6,222.39	
Textbooks	<u>3,118.00</u>	<u>3,117.49</u>	<u>0.51</u>
Total Instruction	<u>266,963.75</u>	<u>258,488.72</u>	<u>8,475.03</u>
Support Services:			
Salaries	37,211.00	37,211.00	
Personal Services - Employee Benefits	989.00	989.00	
Professional and Technical Services	50,472.25	50,472.25	
Purchased Professional - Educational Services	13,557.00	12,967.37	589.63
Cleaning, Repair, & Maintenance Services	41,202.58	13,229.52	27,973.06
Miscellaneous Purchased Services	3,631.03	3,631.03	
Supplies and Materials	<u>3,000.00</u>	<u>3,000.00</u>	
Total Support Services	<u>150,062.86</u>	<u>121,500.17</u>	<u>28,562.69</u>
Total Expenditures	<u>417,026.61</u>	<u>379,988.89</u>	<u>37,037.72</u>
Total Outflows	<u>417,026.61</u>	<u>379,988.89</u>	<u>37,037.72</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Uses	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

BUDGET-TO-GAAP RECONCILIATION

Fiscal year ended June 30, 2013

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 16,808,284.42	\$ 379,988.89
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Less: Current Year Encumbrances		(12,441.25)
Add: Prior Year Encumbrances		11,965.81
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	32,242.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(41,429.00)</u>	<u> </u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 16,799,097.42</u>	<u>\$ 379,513.45</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 15,849,332.63	\$ 379,988.89
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Less: Current Year Encumbrances		(12,441.25)
Add: Prior Year Encumbrances		11,965.81
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,849,332.63</u>	<u>\$ 379,513.45</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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SHORE REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ending June 30, 2013

	N.J. Nonpublic							I.D.E.A. Part B Basic
	Textbooks Aid	Technology Aid	Nursing Aid	Auxiliary Services Ch. 192 Compensatory Education	Exam. and Classification	Handicapped Services Ch. 193 Corrective Speech	Supplementary Instruction	
Revenues								
Local Sources	\$ 3,117.49	\$ 1,121.76	\$ 4,327.00	\$ 8,360.67	\$ 6,214.80	\$ 2,890.00	\$ 4,163.25	\$ 260,656.62
State Sources								
Federal Sources								
Total Revenues	<u>\$ 3,117.49</u>	<u>\$ 1,121.76</u>	<u>\$ 4,327.00</u>	<u>\$ 8,360.67</u>	<u>\$ 6,214.80</u>	<u>\$ 2,890.00</u>	<u>\$ 4,163.25</u>	<u>\$ 260,656.62</u>
Expenditures								
Instruction:								
Salaries of Teachers								95,900.00
Purchased Services								
Purchased Professional-Educational Services		1,121.76		8,360.67	6,214.80	2,890.00	4,163.25	102,644.00
Other Purchased Services								
General Supplies								
Textbooks	3,117.49							
Total Instruction	<u>3,117.49</u>	<u>1,121.76</u>		<u>8,360.67</u>	<u>6,214.80</u>	<u>2,890.00</u>	<u>4,163.25</u>	<u>198,544.00</u>
Support Services:								
Salaries								
Personal Services - Employee Benefits								50,472.25
Professional and Technical Services			4,327.00					8,640.37
Purchased Professional - Educational Services								
Cleaning, Repair, & Maintenance Services								
Miscellaneous Purchased Services								3,000.00
Supplies and Materials								
Total Support Services			<u>4,327.00</u>					<u>62,112.62</u>
Total Expenditures	<u>\$ 3,117.49</u>	<u>\$ 1,121.76</u>	<u>\$ 4,327.00</u>	<u>\$ 8,360.67</u>	<u>\$ 6,214.80</u>	<u>\$ 2,890.00</u>	<u>\$ 4,163.25</u>	<u>\$ 260,656.62</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ending June 30, 2013

	<u>No Child Left Behind</u>			
	Title I Part A	Title II Part A	Local Programs	Totals
Revenues				
Local Sources			\$ 13,229.52	\$ 13,229.52
State Sources				30,194.97
Federal Sources	\$ 60,336.47	\$ 15,571.31		336,564.40
Total Revenues	<u>\$ 60,336.47</u>	<u>\$ 15,571.31</u>	<u>\$ 13,229.52</u>	<u>\$ 379,988.89</u>
Expenditures				
Instruction:				
Salaries of Teachers		10,324.07		106,224.07
Purchased Services	7,175.00			7,175.00
Purchased Professional- Educational Services		811.29		22,750.48
Other Purchased Services	9,544.00			112,999.29
General Supplies	1,852.46	4,369.93		6,222.39
Textbooks				3,117.49
Total Instruction	<u>18,571.46</u>	<u>15,505.29</u>		<u>258,488.72</u>
Support Services:				
Salaries	37,211.00			37,211.00
Personal Services - Employee Benefits	989.00			989.00
Professional and Technical Services				50,472.25
Purchased Professional - Educational Services			13,229.52	12,967.37
Cleaning, Repair, & Maintenance Services		66.02		13,229.52
Miscellaneous Purchased Services	3,565.01			3,631.03
Supplies and Materials				3,000.00
Total Support Services	<u>41,765.01</u>	<u>66.02</u>	<u>13,229.52</u>	<u>121,500.17</u>
Total Expenditures	<u>\$ 60,336.47</u>	<u>\$ 15,571.31</u>	<u>\$ 13,229.52</u>	<u>\$ 379,988.89</u>

F. Capital Projects Fund

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SHORE REGIONAL HIGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY STATEMENT OF PROJECT EXPENDITURES
 For the year ended June 30, 2013

<u>Project Title/Issue</u>	<u>Date</u>	<u>Original Appropriations</u>	<u>Expenditures To Date</u>		<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Replace the HVAC System Including all incidental work	09/30/08	\$ 13,999,645.00	\$ 13,767,471.23	\$ 0.00	\$ 232,173.77
		<u>\$ 13,999,645.00</u>	<u>\$ 13,767,471.23</u>	<u>\$ 0.00</u>	<u>\$ 232,173.77</u>
			Unexpended Balance		\$ 232,173.77
			Less:		
			Authorization Not Funded		<u>(645.00)</u>
			Fund Balance (B-1)		<u>\$ 231,528.77</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS

For the year ended June 30, 2013

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond Proceeds and Transfers	\$ 13,999,000.00	_____	\$ 13,999,000.00	\$ 13,999,645.00
Total Revenues	<u>13,999,000.00</u>	_____	<u>13,999,000.00</u>	<u>13,999,645.00</u>
Expenditures and Other Financing Sources:				
Purchased Professional and Technical Services	1,742,554.55		1,742,554.55	1,742,554.55
Construction Services	11,810,786.55		11,810,786.55	12,049,957.32
Other Objects	<u>186,218.54</u>	_____	<u>186,218.54</u>	<u>207,133.13</u>
Total Expenditures	<u>13,739,559.64</u>	_____	<u>13,739,559.64</u>	<u>13,999,645.00</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 259,440.36</u>	<u>\$ 0.00</u>	<u>\$ 259,440.36</u>	<u>\$ 0.00</u>
Additional Project Information:				
Project Number	4760-050-09-1000			
Grant Date				
Bond Authorization Date	09/30/08			
Bonds Authorized	\$ 13,999,645.00			
Bonds Issued	13,999,000.00			
Original Authorization Cost	13,999,645.00			
Additional Authorization Cost	Not Applicable			
Revised Authorization Cost	Not Applicable			
Percentage Increase over Original Authorized Cost	Not Applicable			
Percentage Completion	98%			
Original Target Completion Date	08/31/10			
Revised Target Completion Date	10/31/10			

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G. Proprietary Funds

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Enterprise Funds

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SHORE REGIONAL HIGH SCHOOL DISTRICT

STATEMENT OF FUND NET POSITION

ENTERPRISE FUNDS

June 30, 2013

	<u>Business-Type Activities - Enterprise Funds</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 9,617.36
Inventory	<u>3,664.88</u>
Total - Current Assets	<u>13,282.24</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	162,301.74
Less:	
Accumulated Depreciation	<u>(131,415.85)</u>
Total - Noncurrent Assets	<u>30,885.89</u>
Total Assets	<u>\$ 44,168.13</u>
Liabilities:	
Accounts Payable	\$ 16,134.13
Interfund Payable	82,798.77
Deferred Revenue	<u>823.45</u>
Total - Liabilities	<u>\$ 99,756.35</u>
Net Position:	
Invested in Capital Assets Net of Related Debt	\$ 30,885.89
Unrestricted	<u>(86,474.11)</u>
Total Net Position	<u>\$ (55,588.22)</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

ENTERPRISE FUNDS

For the fiscal year ended June 30, 2013

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Non Reimbursable Programs	\$ 159,186.28
Special Function	12,358.40
Board Contribution	10,000.00
Miscellaneous	<u>22,537.64</u>
 Total Operating Revenues	 <u>204,082.32</u>
Operating Expenses:	
Salaries	35,711.22
Employee Benefits	11,672.31
Purchased Professional/Technical Services	21,215.25
Other Purchased Services	30,519.68
Depreciation	7,346.57
Miscellaneous Expense	17,908.09
Supplies and Materials	6,704.26
Cost of Sales	<u>76,183.50</u>
 Total Operating Expenses	 <u>207,260.88</u>
 Operating Income (Loss)	 <u>(3,178.56)</u>
Nonoperating Revenues:	
Interest	<u>42.84</u>
 Total Nonoperating Revenues	 <u>42.84</u>
 Change in Net Position	 (3,135.72)
 Total Net Position - Beginning	 <u>(52,452.50)</u>
 Total Net Position - Ending	 <u><u>\$ (55,588.22)</u></u>

SHORE REGIONAL HIGH SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

ENTERPRISE FUNDS

For the fiscal year ended June 30, 2013

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 197,089.79
Payments To Employees	(42,774.26)
Payments To Suppliers	<u>(145,062.20)</u>
Net Cash Provided By/(Used For) Operating Activities	<u>9,253.33</u>
Cash Flows From Noncapital Financing Activities:	
Interest	<u>42.84</u>
Net Cash Provided By Noncapital Financing Activities	<u>42.84</u>
Net Increase in Cash and Cash Equivalents	9,296.17
Balance - Beginning of Year	<u>321.19</u>
Balance - End of Year	<u><u>\$ 9,617.36</u></u>
Reconciliation of Operating Loss To Net Cash Provided By/ (Used For) Operating Activities:	
Operating Income/(Loss):	\$ (13,178.56)
Adjustments To Reconcile Operating Loss To Net Cash Provided By/(Used For) Operating Activities:	
Depreciation	7,346.57
(Increase)/Decrease in Interfund Payable	(7,201.23)
(Increase)/Decrease in Accounts Receivable	
Increase/(Decrease) in Deferred Revenue	208.70
(Increase)/Decrease in Inventories	231.12
Increase/(Decrease) in Accounts Payable	<u>11,846.73</u>
Total Adjustments	<u>12,431.89</u>
Net Cash Provided By/(Used For) Operating Activities	<u><u>\$ (746.67)</u></u>

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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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SHORE REGIONAL HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

June 30, 2013

	Unemployment Compensation <u>Trust</u>	Agency Fund	<u>Totals</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 2,736.26	\$ 159,472.58	\$ 162,208.84
Due From Agency	3,144.77		3,144.77
Payroll Receivable		1,806.11	1,806.11
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 5,881.03</u>	<u>\$ 161,278.69</u>	<u>\$ 167,159.72</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Due To Unemployment Trust Fund		\$ 3,144.77	\$ 3,144.77
		1,076.78	1,076.78
Payable To Student Groups		157,057.14	157,057.14
	<hr/>	<hr/>	<hr/>
Total Liabilities		<u>161,278.69</u>	<u>161,278.69</u>
Net Position:			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 5,881.03</u>	<hr/>	<u>5,881.03</u>
Total Net Position	<u>5,881.03</u>	<hr/>	<u>5,881.03</u>
Total Liabilities and Net Position	<u>\$ 5,881.03</u>	<u>\$ 161,278.69</u>	<u>\$ 167,159.72</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS

For the fiscal year ended June 30, 2013

	Unemployment Compensation <u>Trust</u>	<u>Totals</u>
Additions:		
Contributions:		
Plan Member	\$ 16,490.82	\$ 16,490.82
Board Contribution	<u>26,626.96</u>	<u>26,626.96</u>
Total Contributions	<u>43,117.78</u>	<u>43,117.78</u>
Total Additions	<u>43,117.78</u>	<u>43,117.78</u>
Deductions:		
Quaterly Contributions	4,850.24	4,850.24
Unemployment Claims	<u>35,309.12</u>	<u>35,309.12</u>
Total Deductions	<u>40,159.36</u>	<u>40,159.36</u>
Change in Net Position	2,958.42	2,958.42
Net Position - Beginning of Year	<u>2,922.61</u>	<u>2,922.61</u>
Net Position - End of Year	<u><u>\$ 5,881.03</u></u>	<u><u>\$ 5,881.03</u></u>

SHORE REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 STUDENT ACTIVITY AGENCY FUND

For the fiscal year ended June 30, 2013

	Balance July 1, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2013</u>
Senior High School: Student Activity Account	\$ 160,731.30	\$ 191,771.07	\$ 195,445.23	\$ 157,057.14
Athletic Fund	<u> </u>	<u>108,109.29</u>	<u>108,109.29</u>	<u> </u>
Total Assets	<u>\$ 160,731.30</u>	<u>\$ 299,880.36</u>	<u>\$ 303,554.52</u>	<u>\$ 157,057.14</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT

PAYROLL AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

For the fiscal year ended June 30, 2013

	Balance July 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2013</u>
<u>Assets</u>				
Cash	\$ 6,194.98	\$ 8,390,379.42	\$ 8,394,158.96	\$ 2,415.44
Payroll Receivable		1,806.11		1,806.11
Due from General Operating Fund	<u>1,711.18</u>		<u>1,711.18</u>	<u>-</u>
Total Assets	<u>\$ 7,906.16</u>	<u>\$ 8,392,185.53</u>	<u>\$ 8,395,870.14</u>	<u>\$ 4,221.55</u>
<u>Liabilities</u>				
Due To/(From) Unemployment Trust Fund	\$ 2,922.61	\$ 3,144.72	\$ 2,922.56	\$ 3,144.77
Due To General Operating Payroll Deductions and Withholdings	<u>4,983.55</u>	<u>8,387,964.03</u>	<u>8,392,947.58</u>	<u>-</u>
Total Liabilities	<u>\$ 7,906.16</u>	<u>\$ 8,392,185.53</u>	<u>\$ 8,395,870.14</u>	<u>\$ 4,221.55</u>

I. Long-Term Debt

Not Applicable

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SHORE REGIONAL HIGH SCHOOL DISTRICT

STATEMENT OF SERIAL BONDS

June 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2012	Current Year Retired	Balance June 30, 2013
			Date	Amount				
Replacement of the Heating, Ventilation and Air Conditioning System	10/07/09	\$ 13,999,000.00	09/15/13	\$ 555,000.00	2.00%			
			09/15/14	570,000.00	2.25%			
			09/15/15	585,000.00	2.25%			
			09/15/16	600,000.00	2.50%			
			09/15/17	620,000.00	3.00%			
			09/15/18	640,000.00	3.00%			
			09/15/19	660,000.00	3.00%			
			09/15/20	680,000.00	3.25%			
			09/15/21	710,000.00	3.25%			
			09/15/22	735,000.00	3.25%			
			09/15/23	765,000.00	3.50%			
			09/15/24	795,000.00	3.75%			
			09/15/25	830,000.00	3.75%			
		09/15/26	865,000.00	4.00%				
		09/15/27	900,000.00	4.00%				
		09/15/28	940,000.00	4.00%				
		09/15/29	985,000.00	4.00%				
						\$ 12,975,000.00	\$ 540,000.00	\$ 12,435,000.00
						\$ 12,975,000.00	\$ 540,000.00	\$ 12,435,000.00

SHORE REGIONAL HIGH SCHOOL DISTRICT

STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

June 30, 2013

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2012</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2013</u>
Various Equipment	4.20%	\$ 394,700.00	\$ 86,200.00	\$ 86,200.00	
Various Equipment	8.10%	72,030.20	21,609.06	14,406.04	\$ 7,203.02
Buses	4.61%	144,826.00	59,624.39	29,126.49	30,497.90
Various Equipment	2.65%	401,000.00	251,000.00	81,000.00	170,000.00
Various Equipment	2.00 - 4.00%	384,000.00	<u>384,000.00</u>	<u>69,000.00</u>	<u>315,000.00</u>
			<u>\$ 802,433.45</u>	<u>\$ 279,732.53</u>	<u>\$ 522,700.92</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

For the fiscal year ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive/ (Negative) Final To Actual
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 633,245.00		\$ 633,245.00	\$ 633,245.00	
Miscellaneous				72.81	\$ 72.81
Debt Service Aid Type II	<u>326,217.00</u>	<u>\$ 1.00</u>	<u>326,218.00</u>	<u>326,217.00</u>	<u>(1.00)</u>
Total Revenues	<u>959,462.00</u>	<u>1.00</u>	<u>959,463.00</u>	<u>959,534.81</u>	<u>71.81</u>
<u>Expenditures</u>					
Regular Debt Service:					
Interest on Bonds	419,462.00	0.50	419,462.50	419,462.50	
Redemption of Principal	<u>540,000.00</u>		<u>540,000.00</u>	<u>540,000.00</u>	
Total Regular Debt Service	<u>959,462.00</u>	<u>0.50</u>	<u>959,462.50</u>	<u>959,462.50</u>	
Total Expenditures	<u>959,462.00</u>	<u>0.50</u>	<u>959,462.50</u>	<u>959,462.50</u>	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		0.50	0.50	72.31	71.81
Other Financial Sources/(Uses):					
Transfers From Other Funds					
Total Other Financial Sources/(Uses)					
Excess/(Deficiency) of Revenues and Other Financial Sources Over/(Under) Expenditures		0.50	0.50	72.31	71.81
Fund Balance, July 1	<u>109,194.75</u>		<u>109,194.75</u>	<u>109,194.75</u>	
Fund Balance, June 30	<u>\$ 109,194.75</u>	<u>\$ 0.50</u>	<u>\$ 109,195.25</u>	<u>\$ 109,267.06</u>	<u>\$ 71.81</u>
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Budgeted Fund Balance	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

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STATISTICAL SECTION (Unaudited)

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SHORE REGIONAL HIGH SCHOOL DISTRICT

NET POSITION BY COMPONENT

LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013
Government Activities:							
Invested in Capital Assets, Net of Related Debt	\$ 2,110,767.65	\$ 2,563,037.47	\$ 3,759,956.52	\$ (59,912.21)	\$ 3,210,097.60	\$ 2,922,669.86	\$ 3,187,505.58
Restricted	1,041,980.08	789,094.53	(317,568.47)	3,468,713.59	762,393.36	1,795,253.47	2,342,375.04
Unrestricted	(16,080.44)	55,755.01	(236,447.55)	(342,787.00)	(798,919.58)	215,175.98	378,862.62
Total Government Activities Net Position	\$ 3,136,667.29	\$ 3,407,887.01	\$ 3,205,940.50	\$ 3,066,014.38	\$ 3,173,571.38	\$ 4,933,099.31	\$ 5,908,743.24
Business-Type Activities:							
Invested in Capital Assets, Net of Related Debt	\$ 3,752.00	\$ 2,834.00	\$ 55,194.89	\$ 52,925.60	\$ 45,579.03	\$ 38,232.46	\$ 30,885.89
Unrestricted	(3,752.00)	4,038.94	(32,427.82)	(57,084.52)	(67,478.58)	(90,684.96)	(86,474.11)
Total Business-Type Activities Net Position	\$ -	\$ 6,872.94	\$ 22,767.07	\$ (4,158.92)	\$ (21,899.55)	\$ (52,452.50)	\$ (55,588.22)
District-wide:							
Invested in Capital Assets, Net of Related Debt	\$ 2,114,519.65	\$ 2,565,871.47	\$ 3,815,151.41	\$ (6,986.61)	\$ 3,255,676.63	\$ 2,960,902.32	\$ 3,218,391.47
Restricted	1,041,980.08	789,094.53	(317,568.47)	3,468,713.59	762,393.36	1,795,253.47	2,342,375.04
Unrestricted	(19,832.44)	59,793.95	(268,875.37)	(399,871.52)	(866,398.16)	124,491.02	292,388.51
Total District Net Position	\$ 3,136,667.29	\$ 3,414,759.95	\$ 3,228,707.57	\$ 3,061,855.46	\$ 3,151,671.83	\$ 4,880,646.81	\$ 5,853,155.02

SHORE REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013
Expenses:							
Governmental Activities:							
Instruction:							
Regular	\$ (4,981,559.89)	\$ (5,330,477.24)	\$ (5,430,365.90)	\$ (5,840,533.52)	\$ (5,571,442.00)	\$ (5,902,339.03)	\$ (3,985,073.53)
Special Education	(792,523.20)	(843,253.71)	(826,805.84)	(831,316.72)	(835,204.37)	(753,580.37)	(494,990.14)
Other Special Education	(49,252.67)	(4,048.11)	(3,443.43)	(3,598.53)	(3,674.11)	(10,911.52)	(835,506.66)
Other Instruction	(864,490.28)	(907,023.94)	(739,212.76)	(816,088.09)	(840,943.20)	(1,022,530.06)	(1,491,445.63)
Support Services:							
Tuition	(1,525,644.80)	(1,640,938.08)	(1,666,217.07)	(1,753,879.32)	(1,657,702.92)	(1,947,840.03)	(1,632,615.29)
Student and Instruction Related Services	(1,801,768.15)	(1,727,737.87)	(1,902,025.93)	(1,920,214.83)	(1,991,345.26)	(2,055,916.46)	(333,544.06)
School Administrative Services	(597,167.15)	(642,285.12)	(653,993.58)	(655,104.63)	(586,219.64)	(561,903.10)	(365,220.62)
General Administration	(440,488.10)	(371,097.75)	(557,977.51)	(539,455.88)	(508,149.65)	(476,171.35)	(207,670.52)
Central Services	(364,199.91)	(398,558.54)	(239,691.24)	(371,846.40)	(234,933.84)	(268,414.94)	(68,836.33)
Administrative Information Technology	(15,298.93)	(11,258.81)	(29,043.08)	(32,478.93)	(31,006.95)	(28,464.31)	(1,503,897.84)
Plant Operations and Maintenance	(1,567,822.44)	(1,559,061.68)	(1,573,997.35)	(1,475,333.92)	(1,361,543.15)	(1,498,830.63)	(1,010,341.94)
Pupil Transportation	(1,351,688.99)	(1,439,176.39)	(1,579,315.90)	(1,511,092.84)	(1,773,977.67)	(1,574,030.33)	(3,403,552.69)
Special Schools			(5,625.00)	(294,981.00)	(443,732.09)	(426,082.39)	(1,173,682.23)
Interest on Long-Term Debt							(16,920,972.99)
Unallocated Depreciation							(207,260.88)
Total Governmental Activities Expenses	(14,351,904.51)	(14,874,917.24)	(15,207,714.61)	(16,045,924.61)	(15,839,874.85)	(16,527,014.52)	(207,260.88)
Business-Type Activities:							
Food Service	(332,065.81)	(314,640.96)	(205,712.31)	(219,992.27)	(234,889.69)	(202,440.56)	(207,260.88)
Total Business-Type Activities Expenses	(332,065.81)	(314,640.96)	(205,712.31)	(219,992.27)	(234,889.69)	(202,440.56)	(207,260.88)
Total District Expenses	\$ (14,683,970.32)	\$ (15,189,558.20)	\$ (15,413,426.92)	\$ (16,265,916.88)	\$ (16,074,764.54)	\$ (16,729,455.08)	\$ (1,128,233.87)
Program Revenues:							
Governmental Activities:							
Charges for Services:							
Instruction (Tuition)	\$ 64,888.00	\$ 40,000.00	\$ 20,000.00	\$ 30,000.00	\$ 20,000.00	\$ 58,222.22	\$ 78,000.00
Pupil Transportation	52,056.00	56,250.00	51,134.11	238,268.28	389,245.47	157,438.52	352,672.35
Operating Grants and Contributions	251,134.00	251,134.00	278,635.00	271,782.00	389,245.47	10,568.40	441,997.65
Capital Grants and Contributions	5,082.99						
Total Governmental Activities Program Revenues	373,160.99	347,384.00	349,769.11	540,050.28	409,245.47	226,229.14	872,670.00
Business-Type Activities:							
Charges for Services:							
Food Service	234,050.13	195,704.89	167,624.60	177,864.42	217,121.62	161,887.61	184,082.32
Total Business-Type Activities Program Revenues	234,050.13	195,704.89	167,624.60	177,864.42	217,121.62	161,887.61	184,082.32
Total District Program Revenues	\$ 607,211.12	\$ 543,088.89	\$ 517,393.71	\$ 717,914.70	\$ 626,367.09	\$ 388,116.75	\$ 1,056,752.32

SHORE REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue:							
Governmental Activities:							
Business-Type Activities	\$ (13,978,743.52) (98,015.68)	\$ (14,527,533.24) (118,936.07)	\$ (14,857,945.50) (38,087.71)	\$ (15,505,874.33) (42,127.85)	\$ (15,430,629.38) (17,768.07)	\$ (16,300,785.38) (40,552.95)	\$ (16,048,302.99) (23,178.56)
Total District-wide Net (Expense)/Revenue	<u>\$ (14,076,759.20)</u>	<u>\$ (14,646,469.31)</u>	<u>\$ (14,896,033.21)</u>	<u>\$ (15,548,002.18)</u>	<u>\$ (15,448,397.45)</u>	<u>\$ (16,341,338.33)</u>	<u>\$ (16,071,481.55)</u>
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$ 12,051,366.00	\$ 12,645,237.00	\$ 13,151,046.00	\$ 13,677,088.00	\$ 14,104,171.00	\$ 14,386,255.00	\$ 14,673,980.06
Taxes Levied for Debt Service							633,245.00
Unrestricted Grants and Contributions	2,107,507.70	2,102,907.45	1,434,815.19	1,515,704.23	1,397,822.85	2,263,233.41	1,905,501.25
Investment Earnings	84,993.81	58,010.17	28,736.39	80,636.21	4,826.49	0.30	1,359.67
Miscellaneous Income	71,903.27	113,455.29	41,401.41	92,519.77	31,366.04	52,907.60	51,389.70
Transfers	(91,061.46)	(120,856.95)				(10,000.00)	(10,000.00)
Total Governmental Activities	<u>14,224,709.32</u>	<u>14,798,752.96</u>	<u>14,655,998.99</u>	<u>15,365,948.21</u>	<u>15,538,186.38</u>	<u>18,060,313.31</u>	<u>17,255,475.68</u>
Business-Type Activities:							
Investment Earnings	6,954.22	4,952.06	1,620.73	278.52	27.44		42.84
Transfers	91,061.46	120,856.95	52,361.11			10,000.00	10,000.00
Total Business-Type Activities	<u>98,015.68</u>	<u>125,809.01</u>	<u>53,981.84</u>	<u>278.52</u>	<u>27.44</u>	<u>10,000.00</u>	<u>10,042.84</u>
Total District-wide	<u>\$ 14,322,725.00</u>	<u>\$ 14,924,561.97</u>	<u>\$ 14,709,980.83</u>	<u>\$ 15,366,226.73</u>	<u>\$ 15,538,213.82</u>	<u>\$ 18,070,313.31</u>	<u>\$ 17,265,518.52</u>
Changes in Net Position:							
Governmental Activities	\$ 245,965.80	\$ 271,219.72	\$ (201,946.51)	\$ (139,926.12)	\$ 107,557.00	\$ 1,759,527.93	\$ 1,207,172.69
Business-Type Activities	6,872.94	6,872.94	15,894.13	(41,849.33)	(17,740.63)	(30,552.95)	(13,135.72)
Total District	<u>\$ 245,965.80</u>	<u>\$ 278,092.66</u>	<u>\$ (186,052.38)</u>	<u>\$ (181,775.45)</u>	<u>\$ 89,816.37</u>	<u>\$ 1,728,974.98</u>	<u>\$ 1,194,036.97</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST SEVEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund:							
Reserved	\$ 1,041,980.08	\$ 789,094.28	\$ 284,059.89	\$ 263,344.34			
Unreserved	238,521.07	294,403.42	239,616.31	275,838.57			
Restricted					\$ 414,304.50	\$ 914,304.80	\$ 1,498,988.57
Assigned					111,815.68	540,225.15	1,050,590.43
Unassigned					578,460.99	534,146.88	378,862.62
Total General Fund	<u>\$ 1,280,501.15</u>	<u>\$ 1,083,497.70</u>	<u>\$ 523,676.20</u>	<u>\$ 539,182.91</u>	<u>\$ 1,104,581.17</u>	<u>\$ 1,988,676.83</u>	<u>\$ 2,928,441.62</u>
All Other Governmental Funds:							
Reserved				\$ 59,068.63			
Unreserved, Reported In:							
Special Revenue Fund				2,951,825.49			
Capital Projects Fund			\$ (868,959.50)	105,383.13			
Debt Service Fund			27,714.83				
Restricted for:							
Capital Projects Fund					\$ 236,273.18	\$ 231,528.77	\$ 231,528.77
Debt Service Fund					(1,008,419.98)	109,194.75	109,267.06
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (841,244.67)</u>	<u>\$ 3,116,277.25</u>	<u>\$ (772,146.80)</u>	<u>\$ 340,723.52</u>	<u>\$ 340,795.83</u>

SHORE REGIONAL HIGH SCHOOL DISTRICT
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest Earned on</u> <u>Capital Reserve</u> <u>Account</u>	<u>Tuition</u> <u>from</u> <u>Individuals</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Courtesy</u> <u>Busing</u>	<u>Miscellaneous</u>	<u>Annual</u> <u>Totals</u>
2004	\$ 4,149.08	\$ 125.37	\$ 30,865.00	\$ 30,865.38	\$ 37,944.00	\$ 40,255.57	\$ 144,204.40
2005	19,145.08	100.17	24,587.50	8,321.70	31,555.12	19,909.50	103,619.07
2006	46,262.24	219.43	25,000.00	28,922.70	26,290.82	37,758.57	164,453.76
2007	84,700.46	293.35	64,888.00	359.82	52,056.00	70,548.30	272,845.93
2008	55,308.41	2,701.76	40,000.00	18,590.84	56,250.00	25,518.09	198,369.10
2009	14,211.38	60.18	20,000.00	14,225.32	51,134.11	7,175.91	106,806.90
2010	2,865.70	179.00	30,000.00	63,184.78	238,268.28	24,767.70	359,265.46
2011	1,134.93	5.18	20,000.00	11,782.87	389,245.47	9,744.78	431,913.23
2012	4.87	0.30	58,222.22	10,533.99	157,438.52	19,542.70	245,742.60
2013	1,286.86		78,000.00	22,887.79		8,579.48	110,754.13

Source: District records

SHORE REGIONAL HIGH SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

SEA BRIGHT BOROUGH

Fiscal Year Ending June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment
2004	\$ 4,673,800	\$ 393,108,400	-	-	\$ 95,207,200	-	\$ 6,811,500
2005	17,381,000	380,880,800	-	-	96,249,300	-	6,315,000
2006	15,145,000	396,274,800	-	-	95,361,500	-	6,315,000
2007	11,789,600	413,847,100	-	-	88,605,000	-	5,555,100
2008	10,017,400	419,722,500	-	-	88,474,800	-	5,555,100
2009	9,226,400	421,784,300	-	-	88,810,100	-	5,184,800
2010	4,686,400	423,001,400	-	-	88,189,800	-	4,964,800
2011	4,111,400	423,328,700	-	-	86,849,100	-	4,964,800
2012	3,255,100	425,051,100	-	-	84,860,100	-	4,814,800
2013	11,132,400	381,395,100	-	-	51,674,800	-	3,228,500
					Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b	
2004	\$ 522,686,900	\$ 22,886,000	\$ 422,281	\$ 500,223,181	\$ 389,996,011	0.178	
2005	523,712,100	22,886,000	400,508	501,226,608	504,949,264	0.128	
2006	535,982,300	22,886,000	303,047	513,399,347	646,747,974	0.160	
2007	544,272,800	24,476,000	293,725	520,090,525	897,871,227	0.166	
2008	523,769,800	23,311,300	320,050	500,778,550	870,251,863	0.171	
2009	525,005,600	24,901,300	405,498	500,509,798	830,401,713	0.171	
2010	520,842,400	24,901,300	417,603	496,358,703	773,609,622	0.183	
2011	519,254,000	25,901,300	382,031	493,734,731	764,116,137	0.209	
2012	517,981,100	25,901,300	356,718	492,436,518	766,356,363	0.189	
2013	447,430,800	26,950,200	373,494	420,854,094	732,278,578	0.159	

Source: Municipal Tax Assessor

Note: 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 the County Board of Taxation requests Treasury to order a reassessment.

- a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100
- N/A At the time of CAFR Completion, this data was not yet available

SHORE REGIONAL HIGH SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

WEST LONG BRANCH BOROUGH

Fiscal Year Ending June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Less:		Total	
								Tax-Exempt Property	Public Utilities ^a		
2004	\$ 6,087,600	\$ 521,308,400	\$ 973,200	\$ 20,300	\$ 147,193,800	\$ 1,506,000	\$ 966,000			\$ 1,506,000	
2005	7,072,100	523,224,400	973,200	12,800	135,726,000	1,506,000	966,000			1,506,000	
2006	13,726,300	1,071,212,300	2,489,900	157,500	264,299,200	3,254,900	1,907,600			3,254,900	
2007	12,951,100	1,075,993,300	1,625,900	17,600	262,126,700	3,254,900	1,907,600			3,254,900	
2008	11,834,400	1,081,943,400	1,625,900	17,600	254,243,700	3,254,900	1,907,600			3,254,900	
2009	14,361,500	1,080,916,700	1,625,900	17,600	254,648,500	3,254,900	1,907,600			3,254,900	
2010	18,132,300	1,082,524,800	1,625,900	17,600	247,955,700	6,254,900	1,907,600			6,254,900	
2011	16,116,200	1,075,233,300	1,625,900	17,600	239,584,400	3,254,900	8,013,700			3,254,900	
2012	15,459,600	1,068,747,000	1,625,900	17,600	235,078,900	3,254,900	28,007,600			3,254,900	
2013	11,948,000	870,940,000	1,398,700	6,900	203,367,000	2,730,800	31,318,600			2,730,800	
					Estimated Actual (County Equalized) Value	Net Valuation Taxable	Public Utilities ^a	Estimated Actual (County Equalized) Value	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2004	\$ 803,844,000	\$ 125,788,700	\$ 928,605	\$ 678,983,905	\$ 930,190,636	\$ 678,983,905	\$ 928,605	\$ 930,190,636	\$ 678,983,905	\$ 930,190,636	1.184
2005	795,269,200	125,788,700	769,833	670,250,333	1,057,972,343	670,250,333	769,833	1,057,972,343	670,250,333	1,057,972,343	1.278
2006	1,573,532,100	216,484,400	1,125,666	1,358,173,366	1,229,675,960	1,358,173,366	1,125,666	1,229,675,960	1,358,173,366	1,229,675,960	0.659
2007	1,575,564,200	217,687,100	1,104,472	1,358,981,572	1,431,702,826	1,358,981,572	1,104,472	1,431,702,826	1,358,981,572	1,431,702,826	0.688
2008	1,354,827,500	216,715,200	1,121,950	1,139,234,250	1,467,642,654	1,139,234,250	1,121,950	1,467,642,654	1,139,234,250	1,467,642,654	0.712
2009	1,356,732,700	218,016,100	1,213,791	1,139,930,391	1,441,100,431	1,139,930,391	1,213,791	1,441,100,431	1,139,930,391	1,441,100,431	0.729
2010	1,355,418,800	220,000,700	1,260,759	1,136,678,859	1,378,188,012	1,136,678,859	1,260,759	1,378,188,012	1,136,678,859	1,378,188,012	0.732
2011	1,343,846,000	220,417,000	1,052,134	1,124,481,134	1,329,061,308	1,124,481,134	1,052,134	1,329,061,308	1,124,481,134	1,329,061,308	0.709
2012	1,352,191,500	220,417,000	1,009,980	1,132,784,480	1,235,297,174	1,132,784,480	1,009,980	1,235,297,174	1,132,784,480	1,235,297,174	0.710
2013	1,121,710,000	241,593,500	929,005	881,045,505	1,286,974,317	881,045,505	929,005	1,286,974,317	881,045,505	1,286,974,317	0.867

Source: Municipal Tax Assessor

Note: 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 the County Board of Taxation requests Treasury to order a reassessment.

- a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100
- N/A At the time of CAFR Completion, this data was not yet available

SHORE REGIONAL HIGH SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)

Fiscal Year Ending June 30,	Monmouth Beach School District Direct Rate (From J-6)			Overlapping Rates			Total Direct and Overlapping Tax Rate	
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Borough of Monmouth Beach	Regional School Rate	Monmouth County		Fire District
2004	0.925	-	0.925	0.801	0.613	0.798	-	3.137
2005	0.294	-	0.294	0.257	0.211	0.257	-	1.019
2006	0.306	-	0.306	0.274	0.235	0.292	-	1.107
2007	0.312	-	0.312	0.279	0.256	0.304	-	1.151
2008	0.319	-	0.319	0.297	0.253	0.296	-	1.165
2009	0.325	-	0.325	0.307	0.270	0.297	-	1.199
2010	0.338	-	0.338	0.318	0.279	0.305	-	1.240
2011	0.337	-	0.337	0.323	0.322	0.305	-	1.287
2012	0.343	-	0.343	0.328	0.309	0.307	-	1.287
2013	0.343	-	0.343	0.328	0.300	0.312	-	1.283

Source: Municipal Tax Assessor

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.
- b Rates for debt service are based on each year's requirements.
- N/A At the time of CAFR Completion, this data was not yet available

SHORE REGIONAL HIGH SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)

Fiscal Year Ending June 30,	Oceanport School District Direct Rate (From J-6)			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Borough of Oceanport	Regional School Rate	Monmouth County	
2004	1.224	-	1.224	0.651	0.642	0.664	3.181
2005	1.309	-	1.309	0.680	0.643	0.659	3.291
2006	0.507	-	0.507	0.305	0.244	0.250	1.306
2007	0.522	-	0.522	0.332	0.238	0.254	1.346
2008	0.566	-	0.566	0.360	0.234	0.251	1.411
2009	0.573	-	0.573	0.380	0.262	0.255	1.470
2010	0.764	-	0.764	0.519	0.357	0.344	1.984
2011	0.762	-	0.762	0.528	0.419	0.332	2.041
2012	0.761	-	0.761	0.528	0.422	0.338	2.049
2013	0.784	-	0.784	0.508	0.405	0.346	2.043

Source: Municipal Tax Assessor

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.

b Rates for debt service are based on each year's requirements.

N/A At the time of CAFR Completion, this data was not yet available

SHORE REGIONAL HIGH SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)

Fiscal Year Ending June 30,	Sea Bright School District Direct Rate (From J-6)				Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Borough of Sea Bright	Regional School Rate	Monmouth County	Fire District	
2004	0.178	-	0.178	0.543	0.267	0.291	-	1.279
2005	0.128	-	0.128	0.573	0.278	0.336	-	1.315
2006	0.160	-	0.160	0.592	0.299	0.373	-	1.424
2007	0.166	-	0.166	0.622	0.351	0.454	-	1.593
2008	0.171	-	0.171	0.648	0.417	0.423	-	1.659
2009	0.171	-	0.171	0.677	0.347	0.407	-	1.602
2010	0.183	-	0.183	0.706	0.356	0.399	-	1.644
2011	0.209	-	0.209	0.739	0.329	0.412	-	1.689
2012	0.189	-	0.189	0.766	0.411	0.431	-	1.797
2013	0.159	-	0.159	0.775	0.444	0.424	-	1.802

Source: Municipal Tax Assessor

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.

b Rates for debt service are based on each year's requirements.

N/A At the time of CAFR Completion, this data was not yet available

SHORE REGIONAL HIGH SCHOOL DISTRICT

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)

Fiscal Year Ending June 30,	West Long Branch School District Direct Rate (From J-6)			Overlapping Rates			Total Direct and Overlapping Tax Rate	
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Borough of West Long Branch	Regional School Rate	Monmouth County		Fire District
2004	1.184	-	1.184	0.600	0.535	0.510	-	2.829
2005	1.278	-	1.278	0.684	0.582	0.526	-	3.070
2006	0.659	-	0.659	0.355	0.313	0.267	-	1.594
2007	0.688	-	0.688	0.384	0.325	0.284	-	1.681
2008	0.712	-	0.712	0.404	0.337	0.275	-	1.728
2009	0.729	-	0.729	0.436	0.352	0.272	-	1.789
2010	0.732	-	0.732	0.475	0.366	0.276	-	1.849
2011	0.709	-	0.709	0.502	0.394	0.275	-	1.880
2012	0.710	-	0.710	0.524	0.386	0.267	-	1.887
2013	0.867	-	0.867	0.669	0.428	0.347	-	2.311

Source: Municipal Tax Assessor

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.

b Rates for debt service are based on each year's requirements.

N/A At the time of CAFR Completion, this data was not yet available

SHORE REGIONAL HIGH SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

MONMOUTH BEACH BOROUGH

	2013			2003		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Individual Taxpayer #1	\$	1		\$	1	
Individual Taxpayer #2		2			2	
Individual Taxpayer #3		3			3	
Individual Taxpayer #4		4			4	
Individual Taxpayer #5		5			5	
Individual Taxpayer #6		6			6	
Individual Taxpayer #7		7			7	
Individual Taxpayer #8		8			8	
Individual Taxpayer #9		9			9	
Individual Taxpayer #10		10			10	
Total	\$			\$		

NO DATA AVAILABLE

Source: Municipal Tax Assessor

SHORE REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for <u>the Fiscal Year</u>	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent <u>Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2004	9,981,532	9,981,532	100.00%	-
2005	10,462,870	10,462,870	100.00%	-
2006	11,264,762	11,264,762	100.00%	-
2007	12,051,366	12,051,366	100.00%	-
2008	12,645,237	6,783,320	100.00%	-
2009	13,151,046	7,033,141	100.00%	-
2010	13,677,088	7,190,126	100.00%	-
2011	14,104,171	7,160,883	100.00%	-
2012	15,754,172	15,754,172	100.00%	-
2013	15,307,225	15,307,225	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

- a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

SHORE REGIONAL HIGH SCHOOL DISTRICT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2004	-	-	\$ 464,399.00	-	-	-	\$ 464,399.00	0.21%	23.89
2005	-	-	312,216.86	-	-	-	312,216.86	N/A	16.03
2006	-	-	412,737.83	-	-	-	412,737.83	N/A	21.24
2007	-	-	585,762.35	-	-	-	585,762.35	N/A	N/A
2008	-	-	377,924.49	-	-	-	377,924.49	0.05%	19.23
2009	-	-	765,993.23	-	-	-	765,993.23	N/A	39.33
2010	\$ 13,999,000	-	1,032,944.00	-	-	-	15,031,944.00	2.17%	769.88
2011	13,500,000	-	623,556.18	-	-	-	14,123,556.18	2.00%	758.52
2012	12,975,000	-	802,433.45	-	-	-	13,777,433.45	1.74%	739.93
2013	12,435,000	-	893,159.54	-	-	-	13,328,159.54	1.69%	715.80

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan ("ERIP") refunding
N/A At the time of CAFR completion, data was not yet available

SHORE REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2004	None	None	None	N/A	N/A
2005	None	None	None	N/A	N/A
2006	None	None	None	N/A	N/A
2007	None	None	None	N/A	N/A
2008	None	None	None	N/A	N/A
2009	None	None	None	N/A	N/A
2010	\$ 13,999,000.00	None	\$ 13,999,000.00	0.33%	N/A
2011	13,500,000.00	None	13,500,000.00	0.29%	N/A
2012	12,975,000.00	None	12,975,000.00	0.29%	N/A
2013	12,435,000.00	None	12,435,000.00	0.27%	N/A

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

SHORE REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2013
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Monmouth Beach Borough	\$ 4,527,346.32	100.00	\$ 4,527,346.32
Oceanport Borough	28,976,206.68	100.00	28,976,206.68
Sea Bright Borough	4,963,462.37	100.00	4,963,462.37
West Long Branch Borough	11,183,622.00	100.00	11,183,622.00
Monmouth County General Obligation Debt :			
Monmouth Beach Borough		1.186335	5,456,915.12
Oceanport Borough		0.999172	4,596,000.96
Sea Bright Borough		0.438511	2,017,067.11
West Long Branch Borough		1.099349	5,056,796.08
Subtotal, Overlapping Debt			66,777,416.63
Shore Regional High District Direct Debt			<u>12,435,000.00</u>
Total Direct and Overlapping Debt			<u>\$ 79,212,416.63</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Monmouth County Board of Taxation.
Debt Outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Monmouth Beach Borough, Oceanport Borough, Sea Bright Borough and West Long Branch Borough . This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

SHORE REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2004	5,171	236,749,064	45,784	3.30%
2005	5,144	N/A	N/A	3.10%
2006	5,106	N/A	N/A	3.20%
2007	5,227	N/A	N/A	2.90%
2008	5,213	N/A	N/A	3.70%
2009	5,205	N/A	N/A	N/A
2010	4,717	188,770,202	N/A	7.90%
2011	4,718	187,201,258	52,862	8.10%
2012	3,282	171,785,279	56,955	8.10%
2013	3,279	175,081,631	58,355	8.50%

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

N/A At the time of CAFR Completion, this data was not yet available

SHORE REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

OCEANPORT BOROUGH

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2004	5,811	\$ 266,050,824	\$ 45,784	2.3%
2005	5,786	N/A	N/A	2.1%
2006	5,751	N/A	N/A	2.2%
2007	N/A	N/A	N/A	N/A
2008	5,899	196,767,044	33,356	2.3%
2009	5,807	N/A	N/A	N/A
2010	5,730	191,129,820	33,356	4.3%
2011	5,832	210,094,767	36,024	4.3%
2012	5,837	257,224,916	44,068	4.4%
2013	5,833	324,727,018	58,355	4.6%

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

N/A At the time of CAFR completion, data was not yet available.

SHORE REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

SEA BRIGHT BOROUGH

<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2004	1,805	\$ 82,640,120	\$ 45,784	5.2%
2005	1,794	N/A	N/A	4.9%
2006	1,799	N/A	N/A	5.0%
2007	N/A	N/A	N/A	N/A
2008	1,856	83,642,496	45,066	5.1%
2009	1,818	N/A	N/A	5.9%
2010	1,808	81,479,328	45,066	9.6%
2011	1,412	68,723,847	48,671	9.7%
2012	1,414	71,466,388	50,542	9.8%
2013	1,388	72,735,073	58,355	10.2%

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

N/A At the time of CAFR completion, data was not yet available.

SHORE REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)
WEST LONG BRANCH BOROUGH

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income</u> ^b	<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2004	8,211	\$ 375,932,424	\$ 45,784	4.6%
2005	8,301	N/A	N/A	4.3%
2006	8,312	N/A	N/A	4.4%
2007	N/A	N/A	N/A	N/A
2008	8,254	228,231,354	27,651	4.6%
2009	8,258	N/A	N/A	5.2%
2010	8,416	232,710,816	27,651	8.5%
2011	8,097	241,801,359	29,863	8.6%
2012	8,105	261,403,484	32,252	8.7%
2013	8,516	451,728,623	58,355	9.1%

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

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

N/A At the time of CAFR completion, data was not yet available.

SHORE REGIONAL HIGH SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
 (UNAUDITED)

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction:										
Regular	48.00	50.00	51.00	50.00	51.00	51.00	51.00	46.00	47.00	48.00
Special Education	9.00	10.00	9.00	9.00	9.00	8.00	9.00	8.00	9.00	9.00
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	9.00	9.00	10.00	10.00	10.00	10.00	9.00	9.00	9.00	9.00
General Administration	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.00
School Administrative Services	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.00
Other Administrative Services										
Central Services	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.00
Administrative Information Technology										
Plant Operations and Maintenance	2.50	2.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Pupil Transportation	14.00	14.00	12.00	12.00	12.00	14.00	14.00	16.00	17.00	17.00
Other Support Services	7.50	7.50	7.50	7.50	7.50	7.50	7.00	6.00	6.50	6.50
Special Schools										
Food Service	6.50	6.50	6.50	6.50	6.50					
Child Care										
Total	107.00	110.00	110.00	109.00	110.00	104.50	104.00	99.00	102.50	102.00

SHORE REGIONAL HIGH 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 Senior High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^d	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
2004	696	\$ 10,801,822	\$ 15,520	0.82%	59	10.4	687.0	654	4.63%	95.24%
2005	721	11,552,154	16,022	-0.15%	57	11.7	705.9	673	2.75%	95.27%
2006	723	11,963,966	16,548	2.03%	60	11.9	762.0	683	7.95%	89.63%
2007	723	12,765,265	17,656	6.69%	59	12.1	763.0	723	0.13%	94.76%
2008	730	14,481,361	19,837	-0.51%	60	12.2	753.2	723	-1.28%	95.99%
2009	715	14,727,935	20,599	10.13%	60	11.9	737.7	708	-2.06%	95.97%
2010	728	15,199,504	20,878	6.54%	60	12.1	675.7	646	-8.41%	95.58%
2011	698	14,799,673	21,203	-2.63%	54	12.9	657.1	631	-2.75%	95.98%
2012	671	14,417,132	21,486	1.34%	56	12.0	646.7	624	-1.58%	96.47%
2013	659	15,587,666	23,654	10.09%	57	11.6	641.8	621	-0.76%	96.76%

Source: 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).

SHORE REGIONAL HIGH SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>District/Building</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
High School:										
Shore Regional High School (1969)	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Square Feet	716	716	716	716	716	716	716	716	716	716
Capacity (Students)	696	721	723	723	730	730	728	698	671	659
Enrollment										

Other:

Athletic Building (2006)
Square Feet

Number of Schools at June 30, 2012
Senior High School = 1
Other = 1

SHORE REGIONAL HIGH SCHOOL DISTRICT

SCHEDULE OF REQUIRED MAINTENANCE

LAST TEN FISCAL YEARS
(UNAUDITED)

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

*School Facilities

	<u>Project # (s)</u>	Shore Regional <u>High School</u>	<u>Total</u>
2004	N/A	140,216.32	140,216.32
2005	N/A	103,793.79	103,793.79
2006	N/A	70,396.00	70,396.00
2007	N/A	96,918.72	96,918.72
2008	N/A	110,909.62	110,909.62
2009	N/A	165,468.00	165,468.00
2010	N/A	66,665.94	66,665.94
2011	N/A	70,104.82	70,104.82
2012	N/A	133,211.56	133,211.56
2013		182,319.96	182,319.96
Total School Facilities		\$ 1,140,004.73	\$ 1,140,004.73

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26-1.3)

Source: District records

SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
Shore Regional High School District
County of Monmouth
West Long Branch, 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 Shore Regional Board of Education, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Shore Regional Board of Education's basic financial statements, and have issued our report thereon dated November 14, 2013 .

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Shore Regional Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Shore Regional Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of Shore Regional Board of Education'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 Shore Regional Board of Education 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two 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, as Finding No. 2013-01 and Finding No. 2013-02.

We noted certain matters that we reported to management of the Shore Regional Board of Education, in a separate letter dated November 14, 2013.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the management of the Board of Education of the Shore Regional High School District, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.



Robert W. Allison
Public School Accountant
Certified Public Accountant
No. 897

Freehold, New Jersey
November 14, 2013



HOLMAN | FRENIA
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EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A- 133 AND NEW JERSEY OMB CIRCULAR 04-04.

Honorable President and Members
of the Board of Education
Shore Regional High School District
County of Monmouth
West Long Branch, New Jersey

Report on Compliance for Each Major State Program

We have audited Shore Regional Board of Education's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2013. Shore Regional Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Shore Regional Board of Education'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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization*; *the New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 Shore Regional Board of Education'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 Shore Regional Board of Education's compliance with those requirements.

Opinion on Each Major State Program

In our opinion, Shore Regional Board of Education 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, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 or New Jersey OMB's Circular 04-04.

Report on Internal Control Over Compliance

Management of Shore Regional Board of Education 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 Shore Regional Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 or New Jersey OMB's Circular 04-04, 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 Shore Regional Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04. Accordingly, this report is not suitable for any other purpose.

This report is intended for the information of the management of the Board of Education of the Shore Regional High School District, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Allison', written over a horizontal line.

Robert W. Allison
Public School Accountant
Certified Public Accountant
No. 897

Freehold, New Jersey
November 14, 2013

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SHORE REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended June 30, 2013

Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover/ Walkover Amount	Balance at June 30, 2012	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2013	
			From	To							(Accounts Receivable)	Due To Grantor
U.S. Department of Education:												
General Fund:												
84.10A	N/A	\$ 26,877.00	08/10/10	09/30/12		\$ (26,877.00)	\$ 26,877.00					
Education Jobs Fund												
Total General Fund												
Special Revenue Fund												
U.S. Department of Education:												
Passed-Through State Department of Education:												
Special Revenue Fund:												
84.010A	NCLB476013	60,336.47	09/01/12	08/31/13		\$ (11,144.53)	21,299.47	\$ (60,336.47)		\$ (39,037.00)		
84.010A	NCLB476012	47,739.00	09/01/11	08/31/12			11,144.53					
84.367A	NCLB476013	14,694.00	09/01/12	08/31/13			10,395.45					2,185.77
84.367A	NCLB476012	15,419.00	09/01/11	08/31/12		(1,451.69)	1,451.69					
84.367A	NCLB476011	29,192.00	09/01/10	08/31/11		7,361.63	(7,361.63)					
84.367A	NCLB476009	18,174.00	09/01/08	08/31/09		(5,274.86)	5,274.86					
84.298A	NCLB476008	840.00	09/01/07	08/31/08		840.00						
84.391	IDEA476013	147,538.00	09/01/12	08/31/13			110,318.09				(150,338.53)	
84.027	IDEA476012	147,166.00	09/01/11	08/31/12		(14,489.91)	14,489.91					
Total U.S. Department of Education												
Total Federal Financial Awards												

SHORE REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the fiscal year ended June 30, 2013

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Deferred Revenues/ (Accounts Receivable)	Due To Grantor	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance at June 30, 2013		Memo	
			From	To								(Accounts Receivable)	Due To Grantor		
General Fund:															
Reimbursement of Nonpublic Transportation	13103190	\$ 14,445.20	07/01/12	06/30/13				\$ (14,445.20)	\$ (14,445.20)			\$ (14,445.20)	\$ 14,445.20		
Reimbursement of Nonpublic Transportation	12103190	10,568.40	07/01/11	06/30/12	\$ (10,568.40)		\$ 10,568.40								
Reimbursement of Nonpublic Transportation	13-495-034-5120-089	369,293.00	07/01/12	06/30/13			369,293.00	(369,293.00)					(369,293.00)	369,293.00	
Categorical Security Aid	13-495-034-5120-084	9,347.00	07/01/12	06/30/13			9,347.00	(9,347.00)					(9,347.00)	9,347.00	
Categorical Transportation Aid	13-495-034-5120-014	48,039.00	07/01/12	06/30/13			48,039.00	(48,039.00)					(48,039.00)	48,039.00	
Extraordinary Aid	13-100-034-5120-473	278,800.00	07/01/10	06/30/11	(278,800.00)		278,800.00	(111,099.00)					(111,099.00)	111,099.00	
On-Behalf TPAF Pension System Contribution - MCGI	13-495-034-5095-007	17,217.00	07/01/12	06/30/13			17,217.00	(17,217.00)						17,217.00	
On-Behalf TPAF Pension System Contribution - Post Retirement Medical	13-495-034-5095-001	389,497.00	07/01/12	06/30/13			389,497.00	(389,497.00)						389,497.00	
On-Behalf TPAF Pension System Contribution - Normal Cost Reduction	11-495-034-5095-006	327,242.00	07/01/12	06/30/13			327,242.00	(327,242.00)						327,242.00	
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	378,005.77	07/01/12	06/30/13			359,396.33	(375,005.77)				(18,609.44)	(18,609.44)	375,005.77	
Total General Fund					(289,368.40)		1,809,399.73	(1,664,184.97)				(144,153.64)	(185,582.64)	1,664,184.97	
Special Revenue Fund:															
N.J. Nonpublic Auxiliary Services Aid:															
Compensatory Education	13-100-034-5120-067	12,541.00	07/01/12	06/30/13			12,541.00	(8,360.67)						4,180.33	
Compensatory Education	12-100-034-5120-067	9,299.00	07/01/11	06/30/12	9,299.00				(9,299.00)						
Home Instruction	12-100-034-5120-067	572.94	07/01/11	06/30/12	(572.94)		572.94							2,558.00	
E. S. L.	13-100-034-5120-067	2,558.00	07/01/12	06/30/13			2,558.00								
N.J. Nonpublic Handicapped Aid:															
Examination and Classification	13-100-034-5120-066	6,534.00	07/01/12	06/30/13			6,534.00	(6,214.80)						319.20	
Examination and Classification	12-100-034-5120-066	9,339.00	07/01/11	06/30/12			2,890.00	(2,890.00)	(9,299.00)						
Corrective Speech	13-100-034-5120-066	2,890.00	07/01/12	06/30/13	322.75		2,890.00	(2,890.00)	(322.75)						
Supplementary Instruction	13-100-034-5120-066	5,351.00	07/01/12	06/30/13			5,351.00	(4,163.25)						1,187.75	
N.J. Nonpublic Textbook Aid	13-100-034-5120-064	1,118.00	07/01/12	06/30/13			3,118.00	(3,117.49)						29.24	
N.J. Nonpublic Textbook Aid	13-100-034-5120-064	2,493.00	07/01/11	06/30/12	42.98		3,118.00	(3,117.49)	(42.98)						
N.J. Nonpublic Nursing Services Aid	13-100-034-5120-070	4,327.00	07/01/12	06/30/13			4,327.00	(4,327.00)							
N.J. Nonpublic Nursing Services Aid	12-100-034-5120-070	3,561.00	07/01/11	06/30/12	1.07				(1.07)						
Total Special Revenue Fund					9,092.86		39,242.94	(30,194.97)	(9,665.80)					8,474.52	
Total State Financial Assistance					\$ (280,275.54)		\$ 1,848,642.67	(1,694,379.94)	\$ (9,665.80)			\$ 0.00	\$ (144,153.64)	\$ (185,582.64)	\$ 1,664,184.97

Less: Grants Not Subject to New Jersey OMB Circular 04-04:

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

June 30, 2013

1. General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Board of Education ("Board") of Shore Regional High, School District ("District"). The Board is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

2. Basis of Accounting

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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.

The General Fund is presented in the accompanying Schedules on the modified accrual basis, with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferral and recording of the last state aid payment 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 last state aid payment 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 \$9,187.00 for the General Fund and \$475.44 for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

SHORE REGIONAL HIGH SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

June 30, 2013

3. Relationship to Basic Financial Statements (cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,654,997.97	\$ 1,654,997.97
Special Revenue Fund	\$ 336,088.96	30,194.97	366,283.93
Debt Service Fund	<u>0.00</u>	<u>326,217.00</u>	<u>326,217.00</u>
Total Awards and Financial Assistance	<u>\$ 336,088.96</u>	<u>\$ 2,011,409.94</u>	<u>\$ 2,347,498.90</u>

During the year ended June 30, 2013, the State of New Jersey contributed \$327,242.00 to the Teachers' Pension and Annuity Fund for normal costs, \$17,217.00 for NCGI premiums and \$389,497.00 for post-retirement medical benefits on behalf of the District.

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.

5. Federal and State Loans Outstanding

Not applicable.

6. Other

Revenue 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 District for the year ended June 30, 2013. 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, 2013

SHORE REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)

Section II - Financial Statement Findings

This section identifies the material weaknesses, significant deficiencies, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of Government Auditing Standards.

None reported.

SHORE REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(continued)

Section III - State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by NJOMB Circular 04-04.

None reported.

SHORE REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

This section identifies the status of prior-year findings related to the general-purpose financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, and NJOMB Circular 04-04.

STATUS OF PRIOR-YEAR FINDINGS

Not applicable.