Toms River Regional School District

Toms River Board of Education

Toms River, New Jersey 08753

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

School District of

Toms River

Toms River Regional School District
Toms River, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

Prepared by

Toms River Regional School District
Business Administrator's Office

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Introductory Section

TOMS RIVER REGIONAL SCHOOLS

1144 Hooper Avenue, Toms River, NJ 08753
(732) 505-5500

December 5, 2014

Honorable President and
Members of the Board of Education
Toms River School District
County of Ocean, New Jersey

Dear Board Members and constituents:

The comprehensive annual financial report of the Toms River Regional School District for the year ended June 30, 2014 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 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 of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2014, and the respective changes in financial position and cash flows, where applicable, for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, a roster of officials, independent auditors and advisors. The financial section includes Management's Discussion and Analysis, basic financial statements, required supplementary information and supplementary information, as well as the auditors' report therein. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations," and the New Jersey 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 independent auditors' reports on internal control and compliance with applicable laws and regulations and findings and questioned costs, is included in the single audit section of this report.

TOMS RIVER REGIONAL SCHOOLS

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1. REPORTING ENTITY AND ITS SERVICES

The Toms River School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and the government-wide financial statements of the District are included in this report. The Toms River Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational and special education for children with special needs. The District's average daily enrollment for 2013-2014 school year decreased by 422.4 students over the previous year's enrollment. The following details the changes in the student enrollment of the District for the past five year. These figures are based upon average daily enrollment.

Average Daily Enrollment

Fiscal Year	Student Enrollment	# Students (+/-)	Percent Change
2009-10	17,090.1	-149.7	0.00868%-
2010-11	16,975.6	-114.5	0.00670%-
2011-12	16,787.4	-188.2	0.0111%-
2012-13	16,556.4	-231.0	0.0138%-
2013-14(as submitted)	16,134.0	-422.4	0.0255%-

2. ECONOMIC CONDITION AND OUTLOOK

Local, state, and federal economic conditions continue to create a relatively unstable and uncertain economic environment, for all entities, including the school district. In October 2012, the community was devastated by Superstorm Sandy which caused significant damage throughout our regional community. Toms River Township lost 15%-20% of the ratable base due to the storm and although a recovery is under way, all of what was lost has not been recouped in terms of ratables. It is expected that the aftereffects of Superstorm Sandy will put a strain on tax revenues and services for years to come. Other items of concern include investment rates which are still hovering at very low levels. Additionally, the State of New Jersey has again delayed payment of the final two State Aid payments for the year, totaling $6,666,376 as of June 30, 2014.

The 2014-2015 School Budget was approved by the Board of Education in June 2014 and the budget as presented provides for a thorough and efficient education. The increase in the overall tax levy (general and debt service levy) with the 2014-15 budget was 10.9% or $13.6 million, although the tax increases for the average home in the four towns in the regional district ranged from 1.15% and 2.72%. This mitigated tax impact is due to the recovery already made with Toms River Township's ratable base. Of concern is that $9

million of revenue comes from a one-time Federal award (CDBG Grant) to fund the 2014-15 budget. Save for a continued rapid recovery of ratables in Toms River Township, when such one-time awards are no longer available, this may put a strain on the taxpayers in the regional community. Also, given the Department of Education's allocation of taxes between the constituent municipalities in the regional district being based on equalized valuations, substantial changes in the ratable base for the largest ratable base (Toms River Township) can have a significant impact on the tax allocation for all communities in the regional district.

The District continues to be concerned about the status of the economy and the fiscal health of the State of New Jersey. Although the District will continue to strive to find fiscal efficiencies in all aspects of our operation, we remain concerned about our allowable level of surplus, the impact of the 2% property tax cap, our allocation of State Aid and the effect of any legislation that could have a negative impact on the efficiency or quality of our school system.

3. MAJOR INITIATIVES

AchieveNJ – The new state requirements of Achieve NJ were implemented this year. All staff was provided in-service on the development of Student Growth Objectives as well as all domains and components of the Charlotte Danielson Teacher Evaluation Model. Training was also provided for the web based professional development provider and data collection tool, Teachscape. The new evaluation for all staff members was implemented for the 2013-2014 school year.

Secondary Grading Committees - Grading committees were established at both the intermediate and high school level to explore best grading practices at NJ schools and examine our own policies. The committees are made up of teachers, administrators, and parents and will continue into the 2014-2015 school year. Any recommendation for any changes or modification in our grading policies will be implemented in the 2015-2016 school year.

Technology Committees – Technology committees were established at all 3 grade levels. Teachers and administrators visited school that had established successful technology programs in their classrooms. After the completion of the visits, recommendations and suggestions were made for possible implementation into our classrooms.

Elementary School:

At the elementary level, a committee of teachers, supervisors, and administrators worked to align all curriculum to the CCSS and NJCCCS during the 2013-2014 school year. Professional Development plans

were designed to assist teacher in lesson planning and instructional practices to implement the new curriculum.

Language Arts: District K-2 teachers took part in a reading pilot to choose updated resources. At the conclusion of the pilot, McGraw Hill, *Wonders* was chosen as the resource for purchase and implementation for the 2014-2015 school year. Professional Development opportunities were offered following the adoption in order to prepare teachers for the 2014-2015 school year. School Wide units were distributed district wide for grades 3-5. Teachers received Professional Development to use a workshop model for English Language Arts. Additionally, teachers worked in committees to develop grade level novel studies, and nonfiction reading units. An on-line language art writing benchmark was developed and scored by grade 3-5 teachers to collect data that informed writing instruction throughout the year.

Math: *Everyday Math* program was aligned to the CCSS for the 2013-2014 school year. Math benchmarks were developed to measure student progress and were administered three times during the school year. These assessments were scored by the teachers and the data collected was used to refine instruction and strategies.

Basic Skills: Identified students are given additional time with staff within a before/afterschool model for enrichment and reinforcement. The goal was to offer these students support and assistance to meet proficiency and growth in Math and Language Arts.

Intermediate School:

Math – As a result of the implementation of the Common Core State Standards, grades 6, 7, and 8 piloted three new math series for a 2014-2015 adoption. Professional development was provided for each, and at the end of the year, the consensus among the teachers was the *Big Ideas* series provided the most comprehensive curriculum and supports for differentiated instruction. This series also provided the most extensive online support. This series was purchase for full implementation for the 2014-2015 school year.

Social Studies – In order to remain current, the grade 6-8 social studies teachers piloted 2 new texts for purchase in the 2014-2015 school year. The text chosen in each grade level is rich in content and differentiation of instruction as well as providing web based support. The texts chosen were: 8th Grade – (Pearson) *America, History of Our Nation - Beginnings through 1877*; 7th Grade - (McGraw Hill) (Customized/Hybrid Text) *Discovering Our Past - A History of the World, Early Ages and Discovering Our Past - A History of the United States, Early Years*; 6th Grade – (McGraw Hill) *Discovering Our Past - A History of the World, Early Ages.*

Science – Many of our 6-8 science teachers are involved in the PISA^2 grant through Stephens Institute of Technology. PISA^2 is a five-year, $11.5 million National Science Foundation Math Science Partnership grant program designed to increase student learning and motivation, teacher preparation, and administrator and district capacity to deliver high quality, standards-based and research-based STEM programs.

Language Arts – Teachers were provided with professional days in order to insure curriculum was aligned to the Common Core State Standards and make modifications where necessary. Quarterly assessments were then adjusted to insure alignment with the curriculum.

Basic Skills 200 Club – Identified students are given additional time with their regular Language Arts and Math teacher during activity periods for enrichment and reinforcement. The goal is to offer these students support and assistance to meet proficiency and growth in Math and Language Arts.

Reading and Writing Across the Curriculum – In order to support the Language Arts program, Science and Social Studies courses were infused with reading in content areas open-ended questions and mandatory essays. Social Studies teachers implemented strategies to assist students in completing a research paper and also refine quote-based writing instruction in their classroom.

High School:

English3/English4 block program: Recognizing the necessity to allow a small percentage of high school seniors a chance to "recover credit" toward graduating in the four year state-mandated English requirements, we continued the course that uses two scheduling periods (block) concentrating on English 3 for the first half of the year and English 4 for the second half of the year. This allows for students to experience success and graduate in the appropriate graduation cohort.

Mathematics: Over the past year, upgrades in both hardware and software were made to the district's three high school mathematics computer labs. The infrastructure improvements, as well as necessary professional development, all support the Introduction to Computer Science and Advanced Placement Computer Science courses.

Social Studies: The social studies department reviewed and revised their curriculum to align with the New Jersey Core Curriculum Content Standards as well as the Common Core State Standards. The quarterly exams were also reviewed to insure they are aligned to the curriculum.

Personal Finance – Option II – Upper class students can complete the state-mandated graduating half-year course requirement in Financial Literacy by completing an on-line course that is overseen by district faculty.

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A district review packet and exam was developed in order to insure the students are meeting or exceeding the New Jersey Core Curriculum Content Standards. This program allows students the opportunity to schedule additional rigorous courses in that available scheduling period.

Science – Due to changes in the Advanced Placement exams, new AP Biology, Chemistry, and Physics textbooks were reviewed and professional development provided for purchase for the 2014-2015 school year.

World Language – In order to remain current and provide a program that has a strong technology component, a new Spanish II series was piloted. Professional development was provided by the text company and the purchase was made for the 2014-2015 school year.

Career Tech – Last year saw the full implementation of the AutoCAD software for technical/mechanical/industrial design as well as the Adobe software including Illustrator, Photoshop and support programs. 3D printers were also purchased for the department to help support their programs.

Advanced Placement Summer Institute – All Advanced Placement teachers were provided with the opportunity to attend the AP Summer Institute in Philadelphia, Pennsylvania. The institute provided subject-specific professional development opportunities, as well as the support and training needed to teach AP courses and to utilize AP teaching strategies. These strategies were then turn-keyed to district staff in each content area.

Partnership with Ocean County College - A number of programs has been designed to support our partnership with OCC. The Write Connections pairs high school and collegiate level writers in peer review and editing of student composition. The Bridges Program offers the Accuplacer to juniors with remediation possibilities for senior year in preparation of entry to OCC. The Jump Start Program provides our juniors and seniors the opportunity to begin taking college level courses while still attending high school. The College Readiness Now Program provided support to economically disadvantaged students in preparation for the Accuplacer as well as providing a free college course during the summer.

HSPA Preparation Lab/Tutorial – Identified students are given additional time with staff for Mathematics enrichment for reinforcement of skills during an activity period within the school day. The goal is to offer these student support and assistance to meet proficiency and growth.

HSPA Preparation English 2190 – We continued to identify students and place them in an English class that enriches both the English III curriculum and HSPA preparation. The goal is to offer these students support and assistance to meet proficiency and growth.

Special Education:

It is important to note that all major initiatives undertaken at all levels were inclusive of special education programs and staff.

Literacy programs – The district has expanded professional development for special education staff at the elementary and intermediate level in the Wilson Language "Fundations" training and added the Sonday System (Orton-Gillingham). In so doing, special education teachers are provided with additional intervention strategies to assist struggling readers. The district is also supporting further professional development of upper elementary grade teachers in the Wilson Reading Program and other multisensory programs.

"Handle with Care" training – Throughout the past year, and advancing into this year, the district has begun intensive training in the "Handle with Care" de-escalation and restraint model for staff. In matching this effective program with the Responsive Classroom model, strategies are provided to support learners who struggle with maintaining appropriate behavioral focus in the classroom.

Transitional programming – At the high school level, efforts were made to re-design the district's program for Students with Autism and Cognitively Impaired – Moderate Students. Each of these revisions focused on developing appropriate learning/academic curriculum while strengthening existing opportunities for transitional goals and objectives. The focus is to allow students within these classes to be best prepared for opportunities after completing high school. The re-design not only advanced transitional program development but also included an *Accelerated Math* program, a technology component and was reflective of the Common Core State Standards. The re-design was also reflected in the development of each child's Individualized Education Program.

4. INTERNAL ACCOUNTING CONTROLS

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

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As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The District is also charged with the responsibility of periodic evaluation of this internal control structure.

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

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the District. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets that are approved for capital improvements are accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported assigned fund balance at June 30, 2014.

6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and government-wide financial statements. These funds and the government-wide financial statements are explained in "Notes to the Financial Statement," Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility to ensure sound financial management.

TOMS RIVER REGIONAL SCHOOLS

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8) OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. In addition to meeting the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB, the auditor's report includes financial statements and combines individual fund statements and schedules to ensure clear financial reporting. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

9) ACKNOWLEDGMENTS

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

Respectfully submitted,

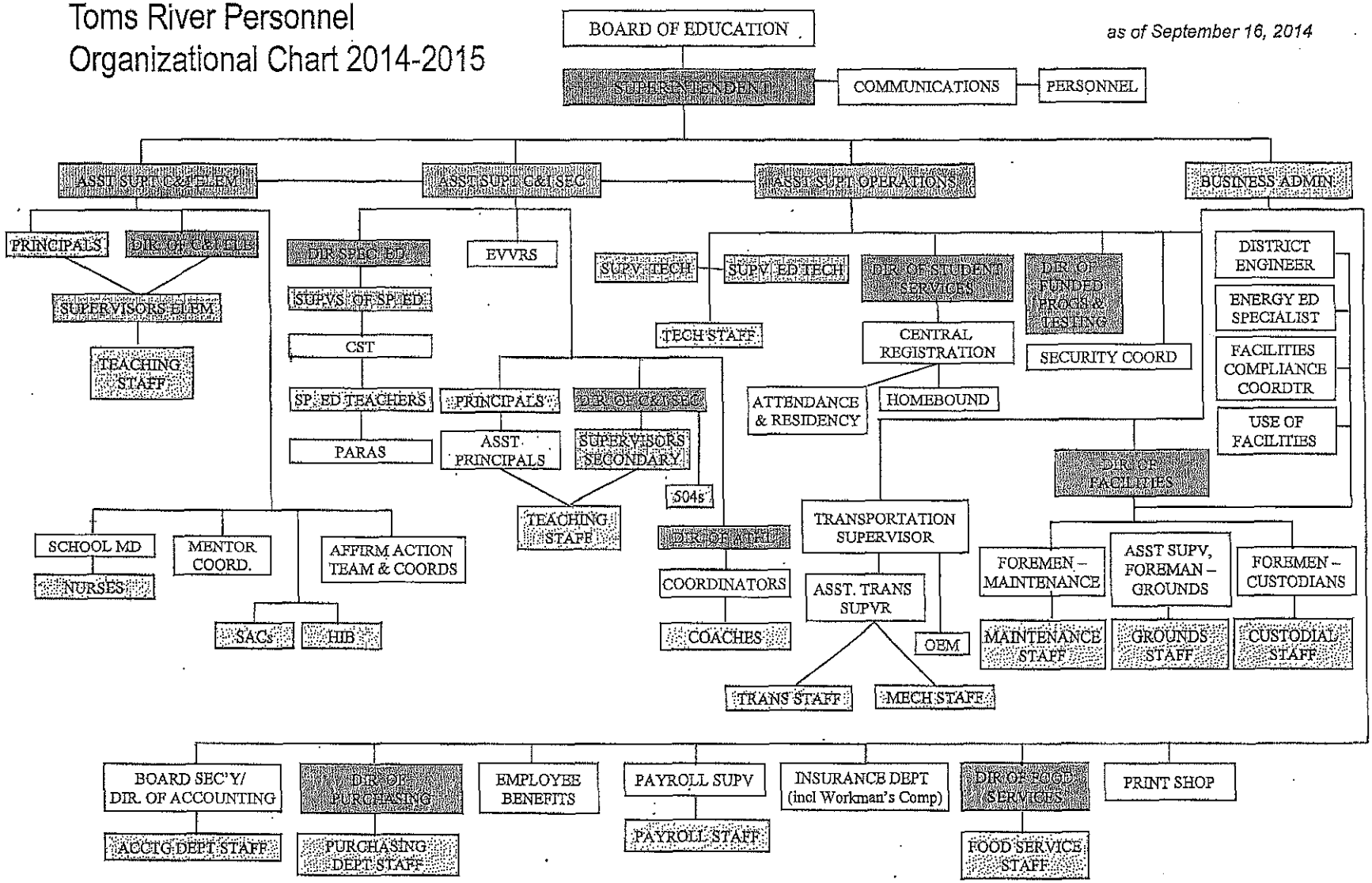
David Healy
Superintendent (as of July 1, 2014)

William Doering
Business Administrator

Wendy L. Saxton
Board Secretary

Toms River Personnel Organizational Chart 2014-2015

as of September 16, 2014



Toms River Regional School District
Toms River, New Jersey

Roster of Officials

June 30, 2014

Members of the Board of Education	**Term Expires**
Joseph Torrone, President	2015
Ginny Rhine, Vice President	2015
Ben Giovine	2014
Alexander Pavliv	2014
Loreen Torrone	2014
Gidalty (Gigi) Esparza	2015
Gloria McCormack	2016
James Sigurdson	2016
Walt Ramsay	2016

Other Officials

David Healy, Superintendent (As of July 1, 2014)
Thomas Gialanella, Interim Superintendent (through June 30, 2014)
William Doering, Business Administrator
Wendy Saxton, Board Secretary
Matthew Varley, Treasurer

Toms River Regional School District
Toms River, New Jersey

Independent Auditors, Consultants and Advisors

Independent Auditors
Wiss & Company, LLP
485C Route One South
Iselin, New Jersey 08830

Attorney
Carluccio, Leone, Dimon, Doyle & Sacks, LLC
Stephan Leone
9 Robbins Street
Toms River, New Jersey 08753

Official Depositories
State of New Jersey Cash Management Fund
PO Box 182218
Columbus, Ohio 43218

TD Bank
1101 Hooper Avenue, CN 2050
Toms River, New Jersey 08754

Wells Fargo
40 Main Street
Toms River, New Jersey 08753

Shore Community Bank
1012 Route 37 East
Toms River, New Jersey 08753

PNC Bank
1329 Hooper Avenue
Toms River, New Jersey 08753

Ocean First Bank
975 Hooper Avenue
Toms River, New Jersey 08753

NJ/ARM
821 Alexander Road, Suite 110
Princeton, New Jersey 08540

Financial Section

Independent Auditors' Report

Honorable President and Members
of the Board of Education
Toms River Regional School District
Toms River, New Jersey
County of Ocean

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 Toms River Regional School District, County of Ocean, New Jersey (the "District"), as of and for the year ended June 30, 2014, 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.

Auditors' 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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Restatement to Prior Period Net Position

The financial statements of the District as of June 30, 2013, were audited by other auditors whose opinion dated October 25, 2013, on those statements was unmodified. As part of the 2014 financial statements, we also audited adjustments described below that were applied to restate the 2013 net position.

As described in Note 1.N. to the financial statements, the June 30, 2013 net position in the Food Service Enterprise Fund decreased by $71,210, the Day Care Center Enterprise Fund increased by $22,655, the Corporate Center Enterprise Fund increased by $801,419, the Bennett Complex Enterprise Fund increased by $57,696, the Pine Belt Arena Enterprise Fund increased by $302,653 and the government-wide governmental activities decreased by $6,648,858 and business-type activities increased by $1,112,929 as a result of adjustments relating to a valuation of the District's capital assets and related accumulated depreciation due to an appraisal performed. In addition, the net position of the government-wide governmental activities net position was decreased by $10,044,579 for incurred but not reported claims liabilities and related accounts that had not previously been recorded in the prior year. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2013 net position of the District other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 net positions and financial statements as a whole.

Adoption of Accounting Policy

As discussed in Note 1.R. to the financial statements, during the fiscal year ended June 30, 2014, the District adopted Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of funding progress – post-employment healthcare benefit plan, the schedule of employer contributions – post-employment healthcare benefit plan and budgetary comparison information as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries

of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which consists of the combining and individual fund financial statements, long-term debt schedules and schedules of expenditures of federal awards and state financial assistance, 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 the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information identified above 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Scott A. Clelland

Scott A. Clelland
Licensed Public School Accountant
No. 1049

Wiss & Company
WISS & COMPANY, LLP

December 5, 2014
Iselin, New Jersey

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Required Supplementary Information - Part I

Management's Discussion and Analysis

Toms River Regional School District
Toms River, New Jersey

Management's Discussion and Analysis

Year ended June 30, 2014
(Unaudited)

The discussion and analysis of the Toms River Regional School District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements, notes and additional information in the transmittal letter to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Certain comparative information between the current year and the prior year is presented in the MD&A.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- The District received $4,588,852 in a Community Disaster Loan ("CDL) and $12,500,000 in a Community Development Block Grant due to the loss of ratables, which allowed the District to maintain essential services.

- In total, net position decreased overall by $5,947,157. The major reason for the decrease relates to depreciation expense that exceeded current year capital asset additions, the recording of the $4,588,852 CDL liability without a corresponding asset offset by the positive results of current year operations.

- The District transferred unrestricted fund balance in June of 2014 into a restricted reserve for maintenance in the amount of $2,000,000.

- The District received $2,280,374 in the 2014 fiscal year relating to restitution from a prior year legal settlement, of which $1,100,000 of this restitution was transferred into the capital reserve in the 2014 fiscal year for specific projects.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the Toms River Regional School District as a financial whole, an entire operating entity. The statements then proceed to offer an increasingly detailed look at specific financial activities. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The three components of the District's basic financial statements are: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The CAFR also contains required and other supplementary information in addition to the basic financial statements.

Reporting the School District as a Whole

Government-wide Statements

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the entire School district and are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. The change in net position is important because it informs the reader that, for the School District as a whole, the financial position of the School District has improved or worsened. The causes of the change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility conditions, and required educational programs to cite just a few. In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct types of activities:

- Governmental activities - All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Business-type activities - Programs reported here are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods and services be financed through user charges.

The government-wide financial statements can be found on pages 27 and 28 of this report.

Reporting the District's Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's funds. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

The 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 the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. Differences that arise between governmental activities (as reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 29 through 31 of this report.

Proprietary Funds

The District maintains a proprietary fund type in the form of five enterprise funds. The enterprise funds are used to report business-type activities in the government-wide financial statements. The District uses enterprise funds to account for the operations of its food service program, corporate center, day care center, and two athletic complexes which are also considered to be major funds of the District.

The basic enterprise funds financial statements can be found on pages 32 through 34 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District utilizes a long established unemployment compensation trust fund to account for contributions from the District and employees to reimburse the State of New Jersey for the cost of approved unemployment compensation claims.

The District uses separate and distinct agency funds to account for resources held for student activity groups and class funds as well as for payroll-related liabilities. The basic fiduciary fund financial statements can be found on pages 35 and 36 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 37 to 76 of this report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of varied financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the District's net position at June 30, 2014 and June 30, 2013, as restated.

Toms River Regional School District
Net Position
June 30,

	2014			2013		
	Governmental Activities	Business-type Activities	Total	Governmental Activities (as restated)	Business-type Activities (as restated)	Total (as restated)
Current and other assets	$ 11,820,462	$2,657,053	$ 14,477,515	$ 11,243,572	$3,092,722	$ 14,336,294
Capital assets, net	170,769,380	9,451,339	180,220,719	175,738,076	9,782,088	185,520,164
Total assets	182,589,842	12,108,392	194,698,234	186,981,648	12,874,810	199,856,458
Deferred outflow of resources						
Deferred loss on defeasance of debt	3,731,370		3,731,370	4,055,376		4,055,376
Current liabilities and other	18,534,540	209,302	18,743,842	19,913,186	708,115	20,621,301
Long-term liabilities outstanding	79,973,970	127,646	80,101,616	77,619,644	139,586	77,759,230
Total liabilities	98,508,510	336,948	98,845,458	97,532,830	847,701	98,380,531
Net position:						
Net investment in capital assets	107,466,300	9,451,339	116,917,639	106,170,502	9,782,088	115,952,590
Restricted	9,390,291		9,390,291	5,988,584		5,988,584
Unrestricted (deficit)	(29,043,889)	2,320,105	(26,723,784)	(18,654,892)	2,245,021	(16,409,871)
Total net position	$ 87,812,702	$ 11,771,444	$ 99,584,146	$93,504,194	$12,027,109	$105,531,303

The largest portion of the District's net position is its net investment in capital assets (e.g., land and land improvements, construction in progress, buildings and building improvements and machinery and equipment) less any related debt (general obligation bonds, capital leases and notes payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position increased mainly due to increases to capital and maintenance reserves in the amounts of $1,100,000 and $2,000,000, respectively.

Current and other assets increased slightly from the prior year. Capital assets, net decreased as current year depreciation expense exceeded current year capital asset additions.

Long term liabilities increased due to the CDL loan liability being recorded during the June 30, 2014 fiscal year.

Toms River Regional School District

Changes in Net Position

	2014			2013		
	Governmental Activities	Business-type Activities	Total	Governmental Activities (as restated)	Business-type Activities (as restated)	Total (as restated)
Revenues:						
Program revenues:						
Charges for services	$ 1,375,757	$ 5,277,759	$6,653,516	$ 1,325,068	$ 5,021,578	$ 6,346,646
Operating grants and contributions	6,909,414	1,986,596	8,896,010	8,445,687	2,022,890	10,468,577
Capital grants and contributions	33,279		33,279			
General revenues:						
Property taxes	124,749,384		124,749,384	139,125,442		139,125,442
Federal and state aid not restricted to specific purposes	98,565,195		98,565,195	86,781,443		86,781,443
Earnings on investments	1,268	1,075	2,343	5,445	1,325	6,770
Miscellaneous	665,152		665,152	2,318,493		2,318,493
Total revenues	232,299,449	7,265,430	239,564,879	238,001,578	7,045,793	245,047,371
Expenses:						
Instruction and support services	237,707,568	7,368,815	245,076,383	252,460,123	6,400,110	258,860,233
Special schools	43,518		43,518	31,000		31,000
Interest on long-term debt	2,672,509		2,672,509	2,544,895		2,544,895
Total expenses	240,423,595	7,368,815	247,792,410	255,036,018	6,400,110	261,436,128
Change in net position before transfers and extraordinary item	(8,124,146)	(103,385)	(8,227,531)	(17,034,440)	645,683	(16,388,757)
Transfers	152,280	(152,280)	-	587,084	(587,084)	-
Extraordinary item	2,280,374		2,280,374			
Change in net position	(5,691,492)	(255,665)	(5,947,157)	(16,447,356)	58,599	(16,388,757)
Net position – beginning	93,504,194	12,027,109	105,531,303	109,951,550	11,968,510	121,920,060
Net position – ending	$ 87,812,702	$11,771,444	$ 99,584,146	$93,504,194	$12,027,109	$105,531,303

The decrease in operating grants and contributions is mainly due to less special revenue fund expenditures and thus less revenue recognized in the current year when compared to the prior year.

The District recognized a loss in tax levy revenue resulting from the loss of ratables that resulted from the destruction caused by Super Storm Sandy. Super Storm Sandy resulted in a Township loss of an estimated $3 billion in taxable property values, which directly impacted the tax revenue to be recognized by the District. This is the reason why property tax revenue is lower than the prior year. To offset the reduction in the tax levy, the District received a Community Development Block Grant (CDBG) in the amount of $12,500,000 and a Community Disaster Loan (CDL) in the amount of $4,588,852 to fund teachers' salaries and other essential services to keep in line with student achievement goals. This is the reason why federal and state aid increased from the prior year.

Expenses decreased overall resulting from certain cost savings measures implemented by the District.

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for District operations. Property taxes made up approximately 54 percent of revenues for governmental activities in the Toms River Regional School District for fiscal year 2014. Federal, state, and local grants and aid accounted for another 42 percent of revenue. The balance of revenues generated from tuition and transportation revenue, investment income and other miscellaneous unrestricted sources comprised approximately 4 percent of the total governmental revenues.

The total cost of all programs and services was $240,423,595. Instruction comprised 61.5 percent of District expenses. Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. It is important to note that additional instructional costs are included with support services, which is in conformity with New Jersey Budget Guidelines.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Business-Type Activities

Revenues for the District's business-type activities were comprised of charges for services, day care tuition, ticket sales, rental income, and federal and state reimbursements. Charges for services comprised approximately 74 percent of total operating revenue. This represents revenue recognized in the amount of $2,636,196, or 50 percent, for amounts paid by patrons for daily food service. Day care tuition revenue was $839,809, or 16 percent, of operating revenue and represents payments for daycare tuition. Rental income for the Corporate Center's rental agreements was $1,022,375, or 19 percent, of operating revenue that was recognized from renting office suites at the property located at 1144 Hooper Avenue Toms River, N.J. The Bennett Complex and Pinebelt arena recognized $388,887 and $390,492, or 14 percent of total operating revenue for various events and activities at the respective complexes. Additionally, federal and state reimbursements for meals, including payments for free and reduced-priced lunch and breakfast and donated commodities amounted to $1,986,596 in non-operating revenue.

Financial Analysis of the District's Funds

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements.

General Fund. The general fund is the main operating fund of the District. At the end of the current fiscal year, the total fund balance was $10,501,005, including funds restricted for capital, maintenance and emergency reserves in the amount of $8,902,965. $403,454 is restricted for current year excess surplus and $84,142 of prior year excess surplus has been designated for subsequent year's expenditures. The remaining amount of $1,110,444 represents the balance designated for subsequent year's expenditures in the amount of $1,100,000 and $1,942,956 designated for encumbrances offset by a general fund unassigned deficit of $1,932,512, resulting in the $10,444 balance assigned to other purposes.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The schedule on the following page presents a summary of the revenues of the General Fund, Special Revenue Fund and Debt Service Fund for the fiscal year ended June 30, 2014, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues	Amount	Percent of Total	Increase (Decrease) from 2013	Percent of (Decrease) Increase
Local sources	$ 127,273,026	54.7%	$ (15,340,072)	(10.76)%
State sources	86,330,797	37.1	(1,693,985)	(1.92)
Federal sources	18,994,047	8.2	11,791,699	163.72
Total	$ 232,597,870	100.0%	$ (5,242,358)	(2.20)%

Local sources decreased primarily relating to the reduction on the school tax levy due to a reduction in tax ratables that resulted from Super Storm Sandy.

State sources decreased due mainly to a decrease in the on-behalf pension payments that are made by the State in fiscal year 2014.

Federal sources increased primarily due to the receipt of the federally funded Community Development Block Grant fund in the amount of $12,500,000 used to offset the reduction of the local school tax levy in order to maintain essential services.

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2014, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2013	Percent of Increase (Decrease)
Current expenditures:				
Instruction	$ 91,933,851	38.44%	$ 1,311,817	1.45 %
Undistributed expenditures	136,807,510	57.20	(1,838,144)	(1.33)
Special schools	27,538	.01	(3,462)	(11.17)
Capital outlay	3,842,928	1.61	2,207,021	134.82
Debt service:				
Principal	4,368,749	1.83	610,001	16.23
Interest	2,169,220	0.91	(837,699)	(27.86)
Total	$239,149,796	100.0%	$ 1,561,430	0.66%

Current expenditures reflect an overall increase attributable to normal operational increases in the areas of salaries, health benefits, transportation, utilities and maintenance offset by a reduction in staff through retirements.

Expenditures related to special schools decreased slightly as there was a slight decrease in enrollment in the special schools in the current year.

Capital outlay expenditures increased resulting from the undertaking of several boiler projects that occurred in the year under audit, and an increase in capital leases.

Debt service principal expenditures increased and interest payments decreased mainly due to the amortization of bonds where a greater portion of each payment is applied to principal rather than interest as agreed to the final amortization tables related to the debt.

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey statutes. The most significant budgeted fund is the General Fund.

The largest variance in excess of the budget from the revenue perspective related to tuition revenue in the amount of $577,079 that was driven by tuition increases and the number of students attending, including state and homeless tuition. Also, the District budgeted $800,000 related to the sale of the District's solar renewable energy credits (SRECs) and based on actual credits sold, came in $339,801 under budget.

Fiscal discipline freed up funds in some budget areas, allowing selected budgetary transfers to be made between budgetary line items and approved by the Board for various reasons including:

- Transfers were made from personnel services for unallocated benefits in the amount of $775,888 for one-time expenditures, such as track resurfacing.

- Undistributed tuition transfers were made to increase the amount needed mainly to fund tuition to private schools for the handicapped within the state in the amount of $2,122,720, which was mainly the result of enrollment changes and increases to the cost of tuition. These factors were not known at the time of the budget. Additionally, with the IDEA grant being reduced by over $200,000, more tuition had to be captured by the general fund.

Capital Assets

At the end of the fiscal year 2014, the School District had $180,220,719 invested in land, land improvements, building and building improvements and machinery and equipment, net of accumulated depreciation. The following presents a comparison of capital assets, net of depreciation, held at June 30, 2014 and 2013:

	Governmental Activities	
	2014	**2013 (as restated)**
Land	$ 6,790,523	$ 6,790,523
Land improvements	7,842,082	8,231,682
Building and building improvements	161,817,538	167,269,292
Machinery, equipment and vehicles	3,770,576	3,228,667
Total	$180,220,719	$185,520,164

For more detailed information, please refer to Note 4 to the basic financial statements.

Debt Administration and Long-Term Liabilities

At June 30, 2014, the District had $85,677,889 of outstanding debt and other long-term liabilities, of which $5,576,273 was classified as the current portion.

At June 30, 2014 and 2013, the District's long-term liabilities consisted of:

	June 30	
	2014	2013
Bonds payable	$61,830,000	$65,975,000
Premium on bonds	1,971,407	2,110,411
Notes payable	1,645,506	1,869,255
Deferred pension obligation	1,012,367	1,060,176
Community disaster loan	4,588,852	
Capital leases payable	1,587,537	663,143
Compensated absences payable	13,042,220	12,658,374
Total long-term liabilities	$85,677,889	$84,336,359

For more detailed information, please refer to Note 5 to the basic financial statements.

For the Future

The fiscal outlook in the near term is a concern for most school districts. The school is subject to the tax cap limitation of 2 percent. This limit to raise additional revenue is combined with the District issue to recognize tax revenue from the lost ratables that occurred as a direct result of Super Storm Sandy. The District received $12,500,000 in a Community Development Block Grant (CDBG) and a community disaster loan in the amount of $4,588,852 that aided in recovering lost revenues during fiscal year ended June 30, 2014. To continue essential government functions, the District created cost saving measures such as implementing several energy conservation plans and has developed certain budget constraint such as reducing travel and other non-essential costs. The Toms River Regional School District will continue to employ prudent and responsible fiscal practices to maintain its sound financial condition.

The School District is proud of its community support and is mindful of retaining a positive image within the local and statewide communities. With this reputation, the School District will look to partner with surrounding districts at various levels to achieve economies that may be needed for future stability and growth.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the resources entrusted to it. If you have questions about this report or need additional information, contact Mr. William Doering, Business Administrator at Toms River Regional School District, 1144 Hooper Avenue, Toms River, NJ 08753. Please visit our website at http://www.trschools.com.

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Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2014.

Toms River Regional School District

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 165,684	$ 2,446,053	$ 2,611,737
Accounts receivable	1,738,253	230,297	1,968,550
Internal balances	169,216	(169,216)	-
Inventories		66,194	66,194
Investments	302,621		302,621
Advance deposit	464,103		464,103
Other assets	77,620	83,725	161,345
Restricted assets:			
Cash and cash equivalents	7,840,083		7,840,083
Accounts receivable	1,062,882		1,062,882
Capital assets, non-depreciable	5,368,923		5,368,923
Capital assets, depreciable, net	165,400,457	9,451,339	174,851,796
Total assets	182,589,842	12,108,392	194,698,234
Deferred outflow of resources			
Deferred loss on defeasance of debt	3,731,370		3,731,370
	3,731,370		3,731,370
Liabilities			
Accounts payable	450,028		450,028
Intergovernmental accounts payable:			
State	212,762		212,762
Accrued interest payable	1,085,929		1,085,929
Accrued liability for claims	10,800,385		10,800,385
Accrued salaries and wages	239,477	26,775	266,252
Unearned revenue	165,694	101,024	266,718
Other liabillities	3,992	81,503	85,495
Current portion of long-term obligations	5,576,273		5,576,273
Noncurrent portion of long-term obligations	79,973,970	127,646	80,101,616
Total liabilities	98,508,510	336,948	98,845,458
Net Position			
Net investment in capital assets	107,466,300	9,451,339	116,917,639
Restricted for:			
Other purposes	9,390,291		9,390,291
Unrestricted (deficit)	(29,043,889)	2,320,105	(26,723,784)
Total net position	$ 87,812,702	$ 11,771,444	$ 99,584,146

See accompanying notes to basic financial statements.

Toms River Regional School District

Statement of Activities

Year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Total
Governmental activities							
Instruction	$ 147,748,687	$ 1,292,661	$ 5,479,568		$ (140,976,458)		$ (140,976,458)
Support services							
Attendance/social work	383,374				(383,374)		(383,374)
Health services	3,964,900				(3,964,900)		(3,964,900)
Other support services	16,495,999		1,429,846		(15,066,153)		(15,066,153)
Improvement of instruction	4,254,269				(4,254,269)		(4,254,269)
School library	2,610,984				(2,610,984)		(2,610,984)
Instructional staff training	84,270				(84,270)		(84,270)
General administration	2,519,575				(2,519,575)		(2,519,575)
School administration	11,725,998				(11,725,998)		(11,725,998)
Central Services	3,008,015				(3,008,015)		(3,008,015)
Administrative information technology	2,385,086			$ 33,279	(2,351,807)		(2,351,807)
Required maintenance	5,832,507				(5,832,507)		(5,832,507)
Operation of plant	17,166,605				(17,166,605)		(17,166,605)
Security	1,910,185				(1,910,185)		(1,910,185)
Student transportation	17,617,143	83,096			(17,534,047)		(17,534,047)
Special schools	43,489				(43,489)		(43,489)
Interest on long-term debt	2,672,509				(2,672,509)		(2,672,509)
Total governmental activities	240,423,595	1,375,757	6,909,414	33,279	(232,105,145)		(232,105,145)
Business-type activities							
Food Service	5,187,151	2,636,196	1,986,596			$ (564,359)	(564,359)
Corporate Center	749,028	1,022,375				273,347	273,347
Day Care Center	827,779	839,809				12,030	12,030
Bennett Complex	317,332	388,887				71,555	71,555
Pine Belt Arena	287,525	390,492				102,967	102,967
Total business-type activities	7,368,815	5,277,759	1,986,596			(104,460)	(104,460)
Total primary government	$ 247,792,410	$ 6,653,516	$ 8,896,010	$ 33,279	(232,105,145)	(104,460)	(232,209,605)
General revenues:							
Property taxes, levied for general purposes					118,518,706		118,518,706
Property taxes, levied for for debt service					6,230,678		6,230,678
State Sources					85,733,921		85,733,921
Federal Sources					12,831,274		12,831,274
Interest Earnings					1,268	1,075	2,343
Miscellaneous Income					665,152		665,152
Transfers					152,280	(152,280)	-
Total general revenues and transfers					224,133,279	(151,205)	223,982,074
Change in net position before extraordinary item					(7,971,866)	(255,665)	(8,227,531)
Extraordinary item-restitution					2,280,374		2,280,374
Change in net position					(5,691,492)	(255,665)	(5,947,157)
Net position-beginning, as restated					93,504,194	12,027,109	105,531,303
Net position-ending					$ 87,812,702	$ 11,771,444	$ 99,584,146

See accompanying notes to basic financial statements.

Governmental Funds

Fund Financial Statements

Toms River Regional School District
Governmental Funds

Balance Sheet

June 30, 2014

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents				$ 165,684	$ 165,684
Accounts receivable:					
State	$ 316,836	$ 1,918			318,754
Federal	25,012	1,180,068			1,205,080
Other	511,681	1,159			512,840
Interfund receivable	635,189				635,189
Advance deposit	464,103				464,103
Restricted assets:					
Cash and cash equivalents	7,840,083				7,840,083
Accounts receivable-state	1,062,882				1,062,882
Total assets	$ 10,855,786	$ 1,183,145	$ -	$ 165,684	$ 12,204,615
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 111,575	$ 338,453			$ 450,028
Intergovernmental accounts payable:					
State		212,762			212,762
Interfund payable		465,973			465,973
Accrued salaries and wages	239,477				239,477
Other liabilities	3,729	263			3,992
Unearned revenue		165,694			165,694
Total liabilities	354,781	1,183,145			1,537,926
Fund balances:					
Restricted for:					
Excess Surplus - current year	403,454				403,454
Excess Surplus - prior year designated for subsequent years expenditures	84,142				84,142
Capital reserve	3,550,274				3,550,274
Maintenance reserve	4,647,728				4,647,728
Emergency reserve	704,963				704,963
Debt service				$ 165,684	165,684
Assigned to:					
Designated for subsequent year's expenditures	1,100,000				1,100,000
Other purposes	10,444				10,444
Total fund balances	10,501,005	-	-	165,684	10,666,689
Total liabilities and fund balances	$ 10,855,786	$ 1,183,145	$ -	$ 165,684	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $372,493,508 and the accumulated depreciation is $201,724,128.	170,769,380
Other asset is not due to be received in the current period and therefore is not reported as an asset in the funds.	77,620
Solar renewable energy certificates were not available in the current period and therefore were not reported as assets in the funds.	4,200
Accrued interest payable on debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(1,085,929)
Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the new bonds.	3,731,370
Accrued liability for insurance claims not due and payable in the current period and therefore is not reported as a liability in the funds.	(10,800,385)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(85,550,243)
Net position of governmental activities	$ 87,812,702

See accompanying notes to basic financial statements.

Toms River Regional School District
Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2014

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources:					
Local tax levy	$ 118,518,706			$ 6,230,678	$ 124,749,384
Interest on investments	1,246		$ 22		1,268
Transportation fees from other LEAs within the State	83,096				83,096
Tuition from other LEAs within the State	1,292,661				1,292,661
Miscellaneous	950,722	$ 183,044		12,851	1,146,617
Total revenues–local sources	120,846,431	183,044	22	6,243,529	127,273,026
State sources	85,374,188	596,876		359,733	86,330,797
Federal sources	12,831,274	6,162,773			18,994,047
Total revenues	219,051,893	6,942,693	22	6,603,262	232,597,870
Expenditures					
Current:					
Instruction	86,454,283	5,479,568			91,933,851
Undistributed:					
Instruction	4,124,211				4,124,211
Attendance/social work	235,541				235,541
Health services	2,539,267				2,539,267
Guidance services	3,981,580				3,981,580
Speech, OT, PT and related services	2,620,999				2,620,999
Child study teams / special education	2,996,464	1,429,846			4,426,310
Improvement of instruction	2,616,454				2,616,454
School library	1,648,840				1,648,840
Instructional staff training	59,672				59,672
General administration	2,300,496				2,300,496
School administration	7,240,732				7,240,732
Central services	1,884,818				1,884,818
Administrative information technology	1,594,744				1,594,744
Required maintenance	3,100,916				3,100,916
Custodial services	11,560,516				11,560,516
Care & upkeep of grounds	1,420,760				1,420,760
Security	1,193,076				1,193,076
Student transportation	12,552,552				12,552,552
Personnel services-unallocated employee benefits	55,112,614				55,112,614
On-behalf payments	16,593,412				16,593,412
Special Schools	27,538				27,538
Capital outlay	3,809,649	33,279	1,108		3,844,036
Debt service payment - principal				4,368,749	4,368,749
Debt service payment - interest				2,169,220	2,169,220
Total expenditures	225,669,134	6,942,693	1,108	6,537,969	239,150,904
(Deficiency) Excess of Revenues (Under) Over Expenditures	(6,617,241)	-	(1,086)	65,293	(6,553,034)
Other financing sources (uses):					
Transfers in	152,280			22	152,302
Transfers out			(22)		(22)
Proceeds from Community Disaster Loan (CDL)	4,588,852				4,588,852
Capital Leases (non-budgeted)	1,338,895				1,338,895
Total other financing sources (uses)	6,080,027	-	(22)	22	6,080,027
Extraordinary Item - restitution funds	2,280,374	-	-	-	2,280,374
Net change in fund balances	1,743,160	-	(1,108)	65,315	1,807,367
Fund balances, July 1	8,757,845	-	1,108	100,369	8,859,322
Fund balances, June 30	$ 10,501,005	$ -	$ -	$ 165,684	$ 10,666,689

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

See accompanying notes to basic financial statements.

Toms River Regional School District
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

Year ended June 30, 2014

Total net change in fund balances - governmental funds (B-2)		$ 1,807,367
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital asset additions in the period.		
Depreciation expense	$ (7,597,062)	
Capital additions	2,628,366	(4,968,696)
Repayments of bonds, loan, notes and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and are not reported in the statement of net position.		
Serial bonds payable	4,145,000	
Obligations under capital leases	414,501	
Deferred pension obligation	47,809	
Retirements of loan principal	223,749	4,831,059
Expenses reported in the statement of activities that do not require the use of current financial resources, such as the obligation for postemployment benefits other than pensions, are not reported as expenditures in governmental funds.		77,620
Claims that have been incurred but not yet reported at June 30 are liabilities on the statement of net position, but are not reflected in the governmental funds. This amount reflects the change in the liability balances at June 30, 2014.		(755,806)
In the statement of net position and statement of activities, the investment value of solar renewable energy certificates are presented at market value, and not portrayed in the governmental funds. This amount reflects the change in value at June 30, 2014.		302,621
The governmental funds recognizes revenue on the sale of solar renewable energy certificates when the resources are available. However, in the statement of net position the revenue is not recognized until earned and realized or realizable.		(298,421)
Proceeds from a community disaster loan and capital leases are financing sources in the governmental funds. They are not revenue in the statement of activities; issuing loans and capital leases increases long-term liabilities in the statement of net position		
Capital Lease Proceeds	(1,338,895)	
Community Disaster Loan (CDL)	(4,588,852)	(5,927,747)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This amount reflects the change from the prior year.		(156,507)
Governmental funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		
Amortization of Premium on Bonds	139,004	
Amortization on Deferred Interest Costs	(324,006)	
Amortization of Bond Issuance Costs (GASB 65 implementation)	(161,780)	(346,782)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). The amount presented is the net change.		(256,200)
Change in net position of governmental activities (A-2)		$ (5,691,492)

See accompanying notes to basic financial statements.

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Enterprise Funds

Toms River Regional School District
Enterprise Funds

Statement of Net Position

June 30, 2014

	Business-Type Activities					
	Major Enterprise Funds					
Assets	**Food Service**	**Corporate Center**	**Day Care Center**	**Bennett Complex**	**Pine Belt Arena**	**Totals**
Current assets:						
Cash and cash equivalents	$ 112,757	$ 385,713	$ 206,466	$ 933,530	$ 807,587	$ 2,446,053
Accounts receivable:						
State	5,774					5,774
Federal	183,159					183,159
Other	40,748		616			41,364
Inventories	66,194					66,194
Other assets		83,725				83,725
Total assets	408,632	469,438	207,082	933,530	807,587	2,826,269
Non-current assets:						
Capital assets, depreciable, net	339,606	5,908,252	21,177	671,093	2,511,211	9,451,339
Total assets	748,238	6,377,690	228,259	1,604,623	3,318,798	12,277,608
Liabilities						
Current liabilities:						
Accrued salaries and wages	5,108		18,312	550	2,805	26,775
Unearned revenue	101,024					101,024
Security deposits		81,503				81,503
Interfund payable	73,420	95,796				169,216
Total current liabilities	179,552	177,299	18,312	550	2,805	378,518
Non-current liabilities:						
Compensated absences payable	127,646					127,646
Total liabilities	307,198	177,299	18,312	550	2,805	506,164
Net position						
Net investment in capital assets	339,606	5,908,252	21,177	671,093	2,511,211	9,451,339
Unrestricted	101,434	292,139	188,770	932,980	804,782	2,320,105
Total net position	$ 441,040	$6,200,391	$ 209,947	$1,604,073	$3,315,993	$ 11,771,444

See accompanying notes to basic financial statements.

Toms River Regional School District
Enterprise Funds

Statement of Revenues, Expenses and
Changes in Fund Net Position

Year ended June 30, 2014

	Business Type Activities Major Enterprise Funds					
	Food Service	Corporate Center	Day Care Center	Bennett Complex	Pine Belt Arena	Totals
Operating revenues:						
Local sources:						
Daily food sales-reimbursable programs	$ 2,636,196					$ 2,636,196
Tuition			$ 839,809			839,809
Rental income		$ 1,022,305		$ 272,606	$ 143,525	1,438,436
Sales				102,799	149,861	252,660
Fees collected					69,039	69,039
Miscellaneous		70		13,482	28,067	41,619
Total operating revenues	2,636,196	1,022,375	839,809	388,887	390,492	5,277,759
Operating expenses:						
Salaries	2,234,525		497,225	143,770	64,958	2,940,478
Employee benefits	399,180		80,867	10,998	12,702	503,747
Repairs & maintenance		21,875	1,658	25,935	19,068	68,536
Supplies and materials	13,688	5,886	73,075	54,628	58,343	205,620
Cost of sales	2,264,930					2,264,930
Depreciation	88,486	143,382	3,788	26,096	68,997	330,749
Amortization		60,312				60,312
Utilities	30,000	262,125		36,260	49,288	377,673
Real estate taxes		137,050				137,050
Rental expense	38,000		170,000			208,000
Management services		40,500				40,500
Insurance				2,101	10,547	12,648
Other purchased services	107,220	32,028		17,064		156,312
Miscellaneous	11,122	45,870	1,166	480	3,622	62,260
Total operating expenses	5,187,151	749,028	827,779	317,332	287,525	7,368,815
Operating (loss) income	(2,550,955)	273,347	12,030	71,555	102,967	(2,091,056)
Non-operating revenues:						
State sources:						
School lunch program	43,280					43,280
Federal sources:						
School breakfast program	216,236					216,236
School lunch program	1,446,505					1,446,505
Healthy Hunger-Free Kids Act (HHFKA)	10,145					10,145
Food donation program	270,430					270,430
Interest revenue	867	183			25	1,075
Total nonoperating revenues	1,987,463	183			25	1,987,671
Other Financing (Uses)						
Transfers out				(20,972)	(131,308)	(152,280)
Total other financing (uses)				(20,972)	(131,308)	(152,280)
Change in net position	(563,492)	273,530	12,030	50,583	(28,316)	(255,665)
Total net position, beginning (As Restated)	1,004,532	5,926,861	197,917	1,553,490	3,344,309	12,027,109
Total net position, end	$ 441,040	$ 6,200,391	$ 209,947	$ 1,604,073	$ 3,315,993	$ 11,771,444

See accompanying notes to basic financial statements.

Toms River Regional School District
Enterprise Funds

Statement of Cash Flows

Year ended June 30, 2014

	Business Type Activities Major Enterprise Funds					
	Food Service	Corporate Center	Day Care Center	Bennett Complex	Pine Belt Arena	Totals
Cash flows from operating activities						
Receipts from customers	$ 2,634,783	$ 998,189	$ 839,659	$ 367,915	$ 259,184	$ 5,099,730
Payments to employees	(2,241,357)		(559,780)	550	(74,855)	(2,875,442)
Payments for employee benefits	(399,180)					(399,180)
Payments for rent			(85,000)			(85,000)
Payments to suppliers	(2,497,344)	(718,630)	(75,899)	(270,264)	(9,560)	(3,571,697)
Net cash (used in) provided by operating activities	(2,503,098)	279,559	118,980	98,201	174,769	(1,831,589)
Cash flows from investing activities						
Interest received	867	183			25	1,075
Net cash provided by investing activities	867	183			25	1,075
Cash flows from noncapital financing activities						
Cash received from state and federal sources	1,946,302					1,946,302
Cash disbursed to other funds	(6,436)			(91,132)	(222,616)	(320,184)
Net cash provided by (used in) noncapital financing activities	1,939,866	-	-	(91,132)	(222,616)	1,626,118
Net (decrease) increase in cash and cash equivalents	(562,365)	279,742	118,980	7,069	(47,822)	(204,396)
Cash and cash equivalents, beginning of year	675,122	105,971	87,486	926,461	855,409	2,650,449
Cash and cash equivalents, end of year	$ 112,757	$ 385,713	$ 206,466	$ 933,530	$ 807,587	$ 2,446,053
Reconciliation of operating (loss) to net cash (used in) operating activities						
Operating (loss) income	$ (2,550,955)	$ 273,347	$ 12,030	$ 71,555	$ 102,967	$ (2,091,056)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:						
Depreciation	88,486	143,382	3,788	26,096	68,997	330,749
Change in assets and liabilities:						
(Decrease) in accounts payable	(26,199)	(112,984)				(139,183)
(Increase) in inventory	(6,185)					(6,185)
(Increase) in intergovernmental receivable			(150)			(150)
Decrease in prepaid rent			85,000			85,000
Increase (decrease) in unearned revenue	15,213	(89,836)				(74,623)
(Increase) in accounts receivable	(16,626)					(16,626)
(Decrease) in compensated absences payable	(11,940)					(11,940)
Decrease in other assets		45,829				45,829
Increase in other liabilities		19,821				19,821
Increase in accrued salaries	5,108		18,312	550	2,805	26,775
Net cash provided by (used in) operating activities	$ (2,503,098)	$ 279,559	$ 118,980	$ 98,201	$ 174,769	$ (1,831,589)

Noncash noncapital financing activities
The District received $275,947 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2014.

See accompanying notes to basic financial statements.

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Fiduciary Funds

Toms River Regional School District
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2014

	Private-Purpose Scholarship Trust Funds	Unemployment Compensation Trust	Agency Funds
Assets			
Cash and cash equivalents	$ 64,894	$ 5,498,422	$ 6,106,929
Total assets	64,894	5,498,422	$ 6,106,929
Liabilities			
Payroll deductions and withholdings payable			$ 5,433,021
Accounts payable		78,120	23,184
Due to class funds			34,754
Due to student groups			615,970
Total liabilities		78,120	$ 6,106,929
Net position			
Held in trust for unemployment benefits		$ 5,420,302	
Held in trust for scholarships	$ 64,894		

See accompanying notes to basic financial statements.

Toms River Regional School District
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2014

	Private-Purpose Scholarship Trust Funds	Unemployment Compensation Trust
Additions		
Interest received	$ 291	$ 7
Contributions-employees		385,302
Donations	15,944	
Total additions	16,235	385,309
Deductions		
Scholarships awarded	20,800	
Service charges	27	
Unemployment claims		292,693
Total deductions	20,827	292,693
Change in net position	(4,592)	92,616
Net position-beginning of the year	69,486	5,327,686
Net position-end of the year	$ 64,894	$ 5,420,302

See accompanying notes to basic financial statements.

1. Summary of Significant Accounting Policies

The financial statements of the Toms River Regional School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a Type II school district located in Ocean County, New Jersey. As a Type II school district, the District functions independently from the Township through a Board of Education. The Board is comprised of nine members elected to three year staggered terms. The District provides a full range of educational services appropriate to grades Pre-K through 12 and include both regular and special education programs.

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Toms River Regional School District in Toms River, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires all funds be reported as major to promote consistency among the school districts in the State of New Jersey.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, capital lease obligations, other post-employment benefit liabilities, deferred pension obligation, loans and legal liabilities are recorded only when payment is due.

Property taxes, interest, and state equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when the District receives cash.

The District has reported the following major governmental funds:

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

Special Revenue Fund: The District maintains one special revenue fund which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

Capital Projects Fund: The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds, state and local funds 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 accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The District reports the following major proprietary funds:

Food Service Enterprise Fund: The food service fund accounts for all revenues and expenses pertaining to cafeteria program operations and account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation) of providing goods or services to the students and others on a continuing basis are financed or recovered primarily through user charges.

Corporate Center Enterprise Fund: The corporate center enterprise fund accounts for all revenues and expenses pertaining to the operations of the Center that are financed and operated in a manner similar to private business enterprises. Costs are offset by rental income paid by tenants of the Center. In April 1997, the District acquired a commercial office building and land for $6,041,170 and $1,421,600, respectively. The District's administrative offices are maintained in the building as well as other ancillary school services. The District renovated vacant office space for use as additional classrooms, a day care facility and a café servicing both school board and tenant employees. The District has entered into contract with Atlantic Coast Realty Appraisal Group, Inc. to provide professional management services in connection with the rental agreements with its commercial tenants.

Daycare Center Enterprise Fund: The Daycare Center ("Center") accounts for all revenues and expenses of the Center and is run as its own separate entity. The Center provides services primarily for District employees. The Center operates from September to June and is open 184 days per year.

John Bennett Athletic Complex Enterprise Fund: The John Bennett Athletic Complex ("Complex") accounts for all revenues and expenses of the Center and is run as its own separate entity and used as the gymnasium for Intermediate School East. The Complex is an air structure used for indoor track and sporting events that is also rented by outside parties.

Pine Belt Arena Enterprise Fund: The Pine Belt Arena is on the campus of High School North accounts for all revenues and expenses of the Arena and is run as its own separate

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

entity and the facility is used as the high school gymnasium during school hours but is rented to other parties for various sporting events, trade shows, and concerts during after school hours.

Additionally, the District reports the following fund types:

Fiduciary Funds: Fiduciary funds of the District include the unemployment compensation and private purpose scholarship trust funds and agency funds. The trust funds are reported using the economic resources measurement focus. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Trust Funds: Unemployment compensation and private purpose scholarship funds are accounted for using the economic resources measurement focus. The unemployment compensation fund is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

Agency Funds (Payroll and Student Activity Fund): 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Enterprise funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for sales of food, rent and tuition. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets, if applicable. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its balance sheet and statements of net position. Unearned revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and statements of net position and revenue is recognized.

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 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 moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

The County Board of Taxation is responsible for the assessment of properties, and the Municipal Tax Collectors are responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds and submitted to the county office. In accordance with P.L. 2011, c.202, which became effective January 17, 2012, the District elected to move the April 2013 School Board election to the date of the November general election thereby eliminating the vote on the base budget. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). 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 referred in N.J.A.C. 6A:23. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. All budget amendments must be approved by School Board resolution and certain other matters require approval by the County Superintendant of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines.

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 accounting principles generally accepted in the United States with the exception of the legally mandated revenue recognition of the last 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.

E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, amounts on deposit, and money market accounts.

1. Summary of Significant Accounting Policies (continued)

F. Inventories

Inventories, which benefit future periods are recorded as an expenditure during the year of purchase. The consumable inventory is the property of the District.

At June 30, 2014, there was $5,517 in unused Food Donation Program commodities owned by the District.

G. Capital Assets

Capital assets, which include land and property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or through estimation procedures. Donated capital assets are valued at their estimated fair value on the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	Years
Machinery and equipment	5-12
Buildings	50
Building improvements	20-50
Vehicles	5-10

1. Summary of Significant Accounting Policies (continued)

H. Compensated Absences

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the "vesting method" for estimating its accrued sick and vacation leave liability.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies and collective bargaining agreements. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with Districts agreements with the various employee unions. Under terms of association agreements, employees earn vacation and sick leave in amounts varying with tenure and classification by the District for the unused sick leave in accordance with Districts agreements with the various employee unions.

As of June 30, 2014, a liability existed for compensated absences in the government-wide financial statements in the amount of $13,042,220. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees and is recorded in the amount of $127,646.

I. Unearned Revenue

Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned. Unearned revenue in the food service enterprise fund represent cash receipts from students for future meals that have been received in advance and the unused portion of Food Donation Program commodities and prepayments of rent from tenants within the corporate center.

1. Summary of Significant Accounting Policies (continued)

J. Deferred Outflows / Inflows or Resources

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

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

K. Deferred Loss on Defeasance of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest and other charges on long-term debt. The amortization expense for the year ended June 30, 2014 amounted to $324,006.

As of June 30, 2014, the District has recorded an unamortized balance of $3,731,370 as a deferred outflow of resources. This amount had previously been recorded in the financial statements as an asset entitled unamortized loss on extinguishment of debt.

L. Long-Term Obligations

In the government-wide financial statements and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums and discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

1. Summary of Significant Accounting Policies (continued)

M. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

1. Summary of Significant Accounting Policies (continued)

M. Fund Balances (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the $10,501,005 of general fund balance at June 30, 2014, $1,942,956 of encumbrances are offset by an unrestricted deficit of $1,932,956, resulting in the $10,444 balance assigned to other purposes, $3,550,274 is restricted in a capital reserve ($1,575,000 of the balance is being utilized as part of the 2014-15 budget), $4,647,728 is restricted in a maintenance reserve, and $704,963 is restricted in an emergency reserve, $403,454 has been restricted for excess surplus – current year, $84,142 of prior year excess surplus has been designated for subsequent years expenditures, and $1,100,000 is reported as an unassigned fund balance deficit and included in assigned for other purposes in accordance with GASB 54.

N. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.

Net positions are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Restatements

The District has restated its June 30, 2013 net position, net investment in capital assets, in order to reflect the correct asset values and related accumulated depreciation. Additionally, the District has restated its June 30, 2013 net position for its self-insured health plan and workers compensation claims, general and auto liability, employment practice and student accident incurred but not recorded claims liability and related accounts that had not been previously recorded in the government-wide financial statements.

1. Summary of Significant Accounting Policies (continued)

N. Net Position (continued)

The District has restated its June 30, 2013 net position related to its Food Service Enterprise Fund (B-5). The following presents the effects of the restatement on net position:

Beginning Net Position	$	1,075,742
Adjustment to restate the value of prior year capital assets net of related accumulated depreciation		(71,210)
Beginning Net Position, as Restated	$	1,004,532

The District has also restated its June 30, 2013 net position related to the Day Care Center Enterprise Fund (B-5). The following presents the effects of the restatement of net position:

Beginning Net Position	$	175,262
Adjustment to restate the value of prior year capital assets net of related accumulated depreciation		22,655
Beginning Net Position, as Restated	$	197,917

The District has also restated its June 30, 2013 net position related to the Corporate Center Enterprise Fund (B-5). The following presents the effects of the restatement of net position:

Beginning Net Position	$	5,125,442
Adjustment to restate the value of prior year capital assets net of related accumulated depreciation		801,419
Beginning Net Position, as Restated	$	5,926,861

The District has also restated its June 30, 2013 net position related to the Bennett Complex Enterprise Fund (B-5). The following presents the effects of the restatement of net position:

Beginning Net Position	$	1,495,794
Adjustment to restate the value of prior year capital assets net of related accumulated depreciation		57,696
Beginning Net Position, as Restated	$	1,553,490

1. Summary of Significant Accounting Policies (continued)

N. Net Position (continued)

The District has also restated its June 30, 2013 net position related to the Pine Belt Arena Enterprise Fund (B-5). The following presents the effects of the restatement of net position:

Beginning Net Position	$	3,041,656
Adjustment to restate the value of prior year capital assets net of related accumulated depreciation		302,653
Beginning Net Position, as Restated	$	3,344,309

The District has also restated its June 30, 2013 net position related to governmental and business-type activities (A-2) at the government-wide financial statements. The following presents the effects of the restatement of net position:

Beginning Net Position, Governmental Activities	$	110,197,631
Adjustment to restate the value of prior year capital assets net of related accumulated depreciation		(6,648,858)
Adjustment to restate the IBNR liability and related accounts not previously recorded		(10,044,579)
Beginning Net Position, Governmental Activities, as Restated	$	93,504,194

Beginning Net Position, Business-Type Activities	$	10,914,180
Adjustment to restate the value of prior year capital assets net of related accumulated depreciation		1,112,929
Beginning Net Position, Business-Type Activities, as Restated	$	12,027,109

1. Summary of Significant Accounting Policies (continued)

O. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

P. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement pension and medical contributions for certified teacher and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

Q. Calculation of Excess Surplus

The designation for restricted fund balance - excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District generated excess fund balance during the 2014 fiscal year was $403,454, which will be utilized in the 2015-16 budget.

R. GASB Pronouncements

Adopted in 2014

In March, 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB No. 65"). This statement established accounting and financial reporting standards that reclassify, 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. The provisions of this statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. The District implemented this Statement during the 2014 fiscal year and the adoption materially affected the classification of balances on the statement of net position.

1. Summary of Significant Accounting Policies (continued)

GASB to be Implemented in the 2015 Fiscal Year

In June, 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* ("GASB No. 68"). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

In employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The requirements of this Statement are effective for financial statements for periods ending on or after June 30, 2015. The District has not completed the process of evaluating the impact that will result from adopting GASB No. 68.

S. Reclassifications

In connection with the adoption of GASB 65, the unamortized deferred loss on refunding of debt was reclassified from an asset to deferred outflow of resources. In addition the premium on bonds payable was reclassified from a separate liability to a component of bonds payable. The reclassifications had no impact on overall net position.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2014 and December 5, 2014, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure, other than the following. As part of the District's 2014-15 budget, the District applied for and received a FEMA Community Development Block Grant in the amount of $9,000,000 to maintain essential services as a result of loss of property tax ratables caused by Super Storm Sandy.

2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, unamortized premiums, long term notes payable, compensated absences, capital leases, the Community Disaster Loan and deferred pension liability, are not due and payable in the current period and therefore are not reported in the funds. The details of this $85,550,243 difference are as follows:

Bonds payable	$61,830,000
Unamortized Bond Premium	1,971,407
Notes payable	1,645,506
Deferred pension obligations	1,012,367
Capital leases payable	1,587,537
Community Disaster Loan (CDL)	4,588,852
Compensated absences payable	12,914,574
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	$85,550,243

3. Deposits and Investments

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA").

3. Deposits and Investments (continued)

GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units.

The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund and the New Jersey Asset and Rebate Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

3. Deposits and Investments (continued)

The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which a government's deposits and investments are exposed to custodial credit risk.

At June 30, 2014, the carrying amount of the District's deposits for all funds was $21,686,681 and the bank balance was $24,866,731. Of the bank balance, $682,477 of the District's cash deposits on June 30, 2014 were secured by federal depository insurance.

The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered $17,662,677 of the bank balance. $6,521,577 held in the District agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash and money market accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

Operating cash accounts are held in the District's name by several commercial banking institutions.

Custodial Credit Risk-Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits, in the form of certificates of deposit, money market accounts and checking accounts, may not be returned to it. The District does not have a deposit policy for custodial credit risk.

3. Deposits and Investments (continued)

Investments

New Jersey statutes permit the District to purchase the following types of securities:

a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank, which have a maturity date not greater than twelve months from the date of purchase.
c. New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.

As of June 30, 2014, the District's investment balances of $302,621 were in Solar Renewable Energy Certificates. Of this balance $298,421 were sold and received within 60 days of the fiscal year end, and therefore, were recorded as an accounts receivable in the General Fund at June 30, 2014.

New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund ("NJCMF") as its sole investment. The NJCMF is administered by the State of New Jersey, Department of the Treasury and issues a separate report that can be obtained directly from the Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The pooled shares are equal to the value of the District's shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2014, the District's balance was $412,200.

All investments in the Fund are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

3. Deposits and Investments (continued)

Custodial Credit Risk: Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk exposure. The District does not have a policy for custodial credit risk.

Credit Risk: The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. The average maturity of the District's investment in the NJCMF is less than one year.

Concentration of Credit Risk: The District places no limit on the amount the District may invest in any one issuer. At June 30, 2014, all of the District's investments were invested in NJCMF, except for the SRECs.

All of the District's investments in the NJCMF are classified as cash equivalents at June 30, 2014.

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2014:

	Beginning Balance (as restated)	Increases	Ending Balance
Governmental activities:			
Capital assets, not being depreciated:			
Land	$ 5,368,923		$ 5,368,923
Total capital assets, not being depreciated	5,368,923		5,368,923
Capital assets, being depreciated:			
Land improvements	20,116,102	$ 602,691	20,718,793
Buildings and building improvements	321,761,427	645,541	322,406,968
Machinery, equipment and vehicles	22,618,690	1,380,134	23,998,824
Total capital assets being depreciated	364,496,219	2,628,366	367,124,585
Less accumulated depreciation for:			
Land improvements	12,129,524	966,185	13,095,709
Buildings and building improvements	162,129,082	5,894,471	168,023,553
Machinery, equipment and vehicles	19,868,460	736,406	20,604,866
Total accumulated depreciation	194,127,066	7,597,062	201,724,128
Total capital assets, being depreciated, net	170,369,153	(4,968,696)	165,400,457
Governmental activities capital assets, net	$ 175,738,076	$(4,968,696)	$ 170,769,380

Depreciation expense was charged to functions/programs of the District as follows:

Instruction	$4,647,103
Attendance/social work	11,395
Health services	122,845
Guidance services	192,621
Other support services	340,935
Improvement of instruction	129,466
School library	79,768
General administration	111,293
School administration	350,292
Central services	91,184
Administrative IT	77,151
Required maintenance	150,016
Operation of plant	628,006
Security	57,719
Student transportation	607,268
Total depreciation expense – governmental activities	$7,597,062

4. Capital Assets (continued)

The following is a summary of business-type changes in capital assets for the year ended June 30, 2014.

	Beginning Balance (as restated)	Increases	Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,421,600			$ 1,421,600
Total assets not being depreciated	1,421,600			1,421,600
Capital assets, being depreciated:				
Machinery and equipment	2,241,463		$ 6,922	2,234,541
Land improvements	522,110			522,110
Buildings and building improvements	10,268,806			10,268,806
Total assets being depreciated	13,032,379		6,922	13,025,457
Less accumulated depreciation for:				
Machinery and equipment	1,763,026	$ 101,819	6,922	1,857,923
Land improvements	277,006	26,106		303,112
Buildings and building improvements	2,631,859	202,824		2,834,683
Total accumulated depreciation	4,671,891	330,749	6,922	4,995,718
Total business-type activities capital assets, net	$ 9,782,088	$ 330,749	$ -	$ 9,451,339

5. Long-Term Liabilities

During the year ended June 30, 2014, the following changes occurred in governmental activities long-term liabilities:

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due within One Year
Governmental activities:					
Compensated absences payable	$ 12,658,374	$ 1,329,187	$ (1,072,987)	$ 12,914,574	$ 600,000
Community Disaster Loan (CDL)		4,588,852		4,588,852	
Bonds payable	65,975,000		(4,145,000)	61,830,000	4,125,000
Notes payable	1,869,255		(223,749)	1,645,506	182,834
Premium on bonds	2,110,411		(139,004)	1,971,407	139,004
Deferred pension obligations	1,060,176		(47,809)	1,012,367	51,913
Capital leases payable	663,143	1,338,895	(414,501)	1,587,537	477,522
Total governmental activities long-term liabilities	$84,336,359	$ 77,256,934	$(6,043,050)	$ 85,550,243	$ 5,576,273

The District expects to liquidate the compensated absences and capital leases with payments made from the District's general fund. Bonds and notes payable are expected to be liquidated by expenditures charged to the debt service fund. The deferred pension liability is expected to be paid from budgetary appropriations in the general fund. The CDL will be paid from the general fund upon assessment from FEMA as to the final amount required to be paid back, if any and there is no amounts currently due within a year.

During the year ended June 30, 2014, the following changes occurred in business type long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business type activities:					
Compensated absences payable	$ 139,856	$ -	$ (12,210)	$ 127,646	$ -

Bonds Payable

Bonds are authorized in accordance with State law or 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 District are general obligation bonds.

5. Long-Term Liabilities (continued)

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

	Principal	Interest	Total
Year ending June 30:			
2015	$ 4,125,000	$ 2,184,380	$ 6,309,380
2016	4,300,000	2,012,885	6,312,885
2017	4,460,000	1,847,330	6,307,330
2018	4,615,000	1,689,218	6,304,218
2019	4,785,000	1,519,965	6,304,965
2020-2024	27,010,000	4,724,246	31,734,246
2025-2028	10,825,000	854,174	11,679,174
2029-2033	1,710,000	34,200	1,744,200
	$ 61,830,000	$ 14,866,400	$ 76,696,400

Bonds payable at June 30, 2014 are comprised of the following issues:

$27,244,000, 2003 refunding bonds, due in annual installments ranging from $1,160,000 to $1,215,000 through July 15, 2015 at an interest rate of 4.00%.

$24,525,000, 2004 ERI bonds, due in annual installments ranging from $640,000 to $660,000 through July 15, 2015 at interest rates ranging from 4.74% to 4.80%.

$12,440,000, 2007 refunding bonds, due in annual installments ranging from $1,160,000 to $1,585,000 through January 15, 2021 at interest rates ranging from 4.50% to 5.00%.

$15,790,000, 2009 refunding bonds, due in annual installments ranging from $1,085,000 to $1,485,000 through July 15, 2022 at interest rates ranging from 2.25% to 4.00%.

$17,635,000, 2012 refunding bonds, due in annual installments ranging from $15,000 to $1,710,000 through July 15, 2028 at interest rates ranging from 4.00% to 4.50%.

$20,365,000, 2013 refunding bonds, due in annual installments ranging from $280,000 to $4,630,000 through July 15, 2024 at interest rates ranging from 4.74% to 5.25%.

Defeased Debt

In December 2012, the District issued $17,635,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2014, $17,904,000 of defeased debt remains outstanding.

5. Long-Term Liabilities (continued)

In May 2013, the District issued $20,365,000 of refunding bonds to provide resources to refund a portion of the District's outstanding debt. As of June 30, 2014, $17,980,000 of defeased debt remains outstanding.

Notes Payable-CREBS

Principal and interest due on notes payable outstanding is as follows:

	Principal	Interest	Total
Year ending June 30:			
2015	$ 182,834	$ 17,872	$ 200,706
2016	182,834	15,769	198,603
2017	182,834	13,667	196,501
2018	182,834	11,564	194,398
2019	182,834	9,461	192,295
2020-2023	731,336	16,822	748,158
	$ 1,645,506	$ 85,155	$ 1,730,661

Deferred Pension Obligation

Principal and interest due on deferred pension obligation liability is as follows:

	Principal	Interest	Total
Year ending June 30:			
2015	$ 51,913	$ 85,021	$ 136,934
2016	56,369	80,565	136,934
2017	61,207	75,727	136,934
2018	66,461	70,473	136,934
2019	72,166	64,768	136,934
2020-2024	465,088	219,582	684,670
2025-2027	239,163	27,254	266,417
	$ 1,012,367	$ 623,390	$ 1,635,757

5. Long-Term Liabilities (continued)

Capital Leases Payable

The District is leasing various items under several capital leases. The following is a schedule of the future minimum lease payments and the present net value of the net minimum payments at June 30, 2014:

	Principal	Interest	Total
Year ending June 30:			
2015	$ 477,522	$ 27,141	$ 504,663
2016	486,695	17,211	503,906
2017	311,290	9,436	320,726
2018	234,620	3,407	238,027
2019	77,410	550	77,960
	$ 1,587,537	$ 57,745	$ 1,645,282

FEMA Community Disaster Loan (CDL)

The District applied for and received a CDL in response to the devastating effects on the property tax ratable base of the municipality due to Superstorm Sandy in October 2012. The District was approved for a $5,000,000 total loan and chose to withdraw $4,588,852 as a reduction of the tax levy assessed for the 2013-14 school year. The amount of principal and interest accrued through June 30, 2014 is $4,588,852 and $59,404 respectively. This loan is subject to FEMA review in 2016 and may be fully or partially cancelled based upon FEMA's calculation of the revenue loss that the District experienced over a specified period. The loan matures in 2018.

6. Pension Plans

Description of Systems

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System 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. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011.

Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service.

Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service.

Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

6. Pension Plans (continued)

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

6. Pension Plans (continued)

During the year ended June 30, 2014, the State of New Jersey contributed $9,895,211 to the TPAF for on-behalf medical and pension contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District $6,698,201 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the government-wide and fund financial statements. The District's actuarially determined contributions to PERS for each of the years ended June 30, 2014, 2013, and 2012 were $3,171,680, $3,193,343 and $3,375,594, respectively, equal to the required contributions for each year.

7. Post-Retirement Benefits

State Plan

Plan Description

The School District contributes to the New Jersey School Employees Health Benefits Program (the "SEHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SEHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, chapter 384 and P.L. 1990, Chapter 6 required Teachers' Pension and Annuity Fund (TPAF) and 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, chapter 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, 2013, there were 100,134 retirees eligible for post-retirement medical benefits, and the State contributed $1.07 billion on their behalf.

7. Post-Retirement Benefits (continued)

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 $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in fiscal year 2013.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the 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 thirty years. The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2014, 2013 and 2012 were $6,146,491, $6,381,185 and $5,728,394 respectively, which equaled the required contributions for each year. The State's contributions to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

District Plan

The District follows the accounting provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in accounting for its self-administered post-retirement benefit plan. This statement established guidelines for reporting costs associated with "other postemployment benefits" (OPEB). OPEB costs are calculated based on plan benefits (other than pensions), that the retired employees and their dependents have accrued as a result of their respective years of employment service. Statement No. 45 requires governments to account for other post-employment benefits, primarily health care, on an accrual rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the government-wide statement of activities when a retiree earns their postemployment benefit rather than when they use their postemployment benefit. To the extent that an entity does not fund their actuarially required contribution, a postemployment benefit liability is recognized on the government-wide statement of net position over time. The requirements of this statement are being implemented prospectively, with the actuarially accrued liability for the benefits at July 1, 2013 (date of initial calculation) being amortized over 30 years. Accordingly, for financial reporting purposes, no liability was reported for the postemployment health care benefits liability at the date of transition.

7. Post-Retirement Benefits (continued)

Plan Description

The District provides postemployment medical benefits, including prescription drug coverage, and vision and dental care, in accordance with state statute, to participating retirees and their beneficiaries. As of July 1, 2013, the valuation date, approximately 20 retirees meet the eligibility requirements set forth in P.L. 1992, c126. The District sponsors and participates in a single-employer defined benefit OPEB plan. The OPEB plan is administered by the District and does not issue a stand-alone financial statement.

The obligations of the plan members and the District are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and members vary depending on the applicable agreement.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The District has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years. A valuation was prepared as of July 1, 2013 for the 2014 fiscal year. The following table presents the components of the District's annual OPEB cost for the last year, the amount actually contributed to the Plan and changes in the District's net OPEB obligation to the Plan at June 30, 2014:

Benefit Obligations and Normal Cost

	June 30, 2014
Actuarial accrued liability (AAL)	$2,643,343
Unfunded actuarial accrued liability (UAAL)	$2,643,343
Normal cost at beginning of year	$0
Amortization factor based on 30 years	17.98%
Amortization component	$152,864
Annual covered payroll	Not Applicable
UAAL as a percentage of covered payroll	Not Applicable

7. Post-Retirement Benefits (continued)

Level Dollar Amortization

Calculation of ARC under Entry Age Normal (Alternate Measurement Method)

	June 30, 2014
Annual required Contribution	$152,864
Interest on net OPEB obligation	-
Adjustment to OPEB	-
Annual OPEB cost (expense)	152,864
Employer contributions	(230,484)
Net OPEB obligation (asset)-beginning of year	-
Net OPEB obligation (asset)- end of year	$ (77,620)

Funded Status and Funding Progress

As of June 30, 2014 the actuarial accrued liability for benefits was $2,643,342 all of which was unfunded.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits. Information prior to July 1, 2013 was not available.

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the District and Plan members are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

7. Post-Retirement Benefits (continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the District and Plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2014 actuarial valuation, the liabilities were computed using the entry age method and level dollar amortization over 30 years of which there are 10 years remaining. The actuarial assumptions include a 4.0% discount rate and an initial healthcare cost trend rate of 9.7% leveling off to 5.0% with 0.5% annual increments for health care and pharmacy benefits and 3.8% and 3.3% for dental and vision, respectively, for all years.

8. Interfund Receivables and Payables

The following interfund balances were recorded on the various balance sheets as of June 30, 2014:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 635,189	
Special Revenue Fund		$ 465,973
Food Service Enterprise Fund		73,420
Corporate Center Enterprise Fund		95,796
	$ 635,189	$ 635,189

The general fund interfund receivable is comprised of three interfunds. The first interfund is due from the special revenue fund in the amount of $465,973 for a transfer during the 2013-2014 to cover a pooled cash deficit that is due back to the general fund. The second interfund is due from the Food Service enterprise fund in the amount of $73,420, which represents the allocation of various expenses paid in the general fund but applicable to the Food Service enterprise fund. The third interfund is due from the Corporate Center enterprise fund in the amount of $95,796, for a prior year transfer to cover expenses due back to the general fund.

All interfunds are expected to be paid within one year.

8. Interfund Receivables and Payables (continued)

Transfers – Reconciliation

The following presents a reconciliation of transfers made during the 2014 fiscal year:

	Transfers In	Transfers Out
General Fund	$ 152,280	
Capital Projects Fund		$ 22
Debt Service Fund	22	
Bennett Complex Enterprise Fund		20,972
Pine Belt Arena Enterprise Fund		131,308
	$ 152,302	$ 152,302

The transfer of $22 from the capital projects fund to the debt service fund represents the transfer of interest earned for use in the District's debt service fund. The transfer from the Pine Belt Arena enterprise fund to the general fund of $131,308 represents the transfer of funds from the enterprise fund for the utilization of the Pine Belt Sponsorship funds for technology in the amount of $40,000 and $91,308 as a return on investment transferred to the general fund. The transfer from the Bennett Complex Enterprise Fund to the general fund of $20,972 also represents the transfer of a return on investment transferred to the general fund.

9. Economic Dependency

The District receives support from federal and state governments. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

10. 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.

During the 2014 fiscal year, the District was covered by commercial insurance, as well as being self-insured for workers' compensation ($650,000 deductible/limit per occurrence), general and auto liability ($300,000 deductible/limit per occurrence) and student accident ($25,000 deductible/limit per occurrence).

10. Risk Management (continued)

Health Insurance-Self Insured

The District is self-insured for health benefits, which provides for the District's employees' health benefits. There is a stop-loss policy for $300,000 per covered individual. Under the program, annual rates are established with the insurance carrier based on expenses, projected claims and a margin for fluctuation, thereby providing a predictable monthly premium. The claims are filed with and paid by UMR and on a monthly basis UMR bills the District for actual claims paid.

This activity is reported in the government-wide financial statements and includes an accrual for health insurance claims incurred but not reported in the amount of $5,309,016 at June 30, 2014. This represents the amount estimated by categorizing the various clams and reviewing past history primarily on actual claims during the previous fiscal years, for which information was available and supplemental information with respect to certain other individual claims and proceedings. The stated liability is the District's best estimate based on currently known information and application of the foregoing procedures and funds the liability with annual appropriations in the general fund.

Changes in the funds incurred but not reported claims liability amount for health insurance for the year ended June 30, 2014 was:

Year	Beginning of Year Liability (as restated)	Current Year Claims and Changes in Estimates	Claim Payments / Reductions	Balance at End of Year
2013-14	$ 5,500,000	$ 45,983,615	$ 46,174,599	$ 5,309,016

Information prior to June 30, 2013 was not available.

Self Insured Workers' Compensation/General and Auto Liability/Employment Practice/Legal Liability/Student Accident

The District is self-insured for amounts limited to between $25,000 and $650,000 per occurrence, depending upon the type and year the liability was incurred for certain types of claims and any excess is covered by excess insurance coverage. The liability on the next page was estimated by an actuary categorizing the various claims and reviewing past history based primarily on actual settlements by type of claim during the preceding fiscal years, for which information was available and supplemental information with respect to certain other

10. Risk Management (continued)

individual claims and proceedings. The stated liability is the District's best estimate based on currently known information and application of the foregoing procedures.

Changes in the case reserves and incurred but not reported claims liability amount for workers' compensation, general and auto liability, employment practice, legal liability and student accident claims for the year ended June 30, 2014 was:

Year	Beginning of Year Liability (as restated)	Current Year Claims and Changes in Estimates	Claim Payments / Reductions	Balance at End of Year
2013-14	$ 4,544,579	$ 2,221,051	$ 1,274,261	$ 5,491,369

A complete schedule of insurance can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage over the past three years.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the past three years:

Fiscal Year	Interest on Investments	Contributions	Amount Paid	Ending Balance
2013-14	$ 7	$ 385,302	$ 292,693	$5,420,302
2012-13	8	371,628	375,418	5,327,686
2011-12	1,824	377,700	360,342	5,331,468

11. Deferred Compensation

The District offers its employees a choice of various 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:

AIG/Valic	Lincoln Investment Planning	AXA Equitable
Tom Seely Agency	Asset Management Investment Planning	McGuckin Financial
Metlife	Siracusa Benefits Program	Travelers Citistreet
Discovery Financial	Legend Group/NEA Program	

12. Restricted Assets

The District has restricted certain assets to offset the capital reserve, maintenance reserve and emergency reserve fund balances in the general fund in the amount of $3,550,274, $4,647,728 and $704,963, respectively.

13. Capital Reserve Account

A capital reserve account was established by the District's Board of Education by inclusion in September of 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line items of appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, June 30, 2013	$ 2,450,274
Deposits:	
Approved by June 2014 resolution	1,100,000
Ending balance, June 30, 2014	$ 3,550,274

13. Capital Reserve Account (continued)

The June 30, 2014 balance in the capital reserve account did not exceed the local support costs of uncompleted capital projects. The District has budgeted $1,575,000 of the June 30, 2014 capital reserve balance in its 2014-15 fiscal year budget.

14. Maintenance Reserve Account

A maintenance reserve account was established by the Toms River Regional School District during the 2003-2004 school year for the accumulation of funds for use as maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A. 18A: 7G-9*) as amended by P.L. 2004, c, 73 (S1701). Districts may only increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (*N.J.A.C. 6A:23A-14.2*) or by deposit of any unanticipated revenue or unexpended line-item appropriation by board resolution at year end. The board resolution for deposit at year end into a maintenance reserve account must be made between June 1 and June 30 of the budget year.

The activity of the maintenance reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Beginning balance, June 30, 2013	$ 2,647,728
Deposits:	
Approved by June 2014 resolution	2,000,000
Ending balance, June 30, 2014	$ 4,647,728

15. Emergency Reserve Account

An emergency reserve account was established by the District during the 2006-2007 school year for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The emergency reserve account is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonable unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of $250,000 or 1 percent of the general fund budget not to exceed $1 million. Deposits may be made to the emergency reserve account by the board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The department

15. Emergency Reserve Account (continued)

has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1 and June 30. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of 4 percent.

The was no activity in the emergency reserve for the July 1, 2013 to June 30, 2014 fiscal year and the balance in the reserve is $704,963 at June 30, 2014, which is reported as a restricted fund balance in the general fund.

16. Commitments

The District has contractual commitments at June 30, 2014 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of $1,942,956.

17. Community Development Block Grant

The District received a Community Development Block Grant in the amount of $12,500,000 which reduced the General Fund Levy for 2013-14. The grant was received in response to an application filed by the municipality due to Superstorm Sandy in October 2012. This essential service grant was used to fund "essential services" including salaries of teachers and is presented in schedule C-1b in Fund 19.

18. Deferred Pension Obligation

In 2009, the State of New Jersey permitted School Districts to defer up to 50% of their contributions due in 2009. The District elected this option, resulting in a deferral of $958,051, which has been reported in the District's long-term liabilities section. The balance as of June 30, 2014 is $1,012,367.

19. Extraordinary Item

The former superintendent for the District was ordered to pay $4,336,988 in restitution to the School District. The District received $2,280,374 of the funds during the fiscal year ended June 30, 2014, which have been recorded as an extraordinary item. Applicable authorities and District attorneys' are vigorously pursuing the remaining funds owed to the District. The remaining balance has not been recorded in the financial statements and will not be recorded until the funds are released and received by the District

Required Supplementary Information
Part II

Schedule of Funding Progress and Schedule of Employer Contributions Related to the Post-Employment Healthcare Benefit Plan

Toms River Regional School District

Required Supplementary Information

Schedule of Funding Progress

Post-Employment Healthcare Benefit Plan

Year ended June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability * (AAL) Level Dollar (b)	Unfunded AAL (UAAL) Level (b-a)	Funded Ratio (a/b)	Covered ** Payroll (c)	Accrued Percentage of Covered Payroll (b-a)/c
July 1, 2013	$ -	$ 2,643,343	$ 2,643,343	0%	0%	0%

Note: Information prior to July 1, 2013 was not available.

* The actuarial accrued liability was calculated using the Alternative Measurement Method.

** Since there are no active employees of the District that are eligible to participate in the Plan, as it relates solely to retirees and the enrollment period has expired, the covered payroll is $0.

Toms River Regional School District

Required Supplementary Information

Schedule of Employer Contributions

Post-Employment Healthcare Benefit Plan

Year ended June 30, 2014

Fiscal Year Ended	**Employer Contributions**
June 30, 2014	$ 230,484

Note: Information prior to July 1, 2013 was not available.

Required Supplementary Information
Part III
Budgetary Comparison Schedules

Budgetary Comparison Schedules provide a one-year comparison of original budget, budget transfers, final budget and actual information for the General Fund and Special Revenue Fund.

Toms River Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources:					
Local tax levy	$ 118,518,706		$ 118,518,706	$ 118,518,706	
Interest on investments	5,000		5,000	1,246	$ (3,754)
Transportation fees	100,000		100,000	83,096	(16,904)
Tuition	715,582		715,582	1,292,661	577,079
Rental Income	55,000		55,000	140,966	85,966
Solar Credits	800,000		800,000	460,199	(339,801)
Miscellaneous	477,280		477,280	349,557	(127,723)
Total - local sources	120,671,568		120,671,568	120,846,431	174,863
State sources:					
Special Education Categorical Aid	9,141,043		9,141,043	9,141,043	
Extraordinary Aid	500,000		500,000	1,054,956	554,956
Equalization Aid	39,889,745		39,889,745	39,889,745	
Security Aid	1,820,980		1,820,980	1,820,980	
Adjustment Aid	11,839,961		11,839,961	11,839,961	
Transportation Aid	4,586,531		4,586,531	4,586,531	
Under Adequacy Aid	433,801		433,801	433,801	
Additional Non-Public Transportation Aid				24,171	24,171
Other State Aids				8,852	8,852
Reimbursed TPAF social security contributions				6,698,201	6,698,201
Reimbursed TPAF pension contributions				3,748,720	3,748,720
Reimbursed TPAF Post-Retirement Medical				6,146,491	6,146,491
Total - state sources	68,212,061		68,212,061	85,393,452	17,181,391
Federal sources:					
Medicaid reimbursement	239,422		239,422	331,274	91,852
Community Development Block Grant	12,500,000		12,500,000	12,500,000	
Total - federal sources	12,739,422		12,739,422	12,831,274	91,852
Total revenues	201,623,051		201,623,051	219,071,157	17,448,106
Expenditures					
Current :					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	2,054,802	$ (65,159)	1,989,643	1,989,643	
Grades 1-5	23,231,273	(628,226)	22,603,047	22,603,040	7
Grades 6-8	14,764,711	126,384	14,891,095	14,891,095	
Grades 9-12	21,224,788	(346,007)	20,878,781	20,875,203	3,578

Toms River Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures					
Current (continued):					
Instruction-home instruction:					
Salaries of teachers	$ 100,000	$ 110,916	$ 210,916	$ 210,916	
Purchased professional educational services	95,000	(2,640)	92,360	88,986	$ 3,374
Regular programs - undistributed instruction:					
Other salaries for instruction	101,816	32,746	134,562	134,562	
Purchased professional educational services	300,000	(38,363)	261,637	239,975	21,662
Purchased professional technical services	15,000	131,954	146,954	146,954	
Cleaning, Repair and Maintenance	622,000	(151,873)	470,127	435,736	34,391
Other purchased services	450,000	20,320	470,320	435,745	34,575
Travel	19,500	(6,831)	12,669	3,481	9,188
General supplies	1,847,900	142,454	1,990,354	1,641,086	349,268
Textbooks	664,500	61,212	725,712	612,524	113,188
Other objects	64,000	63,491	127,491	105,882	21,609
Total regular programs	65,555,290	(549,622)	65,005,668	64,414,828	590,840
Special education:					
Cognitive - Mild:					
Salaries of teachers	331,284	44,835	376,119	376,119	
Other salaries for instruction	176,196	(1,991)	174,205	174,205	
General supplies	3,000	1,017	4,017	3,147	870
Total Cognitive - Mild	517,980	36,361	554,341	553,471	870
Special education:					
Cognitive - Moderate:					
Salaries of teachers	116,682	579	117,261	117,261	
Other salaries for instruction	45,860	4,473	50,333	50,333	
General supplies	1,500	2,593	4,093	4,084	9
Total Cognitive - Moderate	164,042	7,645	171,687	171,678	9
Auditory Impairments:					
Salaries of teachers	129,803	1,767	131,570	131,570	
Other salaries for instruction	266,110	39,082	305,192	305,192	
General supplies	4,300	1,286	5,586	5,584	2
Other objects		890	890	890	
Total auditory impairments	400,213	43,025	443,238	443,236	2
Learning and/or language disabilities:					
Salaries of teachers	2,266,462	(3,903)	2,262,559	2,262,559	
Other salaries of instruction	1,715,087	442,764	2,157,851	2,157,851	
Purchased professional and educational services		1,050	1,050	1,050	
Other objects	28,000	9,945	37,945	35,974	1,971
Total Learning and/or language disabilities	4,009,549	449,856	4,459,405	4,457,434	1,971
Behavioral disabilities:					
Salaries of teachers	466,121	6,626	472,747	472,747	
Other salaries for instruction	166,893	(21,306)	145,587	145,587	
Purchased professional and educational services	34,000		34,000	33,750	250
General supplies	5,438	257	5,695	4,755	940
Textbooks	600		600	213	387
Total behavioral disabilities	673,052	(14,423)	658,629	657,052	1,577

Toms River Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures					
Current (continued):					
Special education (continued):					
Multiple disabilities:					
Salaries of teachers	$ 257,862	$ (9,131)	$ 248,731	$ 248,731	
Other salaries of instruction	172,093	18,726	190,819	190,819	
General supplies	4,800	2,500	7,300	4,685	$ 2,615
Other objects	500		500	500	
Total multiple disabilities	435,255	12,095	447,350	444,735	2,615
Resource room/center:					
Salaries of teachers	6,204,999	4,420	6,209,419	6,209,419	
Other salaries of instruction	59,920	(20,896)	39,024	39,024	
Purchased professional and educational services		1,600	1,600	1,357	243
Textbooks	2,800	(900)	1,900		1,900
General supplies	27,600	60	27,660	23,111	4,549
Total resource room/center	6,295,319	(15,716)	6,279,603	6,272,911	6,692
Autism					
Salaries of teachers	1,097,882	164,055	1,261,937	1,261,937	
Other salaries of instruction	689,804	(14,868)	674,936	674,936	
Purchased professional and educational services	240,000	(126,954)	113,046	102,957	10,089
General supplies	38,000	(1,000)	37,000	28,476	8,524
Total autism	2,065,686	21,233	2,086,919	2,068,306	18,613
Preschool disabilities - part time:					
Salaries of teachers	1,032,076	16,010	1,048,086	1,048,086	
Other salaries of instruction	271,440	(19,859)	251,581	251,581	
General supplies	16,600	(2,362)	14,238	10,286	3,952
Other Objects		375	375	375	
Total preschool disabilities - part time	1,320,116	(5,836)	1,314,280	1,310,328	3,952
Preschool disabilities - full time:					
General supplies		210	210	210	
Total preschool disabilities - full time		210	210	210	
Home instruction:					
Salaries of teachers	150,000	51,795	201,795	201,795	
Purchased professional and educational services	145,000	(35,202)	109,798	56,585	53,213
Total home instruction	295,000	16,593	311,593	258,380	53,213
Total special education	16,176,212	551,043	16,727,255	16,637,741	89,514
Basic skills/remedial:					
Salaries of teachers	1,081,298	(121,580)	959,718	959,718	
Other purchased services	500	(449)	51		51
General supplies	7,610	3,100	10,710	3,773	6,937
Textbooks	1,500		1,500		1,500
Total basic skills/remedial	1,090,908	(118,929)	971,979	963,491	8,488
Bilingual education:					
Salaries of teachers	426,536	(2,284)	424,252	424,252	
Other purchased services	3,200		3,200	843	2,357
General supplies	5,000		5,000	2,002	2,998
Textbooks	3,000		3,000	1,009	1,991
Total bilingual education	437,736	(2,284)	435,452	428,106	7,346

Toms River Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures					
Current (continued):					
School sponsored cocurricular activities:					
Salaries	$ 560,018	$ 25,379	$ 585,397	$ 585,397	
Purchased services	34,000	2,827	36,827	27,908	$ 8,919
Cleaning, repair and maintenance	10,500	(1,000)	9,500	3,191	6,309
Purchased services	7,500	(2,500)	5,000		5,000
Supplies and materials	130,200	(49,337)	80,863	46,331	34,532
Other objects	16,000	5,893	21,893	14,919	6,974
Total school sponsored cocurricular activities	758,218	(18,738)	739,480	677,746	61,734
School sponsored athletic activities:					
Salaries	2,333,811	(132,378)	2,201,433	2,201,433	
Purchased professional and educational services	223,000	19,891	242,891	233,549	9,342
Cleaning, repair and maintenance	72,600	48,179	120,779	27,389	93,390
Rental of Land and Buildings	60,000	4,960	64,960	64,960	
Purchased services	456,000	(1,020)	454,980	445,288	9,692
Supplies and materials	233,500	44,363	277,863	231,250	46,613
Other objects	130,500	(11,433)	119,067	107,440	11,627
Total school sponsored athletic activities	3,509,411	(27,438)	3,481,973	3,311,309	170,664
Community service programs - operations					
Salaries	25,140	(5,870)	19,270	19,270	
Purchased services	2,250		2,250		2,250
Supplies and materials	3,000		3,000	1,632	1,368
Other objects	1,000		1,000	160	840
Total community service programs - operations	31,390	(5,870)	25,520	21,062	4,458
Total - instruction	87,559,165	(171,838)	87,387,327	86,454,283	933,044
Undistributed expenditures:					
Instruction:					
Tuition to other school districts in the state-regular	65,000	(32,362)	32,638	32,500	138
Tuition to other school districts in the state-special	246,694	(185,655)	61,039	47,411	13,628
Tuition to county vocational-regular	37,500	(4,000)	33,500	33,500	
Tuition to county vocational-special	613,046	(14,748)	598,298	594,077	4,221
Tuition to private school - hand in state	798,167	2,393,360	3,191,527	3,030,397	161,130
Tution to private school - hand out state	175,429	40,040	215,469	215,381	88
Tuition to state facilities	88,710		88,710	88,710	
Tution - other	158,595	(73,915)	84,680	82,235	2,445
Total undistributed expenditures - instruction	2,183,141	2,122,720	4,305,861	4,124,211	181,650
Undistributed expenditures (continued):					
Attendance and social work services:					
Salaries	235,803	(262)	235,541	235,541	
Purchased professional and technical services	500		500		500
Total attendance and social work services	236,303	(262)	236,041	235,541	500
Health services:					
Salaries	2,273,086	(23,998)	2,249,088	2,249,088	
Purchased professional and technical services	225,000	(5,780)	219,220	208,555	10,665
Supplies and materials	91,800	66,286	158,086	80,324	77,762
Other objects		1,300	1,300	1,300	
Total health services	2,589,886	37,808	2,627,694	2,539,267	88,427

Toms River Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures					
Current (continued):					
Guidance services:					
Salaries of other professional staff	$ 3,333,185	$ (114,106)	$ 3,219,079	$ 3,219,079	
Salaries secretary/clerical assistants	742,730	(9,696)	733,034	733,034	
Purchased professional educational services	7,500	(5,500)	2,000	2,000	
Other purchased services	1,750		1,750	458	$ 1,292
Supplies and materials	44,500	(15,868)	28,632	20,319	8,313
Other objects	11,300	720	12,020	6,690	5,330
Total guidance services	4,140,965	(144,450)	3,996,515	3,981,580	14,935
Speech, OT, PT and related services:					
Salaries	1,631,102	54,485	1,685,587	1,685,587	
Purchased professional educational services	909,600	30,976	940,576	933,182	7,394
Supplies and materials	10,050	(4,250)	5,800	2,230	3,570
Total speech, OT, PT and related services	2,550,752	81,211	2,631,963	2,620,999	10,964
Other Support Services - extraordinary					
Salaries	5,250	949	6,199	6,199	
Purchased professional and technical services		2,405	2,405	2,405	
Supplies and materials	4,000	(61)	3,939	1,749	2,190
Other objects	2,000	(141)	1,859	1,859	
Total other support services - extraordinary	11,250	3,152	14,402	12,212	2,190
Other support services - child study teams:					
Salaries of other prof. staff	2,444,008	51,362	2,495,370	2,495,370	
Salaries secretary/clerical assts.	411,855	(34,011)	377,844	377,844	
Purchased professional educational services	60,000	19,713	79,713	78,321	1,392
Supplies and materials	28,000	4,626	32,626	31,329	1,297
Other objects	1,000	16,001	17,001	1,388	15,613
Total other support services - child study teams	2,944,863	57,691	3,002,554	2,984,252	18,302
Undistributed expenditures (continued):					
Improvement of instruction services:					
Salaries of supervisors of instruction	2,809,846	(231,775)	2,578,071	2,578,071	
Salaries of secretarial and clerical assistants	30,090	784	30,874	30,874	
Purchased professional and technical services	10,000	(7,586)	2,414	2,414	
Other purchased services	6,000		6,000	1,545	4,455
Supplies and materials	10,000	(7,781)	2,219	1,798	421
Other objects	7,500	(3,315)	4,185	1,752	2,433
Total improvement of instruction services	2,873,436	(249,673)	2,623,763	2,616,454	7,309
Educational media/library services:					
Salaries	1,588,036	(64,732)	1,523,304	1,523,304	
Purchased professional and technical services	3,000		3,000		3,000
Other purchased services	5,000	1,814	6,814	6,610	204
Supplies and materials	141,000	(7,506)	133,494	118,926	14,568
Total educational media/library services	1,737,036	(70,424)	1,666,612	1,648,840	17,772

Toms River Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures					
Current (continued):					
Instructional staff training services:					
Salaries of Supervisors of Instruction	$ 291,900	$ (291,900)			
Salaries of Other Professional Staff	10,000	(6,340)	$ 3,660	$ 3,660	
Salaries of Secretarial and Clerical Assit.	80,934	(48,162)	32,772	32,772	
Other salaries		1,050	1,050	1,050	
Purchased professional - educational services	10,000	24,401	34,401	14,676	$ 19,725
Other objects	6,000	2,800	8,800	7,514	1,286
Total instructional staff training services	398,834	(318,151)	80,683	59,672	21,011
Support services - general administration:					
Salaries	158,763	27,314	186,077	186,077	
Other salaries	871,914	(186,772)	685,142	685,142	
Legal fees	240,000	11,790	251,790	251,790	
Audit fees	100,000	(24,000)	76,000	76,000	
Architectural/engineering services	65,000	27,682	92,682	52,371	40,311
Other purchased professional services	97,500	(22,123)	75,377	54,177	21,200
Communications/telephone	650,000	23,095	673,095	647,161	25,934
Travel	3,200	(1,167)	2,033	357	1,676
BOE other purchased services	10,000	(6,517)	3,483	3,483	
Miscellaneous purchased services	116,315	(20,350)	95,965	95,013	952
General supplies	17,000	2,398	19,398	14,179	5,219
BOE In-house training/meeting supplies	5,000		5,000	3,210	1,790
Judgments against school district	40,000	110,000	150,000	150,000	
Miscellaneous expenditures	77,500	(19,838)	57,662	54,873	2,789
Board of education membership dues and fees	27,500		27,500	26,663	837
Total support services - general administration	2,479,692	(78,488)	2,401,204	2,300,496	100,708
Support services - school administration:					
Salaries of principals/asst. principals	4,395,850	203,217	4,599,067	4,599,067	
Salaries of secretarial and clerical assistants	2,411,333	(24,169)	2,387,164	2,387,164	
Other salaries	160,179	(7,937)	152,242	152,242	
Purchased professional and technical services	2,000		2,000		2,000
Supplies and materials	57,500	9,297	66,797	47,313	19,484
Other objects	17,600	50,904	68,504	54,946	13,558
Total support services - school administration	7,044,462	231,312	7,275,774	7,240,732	35,042
Central services:					
Salaries	1,610,581	171,050	1,781,631	1,781,631	
Purchased technical services	2,500	18,105	20,605	19,995	610
Cleaning, repair and maintenance	29,000	(4,558)	24,442	21,972	2,470
Miscellaneous purchased services	3,000	(3)	2,997	1,945	1,052
Supplies and materials	87,990	(50,288)	37,702	20,844	16,858
Interest on lease purchase agreements	14,500	(9)	14,491	11,776	2,715
Miscellaneous expenditures	18,500	14,252	32,752	26,655	6,097
Total central services	1,766,071	148,549	1,914,620	1,884,818	29,802
Administrative information technology:					
Salaries	157,150	(2,658)	154,492	154,492	
Other salaries	883,680	193,056	1,076,736	1,076,736	
Purchased professional and eductional services	11,000		11,000	10,925	75
Purchased technical services	284,000	(12,404)	271,596	247,576	24,020
Other purchased services	2,700		2,700	1,550	1,150
Supplies and materials	104,000	(25,898)	78,102	53,563	24,539
Other objects	32,000	23,578	55,578	49,902	5,676
Total administrative information technology	1,474,530	175,674	1,650,204	1,594,744	55,460

Toms River Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures					
Current (continued):					
Undistributed expenditures (continued):					
Required maintenance for school facilities:					
Salaries	$ 2,250,043	$ 108,007	$ 2,358,050	$ 2,358,050	
Cleaning, repair & maint. services	375,500	339,046	714,546	507,157	$ 207,389
General supplies	280,000	(50,347)	229,653	223,820	5,833
Other objects	22,500	(8,683)	13,817	11,889	1,928
Total required maintenance for school facilities	2,928,043	388,023	3,316,066	3,100,916	215,150
Custodial services:					
Salaries of non-instructional aids	375,443	(45,565)	329,878	329,878	
Other salaries	5,463,226	(121,569)	5,341,657	5,298,836	42,821
Purchased professional & technical services	637,800		637,800	637,800	
Cleaning, repair & maint. services	335,200	(21,455)	313,745	307,538	6,207
Other purchased property services	425,000	(6,729)	418,271	409,556	8,715
Insurance	891,400	(162,380)	729,020	728,490	530
Travel	1,500	(1,471)	29		29
Misc. purchased services	25,000	(25,000)			
General supplies	522,000	(51,069)	470,931	457,196	13,735
Energy (electricity)	2,690,000	62,334	2,752,334	2,364,917	387,417
Energy (natural gas)	1,100,000	(29,066)	1,070,934	982,048	88,886
Energy (oil)	3,000		3,000		3,000
Other objects	45,000	7,205	52,205	44,257	7,948
Total custodial services	12,514,569	(394,765)	12,119,804	11,560,516	559,288
Care & upkeep of grounds:					
Salaries	1,089,634	65,044	1,154,678	1,154,678	
Cleaning, repair & maint. services	70,000	178	70,178	69,539	639
General supplies	175,000	10,050	185,050	181,003	4,047
Other objects	20,000	2,802	22,802	15,540	7,262
Total care & upkeep of grounds	1,354,634	78,074	1,432,708	1,420,760	11,948
Security:					
Salaries	1,060,273	78,075	1,138,348	1,138,348	
Purchased professional & technical services	25,000	(21,949)	3,051	3,051	
General supplies	25,000	26,492	51,492	49,498	1,994
Other objects	12,500	(10,100)	2,400	2,179	221
Total security	1,122,773	72,518	1,195,291	1,193,076	2,215
Student transportation services:					
Salaries for pupil trans. - regular	5,159,374	(175,013)	4,984,361	4,984,361	
Salaries for pupil trans. - special ed.	2,445,778	85,879	2,531,657	2,531,657	
Salaries for pupil trans. - (between home and school)	200,000	(21,053)	178,947	178,947	
Health Benefits	800,000	(800,000)			
Cleaning, Repair and Maintenance Services	13,800	34,147	47,947	46,490	1,457
Lease Purchase Payments - School Buses	120,000	(120,000)			
Contracted Services - Btwn Home & School - Vendors	550,000	(151,060)	398,940	398,940	
Contracted Services - Other Than Btwn Home & School - Vendors		9,729	9,729	8,141	1,588
Between Home and School - Joint Service Agreements	20,000	(12,086)	7,914	1,768	6,146
Contracted Services - Special Ed Stds - Vendors	1,000,000	136,957	1,136,957	1,092,201	44,756
Contracted Services - Special Ed Stds - Joint Agreements	100,000	(7,544)	92,456	90,473	1,983
Regular Students - ESC	65,000	(64,999)	1		1
Special Students - ESC	100,000	114,152	214,152	209,852	4,300
Contracted Services - Aid in Lieu of Payments	140,000	(3,812)	136,188	132,600	3,588
Transportation Supplies	160,000	(54,955)	105,045	75,437	29,608
General supplies	710,000	491,588	1,201,588	1,161,764	39,824
Other Objects	1,550,000	95,957	1,645,957	1,639,921	6,036
Total student transportation services	13,133,952	(442,113)	12,691,839	12,552,552	139,287

Toms River Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures					
Current (continued):					
Undistributed expenditures (continued):					
Personnel services - unallocated employee benefits:					
Social Security Contributions	$ 3,105,000	$ (200,561)	$ 2,904,439	$ 2,898,417	$ 6,022
Other Retirement Contributions - ERIP	100,000		100,000	99,052	948
Other Retirement Contributions - PERS	3,568,478	(510,244)	3,058,234	3,058,234	
Other Retirement Contribution - Deferred PERS	155,262	(12,404)	142,858	142,858	
Worker's Compensation	1,522,500	(72,745)	1,449,755	1,274,261	175,494
Health Benefits	45,682,000	527,559	46,209,559	46,174,599	34,960
Tuition Reimbursement	60,000	(30,744)	29,256	28,785	471
Other Employee Benefits	1,980,290	(476,749)	1,503,541	1,436,408	67,133
Total personnel services - unallocated employee benefits	56,173,530	(775,888)	55,397,642	55,112,614	285,028
On-behalf payments:					
Reimbursed TPAF social security contributions				6,698,201	(6,698,201)
Reimbursed TPAF post retirement medical				6,146,491	(6,146,491)
Reimbursed TPAF pension contributions				3,748,720	(3,748,720)
Total on-behalf payments				16,593,412	(16,593,412)
Total undistributed expenditures	119,658,722	922,518	120,581,240	135,377,664	(14,796,424)
Total expenditures - current	207,217,887	750,680	207,968,567	221,831,947	(13,863,380)
Capital Outlay:					
Equipment:					
Regular programs - instruction:					
Grades 1-5	60,000	3,426	63,426	48,630	14,796
Grades 6-8	50,145	(12,931)	37,214	37,213	1
Grades 9-12	74,145	(24,944)	49,201	49,201	
Special education - instruction:					
Multiple disabilities	8,000	(420)	7,580	5,685	1,895
Vocational programs - local - instruction:					
School sponsored & other instructional programs	9,000	17,886	26,886	26,886	
Undistributed expenditures:					
Students regular		9,607	9,607	7,070	2,537
Support services-instructional staff	6,000	3,422	9,422	9,422	
General administration		3,131	3,131	3,131	
School administration	18,000	(12,788)	5,212	4,512	700
Central services	16,710	(7,360)	9,350	8,293	1,057
Administrative information technology	220,000	52,734	272,734	179,883	92,851
Maintenance of school facility	20,000	123,410	143,410	131,666	11,744
Custodial services	25,000	(8,034)	16,966	16,966	
Care & upkeep of grounds	20,000	7,081	27,081	27,081	
Security	15,200		15,200	15,200	
Non-instructional equipment	44,800	(24,300)	20,500	20,500	
School buses - special		394,804	394,804	394,804	
Total equipment	587,000	524,724	1,111,724	986,143	125,581
Facilities acquisition and construction services:					
Purchased professional and technical		156,700	156,700	81,338	75,362
Construction services	125,000	971,896	1,096,896	1,032,012	64,884
Assessment of debt service - SDA	371,261		371,261	371,261	
Total facilities acquisition and construction svcs.	496,261	1,128,596	1,624,857	1,484,611	140,246
Assets acquired under capital leases (non budgeted)				1,338,895	(1,338,895)
Total capital outlay	1,083,261	1,653,320	2,736,581	3,809,649	(1,073,068)

Toms River Regional School District
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Schools:					
Summer school - instruction:					
Salaries of teachers	$ 35,000	$ (7,462)	$ 27,538	$ 27,538	
General supplies	500		500		$ 500
Other objects	1,000		1,000		1,000
Total summer school - instruction	36,500	(7,462)	29,038	27,538	1,500
Total special schools	36,500	(7,462)	29,038	27,538	1,500
Contribution to charter schools	10,000		10,000		10,000
Total expenditures	208,347,648	2,396,538	210,744,186	225,669,134	(14,924,948)
(Deficiency) excess of revenues (under) expenditures	(6,724,597)	(2,396,538)	(9,121,135)	(6,597,977)	2,523,158
Other financing sources (uses):					
Transfer in - Enterprise Fund				152,280	152,280
Community Disaster Loan Proceeds	4,588,852		4,588,852	4,588,852	
Capital lease proceeds (non budgeted)				1,338,895	1,338,895
Total other financing sources (uses)	4,588,852	-	4,588,852	6,080,027	1,491,175
Extraordinary Item -Restitution proceeds				2,280,374	2,280,374
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(2,135,745)	(2,396,538)	(4,532,283)	1,762,424	6,294,707
Fund balances, July 1	15,404,957		15,404,957	15,404,957	
Fund balances, June 30	$ 13,269,212	$ (2,396,538)	$ 10,872,674	$ 17,167,381	$ 6,294,707

Recapitulation of fund balances:	
Restricted - excess surplus - current year	$ 403,454
Restricted - excess surplus - prior year designated for subsequent years	84,142
Assigned-designated for subsequent years	1,100,000
Assigned -year end encumbrances	1,942,956
Capital reserve-restricted	3,550,274
Maintenance reserve-restricted	4,647,728
Emergency reserve-restricted	704,963
Unassigned fund balance	4,733,864
	17,167,381
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid payments not recognized on GAAP basis	(6,666,376)
Fund balance per Governmental Funds (GAAP)	$ 10,501,005

Toms River Regional School District
General Fund

Community Development Block Grant
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2014

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Federal sources:					
Community Development Block Grant	$ 12,500,000		$ 12,500,000	$ 12,500,000	
Total - federal sources	12,500,000	-	12,500,000	12,500,000	
Expenditures					
Instruction - regular programs:					
Salaries of teachers:					
Grades 1-5	5,075,796		5,075,796	5,075,796	
Grades 6-8	3,054,418		3,054,418	3,054,418	
Grades 9-12	4,369,786		4,369,786	4,369,786	
Total expenditures	12,500,000	-	12,500,000	12,500,000	
Fund balances, July 1	-	-	-	-	
Fund balances, June 30	$ -	$ -	$ -	$ -	

Toms River Regional School District
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Federal Sources	$ 5,394,584	$ 858,917	$ 6,253,501	$ 6,245,735	$ (7,766)
State Sources	1,127,101	189,470	1,316,571	598,178	(718,393)
Local Sources	227,888	107,930	335,818	181,611	(154,207)
Total revenues	6,749,573	1,156,317	7,905,890	7,025,524	(880,366)
Expenditures:					
Instruction:					
Salaries of teachers	431,316	1,214,273	1,645,589	1,620,858	24,731
Purchased professional services		780	780	780	
Other purchased services	3,392,625	140,109	3,532,734	3,525,361	7,373
Travel		2,654	2,654	2,588	66
General supplies	1,830,785	(1,432,169)	398,616	272,297	126,319
Textbooks	87,397	(5,561)	81,836	81,595	241
Other objects		5,567	5,567	2,675	2,892
Total instruction	5,742,123	(74,347)	5,667,776	5,506,154	161,622
Support services:					
Salaries of other professional staff		250,931	250,931	250,931	
Personal services–employee benefits		464,700	464,700	464,700	
Purchased professional and technical services		28,665	28,665	28,665	
Purchased professional educational services	1,007,450	(59,433)	948,017	735,857	212,160
Supplies and materials		48	48		48
Other Objects		511,570	511,570	5,938	505,632
Total support services	1,007,450	1,196,481	2,203,931	1,486,091	717,840
Capital Outlay					
Instructional Equipment		34,183	34,183	33,279	904
Total capital outlay	-	34,183	34,183	33,279	904
Total expenditures and other financing uses	6,749,573	1,156,317	7,905,890	7,025,524	880,366
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ -	$ -	$ -

Toms River Regional School District
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2014

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	$ 219,071,157	$ 7,025,524
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(129,389)
Prior Year		46,558
State aid payments are recognized for budgetary purposes, not recognized for GAAP statements.	(6,666,376)	
The prior year's last State aid payments are recognized for GAAP statements, not recognized for budgetary purposes.	6,647,112	
Total revenues as reported on the statement of revenues expenditures, and changes in fund balance (B-2)	$ 219,051,893	$ 6,942,693
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	$ 225,669,134	$ 7,025,524
Differences - budget to GAAP		
Encumbrances for supplies and equipment (net) 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 (net).		(82,831)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 225,669,134	$ 6,942,693

Special Revenue Fund

Toms River Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures – Budgetary Basis

Year ended June 30, 2014

	Title I, Part A	I.D.E.A.		Title II A	Title III	Title III Immig.
	Current and Carryover	Current and Carryover		Current and Carryover	Current and Carryover	Current and Carryover
		Part B, Basic	Preschool			
Revenues:						
Federal sources	$ 1,838,360	$ 3,621,240	$ 118,876	$ 548,793	$ 38,639	$ 8,429
State sources						
Other sources						
Total revenues	$ 1,838,360	$ 3,621,240	$ 118,876	$ 548,793	$ 38,639	$ 8,429
Expenditures:						
Instruction:						
Salaries of teachers	$ 1,135,033			$ 439,386	$ 8,357	
Purchased professional - educational serv						
Other purchased services		$ 3,406,485	$ 118,876			
Travel						
General supplies	90,862				30,282	$ 8,429
Textbooks						
Other objects						
Total instruction	1,225,895	3,406,485	118,876	439,386	38,639	8,429
Support services:						
Salaries of other professional staff	245,779					
Employee benefits	362,115			102,585		
Purchased professional and technical						
Purchased professional-educational	125	214,755		6,822		
Other objects	4,446					
Total support services	612,465	214,755		109,407		
Facilities acquisition and construction services:						
Instructional equipment						
Construction services						
Total facilities acquisition and construction services						
Total expenditures	$ 1,838,360	$ 3,621,240	$ 118,876	$ 548,793	$ 38,639	$ 8,429

Toms River Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures – Budgetary Basis

Year ended June 30, 2014

		New Jersey Non-Public Aid					
	Race to the Top	Textbooks	Auxiliary Services Ch 192	Handicapped Services Ch 193	Nursing	Technology	Project SERV
Revenues:							
Federal sources	$ 39,195						$ 32,203
State sources		$ 81,595	$ 163,338	$ 208,583	$ 115,183	$ 29,479	
Other sources							
Total revenues	$ 39,195	$ 81,595	$ 163,338	$ 208,583	$ 115,183	$ 29,479	32,203
Expenditures:							
Instruction:							
Salaries of teachers	$ 10,530						
Purchased professional - educational serv							
Other purchased services							
Travel							
General supplies						$ 27,987	
Textbooks		$ 81,595					
Other objects							
Total instruction	10,530	81,595				27,987	
Support services:							
Salaries of other professional staff							$ 5,152
Employee benefits							
Purchased professional and	28,665						
Purchased professional-educational			$ 163,338	$ 208,583	$ 115,183		27,051
Other objects						1,492	
Total support services	28,665		163,338	208,583	115,183	1,492	32,203
Facilities acquisition and construction services:							
Instructional equipment							
Construction services							
Total facilities acquisition and construction services							
Total expenditures	$ 39,195	$ 81,595	$ 163,338	$ 208,583	$ 115,183	$ 29,479	$ 32,203

Toms River Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures – Budgetary Basis

Year ended June 30, 2014

	OC Jail	Pine Beach Donation	North Dover Donation	Silver Bay Donation	Citta Donation	South Toms River Donation
Revenues:						
Federal sources						
State sources						
Other sources	$ 22,400	$ 11,686	$ 18,109	$ 8,358	$ 7,754	$ 10,076
Total revenues	$ 22,400	$ 11,686	$ 18,109	$ 8,358	$ 7,754	$ 10,076
Expenditures:						
Instruction:						
Salaries of teachers	$ 22,120					
Purchased professional - educational serv	280					
Other purchased services						
Travel						
General supplies		$ 4,731	$ 17,709	$ 5,658	$ 7,754	$ 10,076
Textbooks						
Other objects			400			
Total instruction	22,400	4,731	18,109	5,658	7,754	10,076
Support services:						
Salaries of other professional staff						
Employee benefits						
Purchased professional and technical						
Purchased professional-educational						
Other objects						
Total support services						
Facilities acquisition and construction services:						
Instructional equipment		$ 6,955		2,700		
Construction services						
Total facilities acquisition and construction services		6,955		2,700		
Total expenditures	$ 22,400	$ 11,686	$ 18,109	$ 8,358	$ 7,754	$ 10,076

Toms River Regional School District
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures – Budgetary Basis

Year ended June 30, 2014

	HSS Ocean 1st	HSS Donation	Athletics Donation	Tech Foundation Donation	Athletics Navy/Marine Donation	Various Local Grants	Total
Revenues:							
Federal sources							$ 6,245,735
State sources							598,178
Other sources	$ 7,747	$ 5,557	$ 35,257	$ 20,913	$ 11,305	$ 22,449	181,611
Total revenues	$ 7,747	$ 5,557	$ 35,257	$ 20,913	$ 11,305	$ 22,449	$ 7,025,524
Expenditures:							
Instruction:							
Salaries of teachers					$ 5,432		$ 1,620,858
Purchased professional - educational serv					500		780
Other purchased services							3,525,361
Travel					2,588		2,588
General supplies	$ 3,569	$ 2,604	$ 18,764	$ 20,913	510	$ 22,449	272,297
Textbooks							81,595
Other objects					2,275		2,675
Total instruction	3,569	2,604	18,764	20,913	11,305	22,449	5,506,154
Support services:							
Salaries of other professional staff							250,931
Employee benefits							464,700
Purchased professional and							28,665
Purchased professional-							735,857
Other objects							5,938
Total support services							1,486,091
Facilities acquisition and construction services:							
Instructional equipment	$ 4,178	$ 2,953	16,493				33,279
Construction services							
Total facilities acquisition and construction services	4,178	2,953	16,493				33,279
Total expenditures	$ 7,747	$ 5,557	$ 35,257	$ 20,913	$ 11,305	$ 22,449	$ 7,025,524

Capital Projects Fund

Toms River Regional School District
Capital Projects Fund

Summary Schedule of Project Expenditures

Year ended June 30, 2014

Project Title	Original Authorization	Adjusted Appropriation	Expenditures Prior Years	Expenditures Current Year	Unexpended Balance June 30, 2014
Construction of Intermediate South School & Improvements to Intermediate West & North Dover Schools	$ 39,786,897	$ 39,786,897	$ 39,785,789	$ 1,108	$ -
	$ 39,786,897	$ 39,786,897	$ 39,785,789	$ 1,108	$ -

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Fiduciary Funds

Toms River Regional School District
Fiduciary Funds

Combining Statement of Fiduciary Net Position

June 30, 2014

	Trust			Agency			
	Private Purpose Scholarship Funds	Unemployment Compensation	Totals	Student Activity	Payroll	Class Trust Fund	Totals
Assets							
Cash and cash equivalents	$ 64,894	$ 5,498,422	$ 5,563,316	$ 615,970	$5,456,205	$ 34,754	$ 6,106,929
Accounts receivable							
Total assets	64,894	5,498,422	5,563,316	$ 615,970	$5,456,205	$ 34,754	$ 6,106,929
Liabilities							
Payroll deductions and withholdings payable					$5,433,021		$ 5,433,021
Accounts payable		78,120	78,120		23,184		23,184
Due to class funds						$ 34,754	34,754
Due to student groups				$ 615,970			615,970
Total liabilities		78,120	78,120	$ 615,970	$5,456,205	$ 34,754	$ 6,106,929
Net position							
Held in trust for unemployment benefits		5,420,302	5,420,302				
Held in trust for scholarships	64,894		64,894				
Total net position	$ 64,894	$ 5,420,302	$ 5,485,196				

Toms River Regional School District
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2014

	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
MIDDLE SCHOOLS:				
Intermediate North	$ 3,533	$ 59,331	$ 44,438	$ 18,426
Intermediate East	88,650	74,646	75,055	88,241
Intermediate South	24,960	70,317	61,040	34,237
	$ 117,143	$ 204,294	$ 180,533	$ 140,904
HIGH SCHOOLS:				
High School East	$ 172,611	$ 486,333	$ 486,778	$ 172,166
High School North	146,889	379,368	385,327	140,930
High School South	135,112	317,382	290,524	161,970
	$ 454,612	$ 1,183,083	$ 1,162,629	$ 475,066
Total all schools	$ 571,755	$ 1,387,377	$ 1,343,162	$ 615,970

Toms River Regional School District
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2014

	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
Assets				
Cash and cash equivalents	$ 5,799,307	$ 153,631,134	$ 153,974,236	$ 5,456,205
Total assets	$ 5,799,307	$ 153,631,134	$ 153,974,236	$ 5,456,205
Liabilities				
Payroll deductions and withholdings payable	$ 5,799,307	$ 153,607,950	$ 153,974,236	$ 5,433,021
Accounts payable		23,184		23,184
Total liabilities	$ 5,799,307	$ 153,631,134	$ 153,974,236	$ 5,456,205

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Long-Term Debt

Toms River Regional School District
Long-Term Debt

Schedule of Serial Bonds Payable

Year ended June 30, 2014

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2013	Retired	Balance June 30, 2014
Schools Refunding bonds	4/1/2003	$ 27,244,000	7/15/2014	$ 1,160,000	4.00%			
			7/15/2015	1,215,000	4.00	$ 2,835,000	$ 900,000	$ 1,935,000
ERI Bonds	11/4/2004	24,525,000	7/15/2014	640,000	4.74			
			7/15/2015	660,000	4.80	2,005,000	705,000	1,300,000
Schools Refunding bonds	3/1/2007	12,440,000	1/15/2015	1,160,000	5.00			
			1/15/2016	1,215,000	5.00			
			1/15/2017	1,290,000	5.00			
			1/15/2018	1,370,000	4.50			
			1/15/2019	1,435,000	4.50			
			1/15/2020	1,500,000	4.50			
			1/15/2021	1,585,000	4.50	10,575,000	1,020,000	9,555,000
Schools Refunding bonds	4/20/2009	15,790,000	7/15/2014	1,085,000	2.25			
			7/15/2015	1,135,000	2.25			
			7/15/2016	1,175,000	3.00			
			7/15/2017	1,220,000	3.25			
			7/15/2018	1,275,000	3.50			
			7/15/2019	1,335,000	3.63			
			7/15/2020	1,375,000	3.75			
			7/15/2021	1,425,000	3.88			
			7/15/2022	1,485,000	4.00	12,560,000	1,050,000	11,510,000
Schools Refunding bonds	12/27/2012	17,635,000	7/15/2014	15,000	4.00			
			7/15/2015	15,000	4.00			
			7/15/2016	1,045,000	4.00			
			7/15/2017	1,080,000	4.00			
			7/15/2018	1,125,000	4.00			
			7/15/2019	1,180,000	4.13			
			7/15/2020	1,235,000	4.25			
			7/15/2021	1,285,000	4.00			
			7/15/2022	1,345,000	4.30			
			7/15/2023	1,395,000	4.40			
			7/15/2024	1,455,000	4.50			
			7/15/2025	1,515,000	4.50			
			7/15/2026	1,580,000	4.50			
			7/15/2027	1,645,000	4.50			
			7/15/2028	1,710,000	4.50	17,635,000	10,000	17,625,000
Schools Refunding bonds	5/23/2013	20,365,000	7/15/2014	280,000	4.74			
			7/15/2015	285,000	4.80			
			7/15/2016	950,000	4.80			
			7/15/2017	945,000	5.10			
			7/15/2018	950,000	5.10			
			7/15/2019	960,000	5.10			
			7/15/2020	965,000	5.13			
			7/15/2021	2,690,000	5.15			
			7/15/2022	2,760,000	5.20			
			7/15/2023	4,490,000	5.20			
			7/15/2024	4,630,000	5.25	20,365,000	460,000	19,905,000
						$ 65,975,000	$ 4,145,000	$ 61,830,000

Toms River Regional School District
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2014

Series	Amount of Original Issue	Balance July 1, 2013	Issued Current Year	Retired Current Year	Balance June 30, 2014
Municipal Capital Corp.- Multiple Locations	$ 59,877	$ 14,970		$ 14,970	
Xerox Corporation - Print Shop	27,037	3,047		3,047	
Xerox Corporation - Print Shop	39,477	3,982		3,982	
Municipal Capital Corp.- Multiple Locations	59,271		$ 59,271	6,753	$ 52,518
Municipal Capital Corp. - Superintendents Office	21,815	13,349		6,920	6,429
Municipal Capital Corp. - Various	79,597	58,393		18,626	39,767
Municipal Capital Corp. - Central Athletics	6,415		6,415	593	5,822
Municipal Capital Corp. - Various	12,860	4,822		1,607	3,215
1st Niagara - Technology	750,000	224,355	231,478	148,486	307,347
TD Equipment	750,000		750,000	72,635	677,365
TD Equipment	700,000	340,225	291,731	136,882	495,074
		$ 663,143	$ 1,338,895	$ 414,501	$ 1,587,537

Toms River Regional School District
Long-Term Debt

Schedule of Notes Payable

Year ended June 30, 2014

	Interest Rate	Amount of Original Issue	Balance July 1, 2013	Retired Current Year	Balance June 30, 2014
New Jersey Economic Development Authority					
August 18,1993	1.50%	$ 1,000,000	$ 40,915	$ 40,915	
CREBS - November 19, 2008	1.15%	2,742,510	1,828,340	182,834	$ 1,645,506
			$ 1,869,255	$ 223,749	$ 1,645,506

Toms River Regional School District
Long-Term Debt

Schedule of Deferred Pension Obligation

Year ended June 30, 2014

	Interest Rate	Amount of Original Issue	Balance July 1, 2013	Issued Current Year	Retired Current Year	Balance June 30, 2014
Deferred Pension Obligation	8.25%	$ 1,144,755	$ 1,060,176		$ 47,809	$ 1,012,367
			$ 1,060,176	$ -	$ 47,809	$ 1,012,367

Toms River Regional School District
Long-Term Debt

Schedule of Community Disaster Loan (CDL)

Year ended June 30, 2014

	Interest Rate	Amount of Original Issue	Balance July 1, 2013	Issued Current Year	Retired Current Year	Balance June 30, 2014
Community Disaster Loan (CDL)	1.50%	$ 4,588,852	$ -	$ 4,588,852	$ -	$ 4,588,852
			$ -	$ 4,588,852	$ -	$ 4,588,852

Toms River Regional School District
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local tax levy	$ 6,230,678		$ 6,230,678	$ 6,230,678	
Miscellaneous				12,851	$ 12,851
State sources:					
Debt Service Aid	359,733		359,733	359,733	
Total revenues	6,590,411		6,590,411	6,603,262	12,851
Expenditures:					
Principal on CREBs	223,749		223,749	223,749	
Prncipal on bonds	3,440,000		3,440,000	3,440,000	
Principal on ERI bonds	245,000	$ 460,000	705,000	705,000	
Interest on ERI	1,003,267	(460,000)	543,267	408,601	134,666
Interest on bonds	1,770,082		1,770,082	1,760,619	9,463
Total expenditures	6,682,098	-	6,682,098	6,537,969	144,129
(Deficiency) excess of revenues (under) over expenditures	(91,687)	-	(91,687)	65,293	156,980
Other financing sources:					
Transfers in				22	22
Total other financing sources				22	22
Net change in fund balance	(91,687)	-	(91,687)	65,315	157,002
Fund balance, July 1	100,369	-	100,369	100,369	-
Fund balance, June 30	$ 8,682	$ -	$ 8,682	$ 165,684	$ 157,002

Statistical Section

Statistical Section
Unaudited

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the district' s current levels of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report (CAFR) for the relevant year.*

EXHIBIT J-1

TOMS RIVER REGIONAL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013 (as restated)	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities:										
Net Investment in Capital Assets	$ 107,466,300	$ 106,170,502	$ 118,369,561	$ 45,783,902	$ 47,172,494	$ 45,657,155	$ 45,301,064	$ 49,367,861	$ 39,150,102	$ 49,088,377
Restricted	9,390,291	5,988,584	205,799	342,812	364,199	1,150,319	7,211,394	13,178,624	15,105,594	31,251,273
Unrestricted (deficit)	(29,043,889)	(18,654,892)	(8,623,810)	(13,046,576)	(3,591,545)	(4,543,377)	718,543	9,831,404	23,954,221	(18,665,770)
Total Governmental Activities Net Position	$ 87,812,702	$ 93,504,194	$ 109,951,550	$ 33,080,138	$ 43,945,148	$ 42,264,097	$ 53,231,001	$ 72,377,889	$ 78,209,917	$ 61,673,880
Business-Type Activities:										
Net Investment in Capital Assets	$ 9,451,339	$ 9,782,088	$ 8,735,666	$ 6,406,443	$ 6,553,808	$ 6,230,000	$ 99,152	$ 5,956,740		$ 5,889,687
Unrestricted	2,320,105	2,245,021	3,232,844	3,592,818	3,724,150	3,375,546	8,719,284	2,003,817	8,442,046	2,623,854
Total Business-Type Activities Net Position	$ 11,771,444	$ 12,027,109	$ 11,968,510	$ 9,999,261	$ 10,277,958	$ 9,605,546	$ 8,818,436	$ 7,960,557	$ 8,442,046	$ 8,513,541
Government-Wide:										
Net Investment in Capital Assets	$ 116,917,639	$ 115,952,590	$ 127,105,227	$ 52,190,345	$ 53,726,302	$ 51,887,155	$ 45,400,216	$ 55,324,601	$ 39,150,102	$ 54,978,064
Restricted	9,390,291	5,988,584	205,799	342,812	364,199	1,150,319	7,211,394	13,178,624	15,105,594	31,251,273
Unrestricted	(26,723,784)	(16,409,871)	(5,390,966)	(9,453,758)	132,605	(1,167,831)	9,437,827	11,835,221	32,396,267	(16,041,916)
Total District Net Position	$ 99,584,146	$ 105,531,303	$ 121,920,060	$ 43,079,399	$ 54,223,106	$ 51,869,643	$ 62,049,437	$ 80,338,446	$ 86,651,963	$ 70,187,421

Source :CAFR Schedule A-1

TOMS RIVER REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:		(as restated)								
Governmental Activities										
Instruction:										
Regular	$ 123,114,654	$ 121,909,028	$ 65,935,727	$ 66,235,265	$ 96,723,532	$ 91,725,377	$ 93,536,032	$ 89,870,917	$ 89,556,944	$ 95,601,950
Special Education	16,319,752	15,511,096	14,817,304	13,913,417	20,409,347	18,581,171	18,536,995	4,738,050	16,150,927	16,420,110
Other Special Education	1,383,970	1,453,892	1,323,853	1,378,203	2,085,579	1,936,770	2,177,419	12,826,617		2,896,346
Vocational			1,564,781	1,515,261	2,633,777	2,648,657	2,903,990	2,852,252	2,777,819	3,170,088
School Sponsored/Other Instructional	2,806,100	3,730,381	3,699,586	4,006,264	8,041,855	7,839,463	7,973,294	14,302,033	10,098,312	7,154,937
Adult Continuing Education Programs		17,637	28,290	23,848	39,201	31,901	6,739	33,604	24,872	27,802
Support Services:										
Tuition	4,124,211	3,148,205	2,985,309	2,070,901	667,598	2,387,954	1,985,607	1,321,587	966,270	2,161,383
Student & Instruction Related Services	12,342,624	19,031,847	18,415,334	18,713,173	25,149,439	23,444,250	24,040,993	22,942,557	21,441,454	20,548,474
General Administration	2,519,575	2,238,220	1,913,430	2,237,326	15,757,271	2,904,801	3,195,660	3,300,177	10,939,577	11,283,072
School Administrative Services	11,725,998	10,032,174	10,017,867	10,150,928	3,314,477	14,759,196	14,628,839	15,889,798	2,335,418	5,206,282
Plant Operations & Maintenance	24,909,297	17,129,935	15,818,621	17,263,493	24,895,033	24,101,000	24,340,331	23,474,472	21,993,067	24,808,571
Pupil Transportation	17,617,143	11,695,418	11,314,786	10,923,759	16,639,502	16,955,034	17,762,071	17,054,409	16,028,153	16,199,486
Other Support Services	20,844,273	21,193,367	73,236,252	68,558,277	-	-	-	101	2,292,321	3,503,699
Special Schools	43,489	31,000	26,900	42,143	69,862	80,057	82,316	98,019	79,423	99,592
Interest on Long-Term Debt	2,672,509	2,544,895	3,085,116	4,221,619	3,255,648	3,428,108	3,922,942	4,527,522	3,892,388	2,785,416
Unallocated Depreciation		8,666,231	8,174,831	5,747,264	3,077,096	4,731,200	4,719,971	5,217,244	5,070,202	5,012,022
Unallocated Amortization		9,255								
Total Governmental Activities Expenses	240,423,595	238,342,581	232,357,987	227,001,141	222,759,217	215,554,939	219,813,199	218,449,359	203,647,147	216,879,230
Business-Type Activities:										
Food Service	5,187,151	5,469,971	5,185,881	5,113,640	4,713,932	4,922,710	4,820,133	5,175,046	4,465,204	4,000,092
Corporate Center	749,028	799,006	817,782	924,024	926,541	982,127	956,268	1,120,698	911,371	807,993
Day Care Center	827,779	747,396	811,474	700,641	463,157	329,499	316,141	296,583	263,011	212,355
Bennett Complex	317,332	278,982	271,046							
Pine Belt Arena	287,525	217,684	276,295	324,514	370,161	626,118	311,310	2,803,277	3,138,874	1,135,637
Total Business-Type Activities Expenses	7,368,815	7,513,039	7,362,478	7,062,819	6,473,791	6,860,454	6,403,852	9,395,604	8,778,460	6,156,077
Total District Expenses	$ 247,792,410	$ 245,855,620	$ 239,720,465	$ 234,063,960	$ 229,233,008	$ 222,415,393	$ 226,217,051	$ 227,844,963	$ 212,425,607	$ 223,035,307

TOMS RIVER REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013 (as restated)	2012	2011	2010	2009	2008	2007	2006	2005
Program Revenues:										
Operating Grants & Contributions	$ 6,909,414	$ 8,445,687	$ 7,752,618	$ 9,867,886	$ 12,808,646	$ 8,068,901	$ 8,438,597	$ 8,558,685	$ 8,429,629	$ 7,266,111
Charges for services	1,375,757	$ 1,325,068								
Capital grants & contributions	33,279									
Total Governmental Activities Program Revenues	8,318,450	9,770,755	7,752,618	9,867,886	12,808,646	8,068,901	8,438,597	8,558,685	8,429,629	7,266,111
Business-Type Activities:										
Charges for Services:										
Investments Earnings										20,578
Transfers										50,000
Tuition Received										191,138
Pupil Transportation										140,663
Food Service	2,636,196	2,872,395	3,099,881	3,386,422	3,372,171	3,836,181	3,627,630	3,555,113	3,496,677	3,328,377
Corporate Center	1,022,375	763,881	667,877	631,684	937,439	787,549	911,139	808,487	776,522	767,187
Day Care Center	839,809	745,589	722,030	707,876	443,058	443,142	434,852	3,149,057	337,159	263,456
Bennett Complex	388,887	336,464	366,712	-	-	-	-	-	-	-
Pine Belt Arena	390,492	303,249	356,569	735,439	842,228	1,000,306	946,880	374,901	2,879,336	1,241,637
Operating Grants & Contributions	1,986,596	2,022,890	1,877,730	1,831,685	1,548,918	1,426,278	1,154,680	1,091,843	1,060,798	997,013
Total Business Type Activities Program Revenues	7,264,355	7,044,468	7,090,799	7,293,106	7,143,814	7,493,456	7,075,181	8,979,401	8,550,492	7,000,049
Total District Program Revenues	$ 15,582,805	$ 16,815,223	$ 14,843,417	$ 17,160,992	$ 19,952,460	$ 15,562,357	$ 15,513,778	$ 17,538,086	$ 16,980,121	$ 14,266,160
Net (Expense)/Revenue:										
Governmental Activities	$(232,105,145)	$(228,571,826)	$(224,605,369)	$(217,133,255)	$(209,950,571)	$(207,486,038)	$(211,374,602)	$(209,890,674)	$(195,217,518)	$(209,613,119)
Business-Type Activities	(104,460)	(468,571)	(271,679)	230,287	670,023	633,002	671,329	(416,203)	(227,968)	843,972
Total District-Wide Expense	$(232,209,605)	$(229,040,397)	$(224,877,048)	$(216,902,968)	$(209,280,548)	$(206,853,036)	$(210,703,273)	$(210,306,877)	$(195,445,486)	$(208,769,147)

TOMS RIVER REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013 (as restated)	2012	2011	2010	2009	2008	2007	2006	2005
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	$ 118,518,706	$ 132,719,175	$ 131,104,192	$ 126,219,467	$ 115,800,000	$ 111,634,746	$ 107,722,170	$ 104,580,126	$ 102,055,793	$ 100,238,582
Taxes Levied for Debt Service	6,230,678	6,406,267	6,303,660	6,427,760	6,661,616	4,065,852	2,905,077	5,696,185	4,934,395	4,135,705
Unrestricted Grants & Contributions	98,565,195	85,456,375	84,568,143	77,052,160	84,341,484	80,995,846	96,786,228	91,249,757	92,686,454	88,558,272
Investment Earnings	1,268	5,445	7	54,155	27,210	210,337	725,695	1,322,053	3,783,044	844,113
Miscellaneous Income	665,152	3,477,887	3,538,549	3,517,281	2,214,528	2,916,172	8,406,356	6,945,527	2,343,869	298,178
Transfers	152,280	587,084	192,280	513,209	-	-	(50,000)	265,000	(50,000)	(50,000)
FEMA Reimbursement	-	165,674	-	-	-	-	-	-	-	-
Total Governmental Activities	224,133,279	228,817,907	225,706,831	213,784,032	209,044,838	199,822,953	216,495,526	210,058,648	205,753,555	194,024,850
Extraordinary Item	2,280,374									
Business-Type Activities:										
Investment Earnings	1,075	1,325	1,954	4,225	5,291	16,561	102,635	199,707	106,472	
Transfers	(152,280)	(587,084)	(192,280)	(513,209)	-	-	50,000	(265,000)	50,000	
Total Business-Type Activities	(151,205)	(585,759)	(190,326)	(508,984)	5,291	16,561	152,635	(65,293)	156,472	
Total District-Wide	$ 223,982,074	$ 228,232,148	$ 225,516,505	$ 213,275,048	$ 209,050,129	$ 199,839,514	$ 216,648,161	$ 209,993,355	$ 205,910,027	$ 194,024,850
Change in Net Position:										
Governmental Activities	$ (5,691,492)	$ 246,081	$ 1,101,462	$ (3,349,223)	$ (905,733)	$ (7,663,085)	$ 5,120,924	$ 167,974	$ 10,536,037	$ (15,588,269)
Business-Type Activities	(255,665)	(1,054,330)	(462,005)	(278,697)	675,314	649,563	823,964	(481,496)	(71,496)	843,972
Total District	$ (5,947,157)	$ (808,249)	$ 639,457	$ (3,627,920)	$ (230,419)	$ (7,013,522)	$ 5,944,888	$ (313,522)	$ 10,464,541	$ (14,744,297)

Source: CAFR Schedule A-2

EXHIBIT J-3

TOMS RIVER REGIONAL SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:										
Restricted	$ 9,390,561	$ 5,887,107	$ 5,974,848	$ 5,796,119	$ 9,069,361	$ 13,302,560	$ 14,626,844	$ 14,171,126	$ 17,424,207	$ 16,868,937
Assigned	1,110,444	2,396,538	1,364,933							
Unassigned		474,200		(1,951,224)	3,330,513	2,144,003	5,108,372	5,859,654	8,134,729	4,055,756
Total General Fund	$ 10,501,005	$ 8,757,845	$ 7,339,781	$ 3,844,895	$ 12,399,874	$ 15,446,563	$ 19,735,216	$ 20,030,780	$ 25,558,936	$ 20,924,693
All Other Governmental Funds:										
Reserved				$ 12,799	$ 18,272	$ 37,020	$ 23,300		$ 534,079	$ 6,874,523
Restricted:										
Capital Projects Fund		$ 1,108	$ 114,112	236,647	239,675	1,113,128	4,824,617	4,727,668	11,036,546	6,288,921
Debt Service Fund	$ 165,684	100,369	91,687	106,165	106,252	171	2,386,777	5,051,021	3,534,969	1,050,210
Total All Other Governmental Funds	$ 165,684	$ 101,477	$ 205,799	$ 355,611	$ 364,199	$ 1,150,319	$ 7,234,694	$ 9,778,689	$ 15,105,594	$ 14,213,654

Source: CAFR Schedule B-1

TOMS RIVER REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Tax Levy	$ 124,749,384	$ 139,125,442	$ 137,407,852	$ 132,647,227	$ 122,461,616	$ 115,700,598	$ 107,722,170	$ 104,580,126	$ 106,990,188	$ 104,374,287
Other Local Revenue	2,523,642	3,487,656	3,644,472	4,133,207	2,441,589	6,794,020	2,163,953	2,096,298	3,526,540	25,667,290
Restricted Grants-in-Aid - Ocean County				4,778	4,500	21,967	13,265		15,365	13,968
State Sources	85,733,921	87,060,718	81,872,704	76,746,160	84,137,134	82,176,131	92,094,702	89,933,799	91,556,147	89,688,194
Federal Revenue	12,831,274	353,171	2,695,439	301,222		6,866,649		17,465	6,876,390	6,122,217
Subtotal	225,838,221	230,026,987	225,620,467	213,832,594	209,044,839	211,559,365	201,994,090	196,627,688	208,964,630	225,865,956
Special Revenue:										
Federal	6,162,773	6,849,177	6,836,288	8,231,588	11,626,193	6,866,649	6,844,541	1,636,176	6,876,390	6,521,389
State	596,876	964,064	810,414	1,074,527	1,182,453	1,202,252	1,647,646	6,922,509	1,553,239	1,646,235
Total Revenues	232,597,870	237,840,228	233,267,169	223,138,709	221,853,485	219,628,266	210,486,277	205,186,373	217,394,259	234,033,580
Expenditures:										
Instruction:										
Regular Instruction	71,424,029	69,909,028	65,935,727	66,235,265	70,775,226	60,157,586	57,677,719	57,928,682	57,493,051	55,168,148
Special Education Instruction	16,319,752	15,511,096	14,817,304	13,913,417	13,682,035	12,867,969	12,112,797	11,545,024	11,008,796	9,880,339
Other Instruction	1,383,970	1,453,892	1,323,853	1,378,203	1,391,433	1,337,305	1,420,945	-	-	1,747,885
Vocational			1,564,781	1,515,261	1,792,949	1,883,453	1,959,154	1,932,848	1,939,440	1,987,267
School Sponsored/Other Instructional	2,806,100	3,730,381	3,699,586	4,006,264	6,484,121	4,395,856	4,540,810	6,575,183	6,357,329	3,755,927
Adult/Continuing Education Programs		17,637	28,290	23,848	27,573	22,427	5,123	23,314	24,872	23,411
Support Services:										
Tuition	4,124,211	3,148,205	2,985,309	2,070,901	667,598	2,387,954	1,985,607	1,321,587	966,270	2,161,383
Student & Instruction Related Services	18,128,663	19,031,847	18,415,334	18,713,173	17,114,306	16,546,017	15,868,276	15,538,474	15,396,417	14,324,209
General Administration	2,300,496	2,238,220	1,913,430	2,237,326	2,740,117	2,400,865	2,619,296	2,787,596	2,312,527	2,123,648
School Administrative Services	10,720,294	10,076,204	10,017,867	10,150,928	10,713,775	10,424,275	7,056,575	10,795,654	7,559,041	7,609,769
Plant Operations & Maintenance	17,275,268	17,348,622	15,848,523	17,398,949	19,645,580	19,427,536	22,603,208	18,574,415	20,177,552	18,445,638
Student Transportation	12,552,552	11,695,418	11,314,786	10,923,759	12,933,062	13,748,617	13,909,398	13,312,655	12,795,104	10,997,496
Business & Other Support Services						292		101	1,875,122	1,749,785
Unallocated Benefits	71,706,026	75,107,138	74,118,411	68,242,373	62,267,473	52,799,752	59,469,404	57,984,351	47,793,936	52,668,663

TOMS RIVER REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
Unaudited

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenditures (continued):										
Special Schools	$ 27,538	$ 31,000	$ 26,900	$ 42,143	$ 46,691	$ 55,059	$ 53,778	$ 66,417	$ 53,885	$ 68,013
Capital Projects Fund		113,004	43,740	8,501	1,092,353	7,515,483	11,482,678	13,933,730	15,718,078	40,935,599
Debt Service Fund	6,537,969	6,765,667	6,772,384	6,766,561	7,011,966	7,107,723	6,789,447	6,959,134	6,333,270	4,890,031
Capital Outlay:										
Equipment	2,325,038	921,527	1,182,495	852,188	273,988	1,014,401	528,583	1,638,922		4,003,854
Facilities Acquisition & Construction Services	1,518,998	602,484	406,962	400,772	160,413				900,972	
Total Expenditures	239,150,904	237,701,370	230,415,682	224,879,832	228,820,659	214,092,570	220,082,798	220,918,087	208,705,662	232,541,065
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(6,553,034)	138,858	2,851,487	(1,741,123)	(6,967,174)	5,535,696	(9,596,521)	(15,731,714)	8,688,597	1,492,515
Other Financing Sources/(Uses):										
Transfers Out	(22)	(4,324)				(300,000)	(50,000)	(2,135,000)	(50,000)	(50,000)
Transfers In	152,302	587,084	192,280	513,209						
Proceeds from Community Disaster Loan (CDL)	4,588,852									
Capital Leases (Nonbudgeted)	1,338,895	426,450	301,307	180,134						
Total Other Financing Sources/(Uses)	6,080,027	1,009,210	493,587	693,343	-	(300,000)	(50,000)	(2,135,000)	(50,000)	(50,000)
Extraordinary Item	2,280,374									
Net Change in Fund Balances	$ 1,807,367	$ 1,148,068	$ 3,345,074	$ (1,047,780)	$ (6,967,174)	$ 5,235,696	$ (9,646,521)	$ (17,866,714)	$ 8,638,597	$ 1,442,515
Debt Service as a Percentage of Noncapital Expenditures	2.8%	2.9%	3.0%	3.0%	3.1%	3.5%	3.3%	3.4%	3.3%	2.6%

Source: District records CAFR Schedule B-2

Note: Noncapital expenditures are total expenditures less capital outlay.

EXHIBIT J-5

TOMS RIVER REGIONAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION	PRIOR YEAR REFUNDS	NET DONATIONS	RENTAL INCOME	TRANSPORTATION	SALE OF SOLAR RENEWABLE ENERGY CREDITS	MISCELLANEOUS	TOTAL
2014	$ 1,246	$ 1,292,661	$ 11,316		$ 140,966	$ 83,096	$ 460,199	$ 338,241	$ 2,327,725
2013	5,437	1,325,068			165,676	121,638		1,231,420	2,849,239
2012		1,416,542			164,538	149,326		1,764,000	3,494,406
2011	54,073	870,836			104,019	180,438		1,862,613	3,071,979
2010	26,918	400,375	20,606	$ 163,706	84,422	127,018		1,418,402	2,241,447
2009	208,104	428,009	863,856	107,744	88,520	90,457		1,326,637	3,113,327
2008	686,927	496,449		785,522	99,604	146,741			2,215,243
2007	1,211,781	255,598	12,340	209,223	50,549	235,126		121,681	2,096,298
2006	1,182,671	200,476				151,881		1,883,900	3,418,928
2005	844,113	191,138						24,491,376	25,526,627

Source: District records

EXHIBIT J-6

TOMS RIVER REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
Unaudited

YEAR ENDED DECEMBER 31,	ESTIMATED NET ASSESSED/TAXABLE VALUATIONS
BOROUGH OF BEACHWOOD	
2014	$ 1,004,086,500
2013	1,010,656,000
2012	1,018,095,300
2011	1,019,970,687
2010	1,020,998,700
2009	1,042,734,166
2008	1,017,531,946
2007	945,859,318
2006	836,057,869
2005	407,110,900
TOWNSHIP OF TOMS RIVER	
2014	$ 12,460,318,018
2013	11,389,473,485
2012	16,353,737,465
2011	16,986,477,060
2010	17,155,320,796
2009	17,221,567,478
2008	15,892,450,260
2007	14,189,633,928
2006	12,088,696,143
2005	6,270,976,300
BOROUGH OF PINE BEACH	
2014	$ 244,468,238
2013	244,264,100
2012	301,485,400
2011	302,358,228
2010	302,167,066
2009	319,505,115
2008	314,323,357
2007	291,013,315
2006	258,808,832
2005	282,922,200
BOROUGH OF SOUTH TOMS RIVER	
2014	$ 277,255,530
2013	277,442,693
2012	281,070,781
2011	282,485,773
2010	282,917,127
2009	283,439,208
2008	281,869,428
2007	281,002,203
2006	279,677,159
2005	95,207,256

Source: Municipal Tax Offices. Beginning with 2010, net taxable values were used from the abstract of ratables for Ocean County

TOMS RIVER REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per $100 of Assessed Value)
Unaudited

ASSESSMENT YEAR	SCHOOL DISTRICT	BOROUGH / TOWNSHIP	OCEAN COUNTY & OTHER	TOTAL
BOROUGH OF BEACHWOOD				
2014	$0.756	$0.674	$0.353	$1.783
2013	0.741	0.673	0.354	1.768
2012	0.730	0.650	0.344	1.724
2011	0.731	0.622	0.337	1.690
2010	0.716	0.585	0.334	1.635
2009	0.666	0.559	0.320	1.545
2008	0.627	0.533	0.316	1.476
2007	0.590	0.492	0.303	1.385
2006	1.134	1.445	0.696	3.275
2005	1.408	1.028	0.671	3.107
TOWNSHIP OF TOMS RIVER				
2014	$1.014	$0.584	$0.430	$2.028
2013	0.992	0.544	0.431	1.961
2012	0.778	0.412	0.348	1.538
2011	0.739	0.377	0.335	1.451
2010	0.706	0.347	0.317	1.370
2009	0.634	0.290	0.308	1.232
2008	1.636	0.816	0.825	3.277
2007	1.577	0.679	0.805	3.061
2006	1.587	0.700	0.765	3.052
2005	1.559	0.671	0.745	2.975
BOROUGH OF PINE BEACH				
2014	$0.963	$0.660	$0.456	$2.079
2013	0.937	0.650	0.421	2.008
2012	0.785	0.499	0.370	1.654
2011	0.785	0.484	0.361	1.630
2010	0.738	0.469	0.347	1.554
2009	0.700	0.465	0.338	1.503
2008	0.651	0.460	0.333	1.444
2007	0.637	0.441	0.326	1.404
2006	0.629	0.419	0.307	1.355
2005	0.629	0.392	0.253	1.274
BOROUGH OF SOUTH TOMS RIVER				
2014	$0.710	$1.050	$0.341	$2.101
2013	0.702	1.009	0.325	2.036
2012	0.725	0.951	0.335	2.011
2011	0.732	0.888	0.338	1.958
2010	0.696	0.862	0.341	1.899
2009	0.643	0.786	0.320	1.749
2008	0.602	0.749	0.318	1.669
2007	0.557	0.675	0.294	1.526
2006	0.521	0.617	0.262	1.400
2005	1.426	1.656	0.587	3.669

Source: Starting with 2010, Ocean County Board of Taxation, breakdown of tax rates

EXHIBIT J-8

TOMS RIVER REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
Unaudited

2014				2005			
TAXPAYER	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXPAYER	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE

Information Not Available

TOMS RIVER REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

CALENDAR YEAR ENDED JUNE 30,	TOTAL TAX LEVY	AMOUNT	PERCENTAGE OF LEVY
Borough of Beachwood			
2014	N/A	N/A	N/A
2013	$17,906,306	$17,293,794	96.57%
2012	17,577,539	17,077,645	97.16%
2011	17,269,528	16,928,427	96.30%
2010	16,733,588	16,173,953	96.66%
2009	15,784,498	15,293,527	96.89%
2008	15,052,335	14,585,758	96.90%
2007	4,973,573	4,813,424	96.78%
2006	13,650,847	13,311,187	97.51%
2005	12,789,684	12,478,894	97.57%
Township of Toms River			
2014	N/A	N/A	N/A
2013	$231,047,482	$225,649,792	97.66%
2012	260,499,876	249,136,567	95.64%
2011	254,757,257	246,018,967	96.57%
2010	242,727,698	235,626,904	97.07%
2009	118,269,202	113,188,256	95.70%
2008	212,485,362	207,940,875	97.86%
2007	204,585,917	199,333,209	97.43%
2006	200,128,145	196,019,651	97.95%
2005	186,578,632	182,722,866	97.93%
Borough of Pine Beach			
2014	N/A	N/A	N/A
2013	$4,911,915	$4,148,088	97.67%
2012	4,989,339	4,836,665	96.94%
2011	4,928,439	4,850,570	98.42%
2010	4,699,487	4,581,889	97.50%
2009	4,539,269	4,400,340	96.94%
2008	4,340,945	4,245,010	97.79%
2007	4,220,441	4,093,406	96.99%
2006	3,929,341	3,811,128	96.99%
2005	3,790,417	3,676,383	96.99%
Borough of South Toms River			
2014	N/A	N/A	N/A
2013	$5,663,235	$5,349,728	94.46%
2012	5,656,016	5,309,391	93.87%
2011	5,540,073	5,288,930	95.47%
2010	5,395,819	5,153,044	95.50%
2009	4,962,865	4,754,738	95.81%
2008	4,730,142	4,493,635	95.00%
2007	4,306,774	4,188,314	97.25%
2006	3,913,699	3,799,376	97.08%
2005	3,597,799	3,524,830	97.97%

Source: Municipal Tax Offices

EXHIBIT J-10

TOMS RIVER REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
Unaudited

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES						
	GENERAL[1] OBLIGATION BONDS	COMMUNITY DISASTER LOAN	NOTES PAYABLE	CAPITAL LEASES	TOTAL DISTRICT	% OF[2] PERSONAL INCOME	OCEAN COUNTY PER CAPITA[2]
2014	$ 61,830,000	$ 4,588,852	$ 1,645,506	$ 1,587,537	$ 69,651,895	N/A	N/A
2013	65,975,000		2,929,431	663,143	69,567,574	N/A	N/A
2012	67,394,000		3,197,210	455,380	71,046,590	N/A	N/A
2011	70,799,000		3,461,507	143,426	74,403,933	N/A	$40,724
2010	74,069,000		3,275,537	156,609	77,501,146	1.73%	40,291
2009	77,369,000		4,682,119	219,765	82,270,884	1.96%	39,331
2008	80,114,000		7,145,487	325,618	87,585,105	2.18%	40,975
2007	82,924,000		6,286,401	143,487	89,353,888	2.32%	39,214
2006	84,284,000		6,327,316	223,369	90,834,685	2.42%	36,773
2005	86,234,000		-	102,580	86,336,580	2.45%	34,497

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.
[1]Includes Early Retirement Incentive Plan (ERIP) Refunding.
[2] See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar years.

N/A-information not available.

EXHIBIT J-11

TOMS RIVER REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
Unaudited

FISCAL YEAR ENDED JUNE 30,	NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2014	$ 61,830,000	0.39%	N/A
2013	65,975,000	0.51%	N/A
2012	67,394,000	0.38%	$618.15
2011	70,799,000	0.38%	651.82
2010	76,426,667	0.40%	707.03
2009	81,133,249	0.46%	720.83
2008	80,114,000	0.51%	717.15
2007	82,924,000	1.04%	744.51
2006	84,284,000	2.52%	753.53
2005	86,234,000	2.83%	778.43

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

Source: Assessed valuations were provided by the Abstract of Ratables, County Board of Taxation.

N/A-information not available.

EXHIBIT J-12

TOMS RIVER REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014
Unaudited

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Township of Toms River		100%	64,487,874
Net Overlapping Debt of School District:			
Beachwood		100%	11,475,697
Toms River		100%	158,690,686
Pine Beach		100%	5,434,517
South Toms River		100%	2,457,586
School District Debt		100%	63,584,000
Total Direct & Overlapping Debt			$ 306,130,360

Sources: Ocean County Office of the Treasurer, Beachwood, Toms River Township, Pine Beach and South Toms River.

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 Beachwood, Toms River Township, Pine Beach and South Toms River. This process recognizes that, when considering the District's ability to issue and 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.

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.

TOMS RIVER REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Dollars in Thousands)
Unaudited

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt Limit	$ 622,212,017	$ 707,198,011	$ 746,186,283	$ 751,626,286	$ 694,120,977	$ 649,556,991	$ 622,630,583	$ 381,037,529	$ 507,337,658	$ 295,856,343
Total Net Debt Applicable to Limit	64,487,873	68,904,431	70,591,210	70,799,000	76,426,667	81,133,249	80,114,000	82,924,000	84,284,000	63,584,000
Legal Debt Margin	$ 557,724,144	$ 638,293,580	$ 675,595,073	$ 680,827,286	$ 617,694,310	$ 568,423,742	$ 542,516,583	$ 298,113,529	$ 423,053,658	$ 232,272,343
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.36%	9.74%	9.46%	9.42%	11.01%	12.49%	12.87%	21.76%	16.61%	21.49%

Legal Debt Margin Calculation for Fiscal Year 2014

	Equalized Valuation Basis	
	2013	$ 14,113,779,274
	2012	16,027,807,876
	2011	16,524,314,155
		$ 46,665,901,305
Average Equalized Valuation of Taxable Property		$ 15,555,300,435
Debt Limit (4 % of Average Equalization Value)		$ 622,212,017
Net Bonded School Debt		64,487,873
Legal Debt Margin		$ 638,293,580

Source: Equalized valuation bases were obtained from the Department of Education, regional allocation forms

EXHIBIT J-14

TOMS RIVER REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
Unaudited

YEAR	POPULATION (a)	OCEAN COUNTY PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATES(c)			
			BEACHWOOD	TOMS RIVER	PINE BEACH	S. TOMS RIVER
2014	Not available	Not available	Not available	Not available	Not available	Not available
2013	108,630	N/A	6.5%	8.6%	6.8%	7.6%
2012	109,026	N/A	11.0%	10.0%	8.9%	17.1%
2011	108,618	40,724	10.7%	9.9%	8.8%	16.8%
2010	108,095	40,291	10.3%	9.7%	8.4%	16.1%
2009	113,263	39,331	9.8%	9.4%	8.0%	15.4%
2008	112,324	40,975	5.9%	6.8%	4.8%	9.5%
2007	111,362	39,214	4.6%	5.1%	3.7%	7.4%
2006	110,759	36,773	5.2%	5.5%	4.2%	8.4%
2005	100,932	34,497	4.5%	4.8%	3.7%	7.5%

Source: U.S. Department of Commerce, Bureau of Economic Analysis. These numbers are estimated by the Bureau and may be revised from year to year.

a Population information provided by the NJ Dept. of Labor and Workforce Development. These numbers are estimated by the Department and may be revised from year to year.

[b] Per capita personal income by county estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.

EXHIBIT J-15

TOMS RIVER REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
Unaudited

NOT APPLICABLE

EXHIBIT J-16

TOMS RIVER REGIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
Unaudited

Function/Program	2014	2013	2012	2011	2010*	2009	2008	2007	2006	2005
Instruction:										
Regular	983	968	948	940	1,043	1,100	1,178	1,216	1,234	1,223
Special Education	172	186	186	186	322	304	165	104	98	90
Other Special Instruction	1					3	3	3	1	1
Vocational			22	24	23	26	4	5	4	6
Support Services:										
Student & Instruction Related Services	261	261	248	261	40	46	68	70	151	149
School Administrative Services	155	158	163	163	137	102	124	131	172	175
General Administration	41	36	35	35	34	77	77	75	80	78
Plant Operations & Maintenance	265	258	265	271	272	175	178	174	180	176
Administrative Information Technology	18	18	17	18	18	19	11	11	13	13
Pupil Transportation	191	192	188	186	185	190	187	187	191	198
Other Support Services	119	123	124	125	121	111	87	87	148	150
Total	2,206	2,200	2,196	2,209	2,195	2,153	2,082	2,063	2,272	2,259

* In 2010, there was a change in allocation methodology for staff

Source: District Personnel Records

TOMS RIVER REGIONAL 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 (d)	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2014	16,182	$228,770,177	$14,137	-0.9%	1,154	14.1	16,134.0	15,222.9	-2.6%	94.4%
2013	16,596	230,742,699	13,904	3.2%	1,154	14.1	16,556.4	15,620.2	-1.4%	94.3%
2012	16,804	218,104,770	12,979	N/A	1,156	14.4	16,787.4	15,842.4	-1.1%	94.4%
2011	17,020	218,104,770	12,815	-4.7%	1,150	14.3	16,975.6	15,938.0	-0.7%	93.9%
2010	17,170	228,820,659	13,327	2.9%	1,193	N/A	17,090.1	16,071.8	-0.5%	94.0%
2009	17,239	222,461,471	12,905	-2.7%	1,295	N/A	17,169.8	16,144.2	-0.4%	94.0%
2008	17,396	228,524,985	13,137	0.5%	1,350	N/A	17,230.5	16,185.3	-2.0%	93.9%
2007	17,634	227,341,772	12,892	4.7%	1,228	N/A	17,576.4	16,478.4	-1.5%	93.8%
2006	18,181	217,085,291	11,940	-9.8%	1,235	N/A	17,851.4	16,692.7	-1.5%	93.5%
2005	18,244	240,658,689	13,191	0.7%	1,224	N/A	18,121.5	16,938.2	0.1%	93.5%

Sources: District records

Note: Enrollment based on annual October district count from the year prior.

a Starting with 2011, operating expenditures equal total expenditures less debt service and capital projects (J-4).
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).
d Pupil/Teacher ratio was obtained from the Comparative Spending Guide

TOMS RIVER REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
Unaudited

DISTRICT BUILDINGS	2014	2013	2012	2011	2010*	2009*	2008*	2007*	2006*	2005*
Elementary Schools:										
Beachwood (1988):										
Square Feet	70,445	70,445	70,445	70,445						
Capacity	786	786	786	786						
Enrollment	578	584	591	586						
Cedar Grove (1971):										
Square Feet	132,194	132,194	132,194	132,194						
Capacity	1,134	1,134	1,134	1,134						
Enrollment (a)	841	878	883	920						
Citta (1999):										
Square Feet	70,581	70,581	70,581	70,581						
Capacity	844	844	844	844						
Enrollment	632	653	672	670						
East Dover (1954):										
Square Feet	97,718	97,718	97,718	97,718						
Capacity	1,182	1,182	1,182	1,182						
Enrollment	723	770	757	767						
Hooper Avenue (1965):										
Square Feet	89,063	89,063	89,063	89,063						
Capacity	1,134	1,134	1,134	1,134						
Enrollment	743	755	756	723						
North Dover (1956):										
Square Feet	70,492	70,492	70,492	70,492						
Capacity	855	855	855	855						
Enrollment	607	632	649	667						
Pine Beach (1953):										
Square Feet	58,341	58,341	58,341	58,341						
Capacity	614	614	614	614						
Enrollment	450	447	440	466						
Silver Bay (1972):										
Square Feet	112,930	112,930	112,930	112,930						
Capacity	1,134	1,134	1,134	1,134						
Enrollment	645	654	662	693						
South Toms River (1982):										
Square Feet	58,940	58,940	58,940	58,940						
Capacity	587	587	587	587						
Enrollment	368	357	375	367						
Walnut Street (1965):										
Square Feet	87,663	87,663	87,663	87,663						
Capacity	1,134	1,134	1,134	1,134						
Enrollment	799	840	843	845						
Washington Street (1960):										
Square Feet	49,890	49,890	49,890	49,890						
Capacity	533	533	533	533						
Enrollment	390	393	385	402						
West Dover (1963):										
Square Feet	56,442	56,442	56,442	56,442						
Capacity	656	656	656	656						
Enrollment	390	403	407	407						

TOMS RIVER REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
Unaudited

DISTRICT BUILDINGS	2014	2013	2012	2011	2010*	2009*	2008*	2007*	2006*	2005*
Middle Schools:										
East (1962):										
Square Feet	259,829	259,829	259,829	259,829						
Capacity	1518	1,518	1,518	1,518						
Enrollment	1426	1,450	1,467	1,512						
North (1974):										
Square Feet	178,332	178,332	178,332	178,332						
Capacity	1,610	1,610	1,610	1,610						
Enrollment	1,335	1,387	1,423	1,412						
South (2005):										
Square Feet	194,382	194,382	194,382	194,382						
Capacity	1,242	1,242	1,242	1,242						
Enrollment	1,044	1,049	1,052	1,065						
High Schools:										
East (1979):										
Square Feet	241,420	241,420	241,420	241,420						
Capacity	1,980	1,980	1,980	1,980						
Enrollment	1,551	1,614	1,606	1,666						
North (1969):										
Square Feet	404,277	404,277	404,277	404,277						
Capacity	2,421	2,421	2,421	2,421						
Enrollment	2,381	2,295	2,210	2,311						
South (1951):										
Square Feet	172,344	172,344	172,344	172,344						
Capacity	1,421	1,421	1,421	1,421						
Enrollment	1,436	1,427	1,397	1,506						
Other Buildings:										
Central Administration:										
Square Feet	79,417	79,417	79,417	79,417						
Transportation Compound										
Square Feet	34,800	34,800	34,800	34,800						
Facilities Compound										
Square Feet	32,325	32,325	32,325	32,325						

Number of Schools at June 30, 2014:
Elementary Schools = 12
Middle Schools = 3
Senior High Schools = 3
Other = 3

Source: District Facilities Office, District Records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count (October 2010), full and shared students on roll Source ASSA

* For 2010 and prior (back to 2005), the District grouped schools by elementary, middle and high school. For 2011 and going forward, this information was broken down by individual school.

EXHIBIT J-19

TOMS RIVER REGIONAL SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
Unaudited

SCHOOL FACILITIES	PROJECT # (s)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
High Schools:											
East		$ 313,760	$ 320,434	$ 286,299	$ 257,878	$ 332,722	$ 50,893	$ 114,428	$ 72,158	$ 67,332	$ 29,942
North		509,932	466,800	445,221	423,319	549,600	71,788	65,327	74,854	138,171	94,597
South		221,601	233,675	250,554	179,389	232,319	62,349	72,272	70,103	47,236	59,520
Intermediate Schools:											
East		330,525	303,214	291,563	260,478	349,560	35,084	19,739	41,514	46,564	60,024
North		289,648	247,295	222,066	205,757	240,699	35,788	28,315	29,217	38,892	41,575
South		220,012	211,386	214,785	202,992	260,753	14,065	30,645	12,203	15,284	
Elementary Schools:											
Beachwood		83,985	85,340	78,146	75,315	103,149	12,488	22,660	10,478	28,588	26,368
Cedar Grove		157,219	146,542	140,367	142,394	188,818	17,864	10,533	8,338	30,839	21,630
Joseph A. Citta		92,249	105,432	84,021	78,382	139,651	12,058	18,013	14,577	11,348	27,436
East Dover		109,113	109,458	103,931	105,275	136,544	9,401	12,839	9,176	32,042	24,590
Hooper Avenue		110,407	103,876	108,156	114,434	116,688	24,040	21,015	28,542	15,771	93,764
North Dover		86,996	81,429	85,764	78,720	89,940	8,082	20,079	17,381	21,637	32,789
Pine Beach		66,157	66,510	64,431	66,679	160,947	20,698	19,353	17,801	25,449	30,549
Silver Bay		126,846	127,044	120,175	117,101	86,267	10,858	24,038	57,997	16,066	21,451
South Toms River		71,257	69,387	69,950	65,135	144,249	13,815	13,951	27,394	23,608	48,774
Walnut Street		102,222	98,827	95,540	90,339	75,063	6,694	8,481	9,768	13,095	13,913
Washington Street		66,450	61,550	57,268	52,728	84,839	18,694	11,313	10,370	10,052	21,532
West Dover		68,281	76,706	69,818	64,120	104,586	15,904	10,721	17,957	37,191	20,668
Subtotal		3,026,660	2,914,905	2,788,055	2,580,435	3,396,394	440,563	523,722	529,828	619,165	669,122
Other Facilities		74,256	149,484	148,916	140,277	221,489	3,121,847	2,822,695	3,789,042	2,549,210	2,793,762
Grand Total		$ 3,100,916	$ 3,064,389	$ 2,936,971	$ 2,720,712	$ 3,617,883	$ 3,562,410	$ 3,346,417	$ 4,318,870	$ 3,168,375	$ 3,462,884

EXHIBIT J-20

TOMS RIVER REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014
UNAUDITED

	COVERAGE	DEDUCTIBLE / SIR
Excess General Liability/ Auto Liability	$11,000,000/ $25,000,000	$300,000
Excess Workers Compensation	Statutory	650,000
Property Coverage for Claims Against Fire, Damage or Other Losses, Including boiler & Machinery, Physical Plant Structure & Inland Marine	50,000,000	100,000
Professional Liability - Incidental Medical Malpractice	1,000,000/25,000,000	300,000
Underground Storage Tank	1,000,000/3,000,000	25,000
Bonds:		
Commercial Crime/Employee Dishonesty Bond	1,000,000	1,000
Public Employees Faithful Performance	725,000	Treasurer
Position Bond	5,000	Business Administrator
Position Bond	5,000	Board Secretary
Excess Student Accident	5,000,000	25,000

Source: District Records

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Single Audit Section

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K-1

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*

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Toms River Regional School District
Toms River, New Jersey
County of Ocean

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Toms River Regional School District, in the County of Ocean, New Jersey (the "District") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

District Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Scott A. Clelland

Scott A. Clelland
Licensed Public School Accountant
No. 1049

Wiss & Company

WISS & COMPANY, LLP

December 5, 2014
Iselin, New Jersey

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K-2

Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Toms River Regional School District
Toms River, New Jersey
County of Ocean

Report on Compliance for Each Major Federal and State Program

We have audited the Toms River Regional School District's, in the County of Ocean, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2014. The District's major federal and state programs are identified in the summary of auditors' 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 federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and 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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB 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 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to previously that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB 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 the District's internal control over compliance.

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 federal or 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 federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

Scott A. Clelland

Scott A. Clelland
Licensed Public School Accountant
No. 1049

Wiss & Company

WISS & COMPANY, LLP

December 5, 2014
Iselin, New Jersey

Toms River Regional School District

Schedule of Expenditures of Federal Awards

Year ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2013	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance June 30, 2014 Unearned Revenue	Balance June 30, 2014 (Accounts Receivable)	Balance June 30, 2014 Due to Grantor
General Fund:												
U.S. Department of Health and Human Services												
–Passed-Through State Department of Education												
Medicaid Assistance Program	93.778	7/1/13-6/30/14	$ 331,274			$ 306,262	$ (331,274)				$ (25,012)	
U.S. Department of Housing and Urban Development												
–Passed-Through State Department of Education												
Community Development Block Grant	14.269	7/1/13-6/30/14	12,500,000			12,500,000	(12,500,000)					
U.S. Department of Homeland Security												
–Passed-Through State Department of Education												
Community Disaster Loan	97.030	7/1/13-6/30/14	5,000,000			4,588,852	(4,588,852)					
Total general fund						17,395,114	(17,420,126)				(25,012)	
U.S. Department of Education–Passed-Through State Department of Education												
Special Revenue Fund:												
Title I, Part A	84.010A	7/1/13-6/30/14	1,775,140			1,049,426	(1,775,139)				(725,713)	
Title I, Part A, Carryover	84.010A	9/1/12-8/31/13	2,094,191	$ (568,612)		631,833	(63,221)					
Title II A	84.367	7/1/13-6/30/14	548,793			382,018	(548,793)				(166,775)	
Title II A, Carryover	84.367	9/1/12-8/31/13	542,446	(130,754)		130,754						
Title III	84.365	7/1/13-6/30/14	30,126			22,337	(30,126)				(7,789)	
Title III, Carryover	84.365	9/1/12-8/31/13	32,641	(5,768)		14,343	(8,513)		$ (62)			
Title III - Immigrant	84.365	7/1/13-6/30/14	8,429				(8,429)				(8,429)	
Race to the Top	84.416	7/1/13-6/30/14	67,050			29,377	(39,195)				(9,818)	
I.D.E.A., Part B	84.027A	7/1/13-8/31/14	3,627,024			3,255,830	(3,621,240)				(365,410)	
I.D.E.A., Part B, Carryover	84.027A	9/1/12-8/31/13	3,862,091	(228,354)		228,354						
I.D.E.A. Preschool	84.173A	7/1/13-8/31/14	119,361			105,737	(118,876)				(13,139)	
I.D.E.A. Preschool, Carryover	84.173A	9/1/12-8/31/13	129,232	(46,456)		47,463			(1,007)			
U.S. Department of Homeland Security												
–Passed-Through State Department of Education												
Project SERV	97.036	7/1/13-6/30/14	32,203			32,203	(32,203)					
Total Special Revenue Fund				(979,944)		5,929,675	(6,245,735)		(1,069)		(1,297,073)	
U.S. Department of Agriculture–Passed-Through State Department of Education												
Enterprise Fund:												
Food Donation Program (NC)	10.555	7/1/13-6/30/14	275,947			275,947	(270,430)			$ 5,517		
National School Lunch Program	10.555	7/1/13-6/30/14	1,446,505			1,296,234	(1,446,505)				(150,271)	
National School Lunch Program	10.555	7/1/12-6/30/13	1,697,564	(136,933)		136,933						
School Breakfast Program	10.553	7/1/13-6/30/14	216,236			193,493	(216,236)				(22,743)	
Healthy Hunger-Free Kids Act	10.555	7/1/13-6/30/14	10,145				(10,145)				(10,145)	
Total Enterprise Fund				(136,933)		1,902,607	(1,943,316)			5,517	(183,159)	
Total Federal Awards				$ (1,116,877)	$ -	$ 25,227,396	$ (25,609,177)	$ -	$ (1,069)	$ 5,517	$ (1,505,244)	$ -

NC-non cash expenditures

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

Toms River Regional School District

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2014

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2013 Accounts Receivable	Balance at June 30, 2013 Due to Grantor	Carryover/ Walkover	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustments	Balance at June 30, 2014 Unearned Revenue	Balance at June 30, 2014 (Accounts Receivable)	Balance at June 30, 2014 Due to Grantor	Memo Budgetary Receivable	Memo Cumulative Expenditures
State Department of Education															
General Fund:															
Special Education Categorical Aid	495-034-5120-089	7/1/13-6/30/14	$ 9,141,043				$ 8,241,091	$ (9,141,043)						$ (899,952)	$ (9,141,043)
Special Education Categorical Aid	495-034-5120-089	7/1/12-6/30/13	9,037,318	$ (892,890)			892,890								
Equalization Aid	495-034-5120-078	7/1/13-6/30/14	39,889,745				35,962,527	(39,889,745)						(3,927,218)	(39,889,745)
Equalization Aid	495-034-5120-078	7/1/12-6/30/13	40,027,322	(3,954,711)			3,954,711								
Transportation Aid	495-034-5120-014	7/1/13-6/30/14	4,586,531				4,134,979	(4,586,531)						(451,552)	(4,586,531)
Transportation Aid	495-034-5120-014	7/1/12-6/30/13	4,563,261	(450,852)			450,852								
Security Aid	495-034-5120-089	7/1/13-6/30/14	1,820,980				1,641,701	(1,820,980)						(179,279)	(1,820,980)
Security Aid	495-034-5120-089	7/1/12-6/30/13	1,785,892	(176,447)			176,477								
Adjustment Aid	495-034-5120-085	7/1/13-6/30/14	11,839,961				10,674,295	(11,839,961)						(1,165,666)	(11,839,961)
Adjustment Aid	495-034-5120-085	7/1/12-6/30/13	11,864,466	(1,172,212)			1,172,212								
Extraordinary Aid	495-034-5120-044	7/1/13-6/30/14	1,054,956					(1,054,956)				$ (1,054,956)			(1,054,956)
Extraordinary Aid	495-034-5120-044	7/1/12-6/30/13	895,007	(895,007)			895,007								
Non-Public Transportation Aid	495-034-5120-014	7/1/13-6/30/14	24,171					(24,171)				(24,171)			(24,171)
Non-Public Transportation Aid	495-034-5120-014	7/1/12-6/30/13	24,012	(24,012)			24,012								
Under Adequacy Aid	495-034-5120-083	7/1/13-6/30/14	443,801				391,092	(433,801)						(42,709)	(433,801)
Other state aid	Not available	7/1/12-6/30/13	8,852				8,852	(8,852)							(8,852)
Reimbursed TPAF - Social Security	495-034-5095-002	7/1/13-6/30/14	6,698,201				6,397,610	(6,698,201)				(300,591)			(6,698,201)
Reimbursed TPAF - Social Security	495-034-5095-002	7/1/12-6/30/13		(294,767)			294,767								
Reimbursed TPAF - Pension	495-034-5095-006	7/1/13-6/30/14	3,748,720				3,748,720	(3,748,720)							(3,748,720)
Reimbursed TPAF - Post Retirement	495-034-5095-006	7/1/13-6/30/14	6,146,491				6,146,491	(6,146,491)							(6,146,491)
Total General Fund				(7,860,898)			85,208,286	(85,393,452)				(1,379,718)		(6,666,376)	(85,393,452)
Special Revenue Fund:															
New Jersey Non-Public Aid:															
Textbook Aid	100-034-5120-064	7/1/12-6/30/14	81,836		$ 832		81,836	(81,595)	$ (832)				$ 241		(81,595)
Nursing Services	100-034-5120-070	7/1/12-6/30/14	115,183		7,334		115,183	(115,183)	(7,334)						(115,183)
Technology	100-039-5120-373	7/1/12-6/30/14	29,840		797		29,840	(29,479)	(797)				361		(29,479)
Non Public Auxiliary Services (Ch. 192):	100-034-5120-067														
Home Instruction		7/1/13-6/30/14	12,057	(12,057)			12,057	(1,918)				(1,918)			(1,918)
Compensatory Education		7/1/13-6/30/14	279,905		294,379		279,905	(137,644)	(294,379)				142,261		(137,644)
Transportation		7/1/12-6/30/14	23,776				23,776	(23,776)							(23,776)
Non Public Handicapped Services (Ch. 193):	100-034-5120-066														
Supplemental Instruction		7/1/13-6/30/14	90,199		33,031		90,199	(54,394)	(33,031)				35,805		(54,394)
Examination and Classification		7/1/13-6/30/14	133,599		33,100		133,599	(123,410)	(33,100)				10,189		(123,410)
Corrective Speech		7/1/13-6/30/14	54,684		51,716		54,684	(30,779)	(51,716)				23,905		(30,779)
Total Special Revenue Fund				(12,057)	421,189		821,079	(598,178)	(421,189)				212,762		(598,178)
Debt Service Fund:															
Debt Service - Type II Aid	495-034-5120-017	7/1/13-6/30/14	359,733				359,733	(359,733)							(359,733)
Total Debt Service Fund							359,733	(359,733)							(359,733)
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program (State share)	100-010-3360-023	7/1/13-6/30/14	43,280				37,506	(43,280)				(5,774)			(43,280)
State School Lunch Program (State share)	100-010-3360-023	7/1/12-6/30/13	49,311	(6,189)			6,189								
Total Enterprise Fund				(6,189)			43,695	(43,280)				(5,774)			(43,280)
Total State Financial Assistance				$ (7,879,144)	$ 421,189	$ -	$ 86,432,793	$ (86,394,643)	$ (421,189)	$ -	$ -	$ (1,385,492)	$ 212,762	$ (6,666,376)	$ (86,394,643)
State Financial Assistance Not Subject to Single Audit Determination:															
Reimbursed TPAF - Pension	495-034-5095-006	7/1/13-6/30/14	3,748,720				3,748,720	(3,748,720)							(3,748,720)
Reimbursed TPAF - Post Retirement	495-034-5095-006	7/1/13-6/30/14	6,146,491				6,146,491	(6,146,491)							(6,146,491)
Total State Financial Assistance Subject to Single Audit Determination				$ (7,879,144)	$ 421,189	$ -	$ 76,537,582	$ (76,499,432)	$ (421,189)	$ -	$ -	$ (1,385,492)	$ 212,762	$ (6,666,376)	$ (76,499,432)

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

Toms River Regional School District

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Year ended June 30, 2014

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal and state awards programs of the Board of Education, Toms River Regional School District (the "District"). The District is defined in Note 1 to the basic financial statements. All federal and state awards received 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 and state awards.

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the Food Service Enterprise Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, New Jersey OMB Circular 04-04 *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in these schedules may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the basic financial statements and present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements and 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 fiscal 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 of accounting with the exception of the revenue recognition of the two last state aid payments in the current year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent year due to the state deferral and recording of the last state aid payments in the subsequent year.

Toms River Regional School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

Year ended June 30, 2014

3. Relationship to Basic Financial Statements (continued)

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 payments in the current budget year, consistent with NJSA 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $19,264 for the general fund and $82,831 for the special revenue fund. See note 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. The adjustment to reconcile from budgetary basis accounts receivable to GAAP basis accounts receivable is $117,005 for the special revenue fund. This is a result of recognizing encumbrances as expenditures on the budgetary basis but not the GAAP basis. Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	$ 17,420,126	$ 85,374,188	$ 102,794,314
Special Revenue Fund	6,162,773	596,876	6,759,649
Debt Service Fund		359,733	359,733
Food Service Enterprise Fund	1,943,316	43,280	1,986,596
Total award revenues	$25,526,215	$ 86,374,077	$ 111,900,292

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.

Toms River Regional School District

Notes to Schedules of Expenditures of
Federal Awards and State Financial Assistance

June 30, 2014

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2014.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2014 amounted to $9,895,211. Since on-behalf post retirement pension and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 04-04. However, they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. FEMA Community Disaster Loan ("CDL")

The District applied for and received a CDL in response to the devastating effects on the property tax ratable base of the municipality due to Superstorm Sandy in October 2012. The District was approved for a $5,000,000 total loan and chose to withdraw $4,588,852 This loan is subject to FEMA review in 2016 and may be fully or partially cancelled based upon FEMA's calculation of the revenue loss that the District experienced over a specified period. The loan matures in 2018. The expenditures incurred during the 2014 fiscal year is subject to the Single Audit and have been included in the Schedule of Expenditures of Federal Awards.

7. Adjustments

The adjustments presented on schedule K-3 represent the cancellation of prior year encumbrances.

Toms River Regional School District

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	X	Yes		No
Significant deficiency(ies) identified?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:	$630,610			
Auditee qualified as low-risk auditee?	X	Yes		No
Type of auditors' report issued on compliance for major programs:	Unmodified			
Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?		Yes	X	No

Toms River Regional School District

Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2014

Part I - Summary of Auditor's Results (continued)

Federal Awards Section (continued)

Identification of major programs:

CFDA Number Program Number	Name of Federal Program or Cluster
14.269	Community Development Block Grant (CDBG)
97.030	Community Disaster Loan (CDL)

Toms River Regional School District
Schedule of Findings and Questioned Costs (Continued)

Year ended June 30, 2014

Part I - Summary of Auditor's Results (continued)

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:	$2,294,983			
Auditee qualified as low-risk auditee?	X	Yes		No
Type of auditors' report on compliance for major programs:	Unmodified			
Internal control over compliance: Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified?		Yes	X	None Reported
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04?		Yes	X	No

Identification of major programs:

GMIS/Program Number	Name of State Program or Cluster
State:	
495-034-5120-089	Special Education Categorical Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-083	Under Adequacy Aid

Toms River Regional School District
Schedule of Findings and Questioned Costs (Continued)

June 30, 2014

Part II – Schedule of Financial Statement Findings

Material Weakness in Internal Control

2014-001 Financial Statement Close Process – Government Wide and Enterprise Fund Full Accrual Financial Statements

Criteria
A properly functioning financial statement close process ensures that appropriate year-end procedures are in place to ensure that annual financial statements are prepared on a timely basis and are materially accurate.

Condition
The District's business office personnel perform certain financial statement close process procedures on a monthly basis and at year end which include the posting of journal entries and other various accruals and reconciliations. In addition to the maintenance of fund level financial statements, the Governmental Accounting Standards Board also requires the presentation of government-wide financial statements ("A" Level schedules) that include certain accruals to be recorded that are not required to be reported at the fund level. During our audit, we noted that certain liabilities were not recorded at the government-wide level ("A" Level schedules), including the liabilities for the incurred but not reported claims related to the District's partially self-insured health plan and other partially self-insured liabilities related to workers' compensation claims, general and auto liabilities and student accident liability. In addition, we identified certain capital assets that were not recorded accurately in the government-wide and enterprise fund financial statements.

Context
During the course of our audit, a material liability pertaining to self-insurance needed to be added to the full accrual financial statements ("A" level schedules) at June 30. The District is partially self-insured for health insurance and partially self-insured for workers' compensation, general and auto liabilities and student accident liability. Accounting standards require that a liability be recorded on the full accrual basis in the government-wide financial statements to record claims that have incurred but are not yet reported (IBNR). The liability and related accounts were added and this required that the financial statements in the prior year be restated. As a consequence of the aforementioned condition, the full accrual financial statements have been restated to properly reflect the proper balances at June 30, 2013.

Toms River Regional School District
Schedule of Findings and Questioned Costs (Continued)

June 30, 2014

In addition, necessary adjustments were identified between the District's internal accounting records and the capital asset appraisal report prepared by a third party that led to material audit adjustments and a restatement of capital assets on the full accrual government-wide ("A" level schedules) financial statements and the enterprise fund financial statements to correspond the values of capital assets and related accumulated depreciation recorded in the District's internal accounting records at June 30, 2013.

Cause and Effect
The financial statement close should be designed to encompass all necessary adjustments at the fund and government-wide ("A" level schedules). The material audit adjustments that were identified as a result of the audit were not the result of a lack of controls in place as part of the District's day to day operations and monthly reporting and reconciliation process. However, it is also the responsibility of management to ensure the financial statements are free from material adjustments at the fund government-wide ("A" level schedules) level financial statements. No restatement was necessary at the fund level financial statements.

Recommendation
We suggest that the District develop a corrective action plan to incorporate a review of all material balances at year end to ensure all material accounts are identified and included in the government-wide financial statements ("A" level schedules) and enterprise fund financial statements and verify that the annual capital asset appraisal report is reconciled with the District's underlying records.

Views of Responsible Officials and Planned Corrective Action
District management concurs with the finding and will develop a corrective action plan in response to the recommendation above to ensure year end accruals and capital assets are properly recorded at the government wide and enterprise fund level.

Toms River Regional School District
Schedule of Findings and Questioned Costs (Continued)

June 30, 2014

Part III– Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

No federal award or state financial assistance program compliance findings or questioned costs were noted that are required to be reported in accordance with OMB Circular A-133 or New Jersey OMB 04-04.

Toms River Regional School District
Summary Schedule of Prior Audit Findings

June 30, 2014

All prior year findings were resolved in past years and therefore this schedule is not applicable in the current year.

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