

**SOUTHERN REGIONAL SCHOOL DISTRICT**

Manahawkin, New Jersey  
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**SOUTHERN REGIONAL SCHOOL DISTRICT**

**MANAHAWKIN, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Prepared by**

**Southern Regional School District  
Finance Department**



## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1
Organizational Chart	7
Roster of Officials	9
Consultants and Advisors	10
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	13
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART I</b>	
Management's Discussion & Analysis	19
<b>BASIC FINANCIAL STATEMENTS</b>	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	29
A-2 Statement of Activities	30
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	37
B-2 Statement of Revenues, Expenditures & Changes in Fund Balance	38
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balance of Governmental Funds to the Statement of Activities	39
Proprietary Funds:	
B-4 Statement of Net Position	43
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	44
B-6 Statement of Cash Flows	45
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	49
B-8 Statement of Changes in Fiduciary Net Position	50
Notes to Financial Statements	53
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	89
C-2 Budgetary Comparison Schedule - Special Revenue Fund	96
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	99

## TABLE OF CONTENTS

	PAGE
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	103
L-2 Schedule of District's Contributions - Public Employees' Retirement System	104
L-3 Schedule of the State's Proportionate Share of the Net Pension Liability - TPAF	105
Notes to the Required Supplementary Information	109
OTHER SUPPLEMENTARY INFORMATION	
D. School Based Budget Schedules Fund:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget & Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures - Special Revenue Fund - Budgetary Basis	117
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures	123
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	124
F-2a Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - Emergency Generator Project	125
F-2b Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - Middle School Window Project	126
F-2c Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - High School Renovations	127
G. Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Statement of Net Position	133
G-2 Combining Statement of Revenues, Expenses & Changes in Fund Net Position	134
G-3 Combining Statement of Cash Flows	135
Internal Service Funds:	
G-4 Combining Statement of Net Position	139
G-5 Combining Statement of Revenues, Expenses & Changes in Fund Net Position	140
G-6 Combining Statement of Cash Flows	141
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	145
H-2 Combining Statement of Changes in Fiduciary Net Position	146
H-3 Student Activity Agency Fund Schedule of Receipts & Disbursements	147
H-4 Payroll Agency Fund Schedule of Receipts & Disbursements	147

## TABLE OF CONTENTS

	<b>PAGE</b>
OTHER SUPPLEMENTARY INFORMATION (CONTINUED)	
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	151
I-2 Schedule of Obligations Under Capital Leases	152
I-3 Debt Service Fund Budgetary Comparison Schedule	153
<b>STATISTICAL SECTION (unaudited)</b>	
Financial Trends:	
J-1 Net Position by Component	157
J-2 Changes in Net Position	158
J-3 Fund Balances - Governmental Funds	160
J-4 Changes in Fund Balance - Governmental Funds	161
J-5 Other Local Revenue by Source - General Fund	162
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	163
J-7 Direct & Overlapping Property Tax Rates	167
J-8 Principal Property Taxpayers	171
J-9 Property Tax Levies & Collections	172
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	176
J-11 Ratios of General Bonded Debt Outstanding	176
J-12 Direct & Overlapping Governmental Activities Debt	176
J-13 Legal Debt Margin Information	177
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	178
J-15 Principal Employers	179
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	180
J-17 Operating Statistics	181
J-18 School Building Information	182
J-19 Schedule of Required Maintenance	183
J-20 Insurance Schedule	183
<b>SINGLE AUDIT SECTION</b>	
K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	187
K-2 Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by Uniform Guidance and New Jersey OMB Circular 15-08	189
K-3 Schedule of Expenditures of Federal Awards, Schedule A	193
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	194
K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	195
K-6 Schedule of Findings & Questioned Costs	197
K-7 Summary Schedule of Prior Audit Findings	200





**INTRODUCTORY SECTION**

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# SOUTHERN REGIONAL HIGH SCHOOL DISTRICT OF OCEAN COUNTY

December 1, 2016

Mr. Keith Weidenhof, President  
Members of the Board of Education  
Southern Regional High School District  
Manahawkin, New Jersey 08050

Dear Board Members:

The comprehensive annual financial report of the Southern Regional School District for the fiscal year ended June 30, 2016 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 Southern Regional Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.*, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** Southern Regional High School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Southern Regional 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 7-12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2015/2016 fiscal year with an enrollment of 2,862 students. The following details the changes in the student enrollment of the District over the last ten years.

### Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015/2016	2861.7	-2.09%
2014/2015	2922.8	-2.48%
2013/2014	2997.0	.63%
2012/2013	2978.2	.21%
2011/2012	2972.0	-.01%
2010/2011	2993.6	.01%
2009/2010	2991.0	-.66%
2008/2009	3011.2	-.85%
2007/2008	3037.2	-6.49%
2006/2007	3248.0	-6.94%

(2) **ECONOMIC CONDITION AND OUTLOOK:** Residential development in Stafford Township is in its last stages; new housing starts are on the decline each year. Residential development in the Island communities has been on the decline in each municipality except Surf City. The area has been impacted by the recent economic downturn as evidenced by the increase in free and reduced lunch applicants and families in need. The area has also been impacted by Super Storm Sandy and the resulting coastal flooding. The effects of the storm will have an impact on the district’s tax ratable base, especially within Stafford Township, in the short-term which would impact the overall tax rate experienced by residents to support the regional school district. Our communities continue to recover from the contraction of the housing market that began in 2008 with a slight overall increase in the number of properties currently in the foreclosure process.

3) **MAJOR INITIATIVES:** The Southern Regional School District has long been recognized as an incredibly comprehensive, innovative and challenging school system, which prides itself in its multitude of programs, progressive initiatives and boundless energy. Driven by an extremely qualified and competent faculty, Southern Regional is determined to be a leadership force in education.

Southern Regional offers over 200 courses from which students can select. The courses are designed to appeal to a wide variety of student interests. Advanced placement courses are offered in English, History, Mathematics, Science, Art, Music and World Languages. Technology-related courses, from the traditional to the highly technical, focus on problem solving, experimental design, and creativity. The Health and Physical Education program are electives, based with a strong emphasis on lifelong wellness and making intelligent lifestyle choices. Project Adventure, an outdoor education program, is also offered. The special needs of our students are addressed as well. We offer self-contained, autistic, resource, adaptive success and in-class support programs. Mainsail (alternative) and ESL (English as a Second Language) programs are offered for eligible students. In addition to the academic programs, Southern Regional offers students over 70 co-curricular and interscholastic programs. Through the Guidance and Student Assistance Programs, Southern Regional provides opportunities and support systems, which counsel and assist students in making choices that will direct them to a more productive and successful experience. Southern Regional High School is a school “Committed to Excellence” in our faculty, staff, students and community. To this end, the District hopes to construct a learning environment in which its students are encouraged to serve, challenged to grow and empowered to succeed.

4) **INTERNAL ACCOUNTING CONTROLS:** District Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft 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 structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

(1) The cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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 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 municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016.

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 account groups. These funds and account groups are explained in “Notes to the Financial Statements”, 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 for sound financial management. The following schedule presents a summary of the general fund, special revenue fund, capital projects fund and debt service fund revenues for the fiscal year ended June 30, 2016 and the amount and percentage of increases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2015</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$53,038,276	85.8%	\$2,117,032	4.2%
State Sources	7,844,497	12.7%	1,447,141	22.6%
Federal Sources	907,926	1.5%	7,270	0.9%
Total	<u>\$61,790,699</u>	<u>100%</u>	<u>\$3,571,443</u>	<u>6.1%</u>

The following schedule presents a summary of general fund, special revenue fund, capital projects and debt service fund expenditures for the fiscal year ended June 30, 2016 and the percentage of increases and decreases in relation to prior year amount.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2015</u>	<u>Percent of Increase/ (Decrease)</u>
Current Expense:				
Instruction	\$26,796,090	46%	(\$1,118,308)	(4.0%)
Undistributed	28,624,021	48%	1,972,783	7.4%
Total Expenditures	55,420,111	94%	854,475	1.6%
Capital Outlay	1,075,286	2%	(169,649)	(13.6%)
Special Revenue	869,946	1%	(18,898)	(2.1%)
Debt service:				
Principal	1,565,000	3%	(115,000)	(6.8%)
Interest	57,563	0%	(68,862)	(54.5%)
Total	<u>\$58,987,906</u>	<u>100%</u>	<u>\$ 483,066</u>	<u>0.8%</u>

8) **DEBT ADMINISTRATION:** At June 30, 2016, the District’s outstanding debt was \$1,520,000 in general obligations bonds.

9) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in “Notes to the Financial Statements”, Note 2. The District has adopted cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”).

10) **RISK MANAGEMENT:** The Board carried various forms of insurance including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

11) **OTHER INFORMATION:**

A) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors’ reports related specifically to the single audit are included in the single audit section of this report.

B) **Awards** – The Southern Regional School District continues to be judged as the lighthouse district in the area by leading the way on many fronts. Southern’s SAT scores are amongst the top in Ocean County. For eleven of the past twelve years a Southern graduate has received a prestigious military academy appointment. In several of these eleven years, multiple military appointments have been awarded to Southern graduates. Southern graduates continue to populate the most prestigious colleges

and universities in the country. Southern teachers are distinguished professionals who have received awards too numerous to mention. Southern's music program is considered one of the finest in the area. The Autism program draws students from throughout the region. The Marching Band has accomplished State championship status multiple times during the last several years. The middle school's Literacy and Lunch program has become a model for middle schools throughout the area.

12) **ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Southern Regional 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 business staff.

Respectfully Submitted,

*Craig Henry*

Mr. Craig Henry  
Superintendent

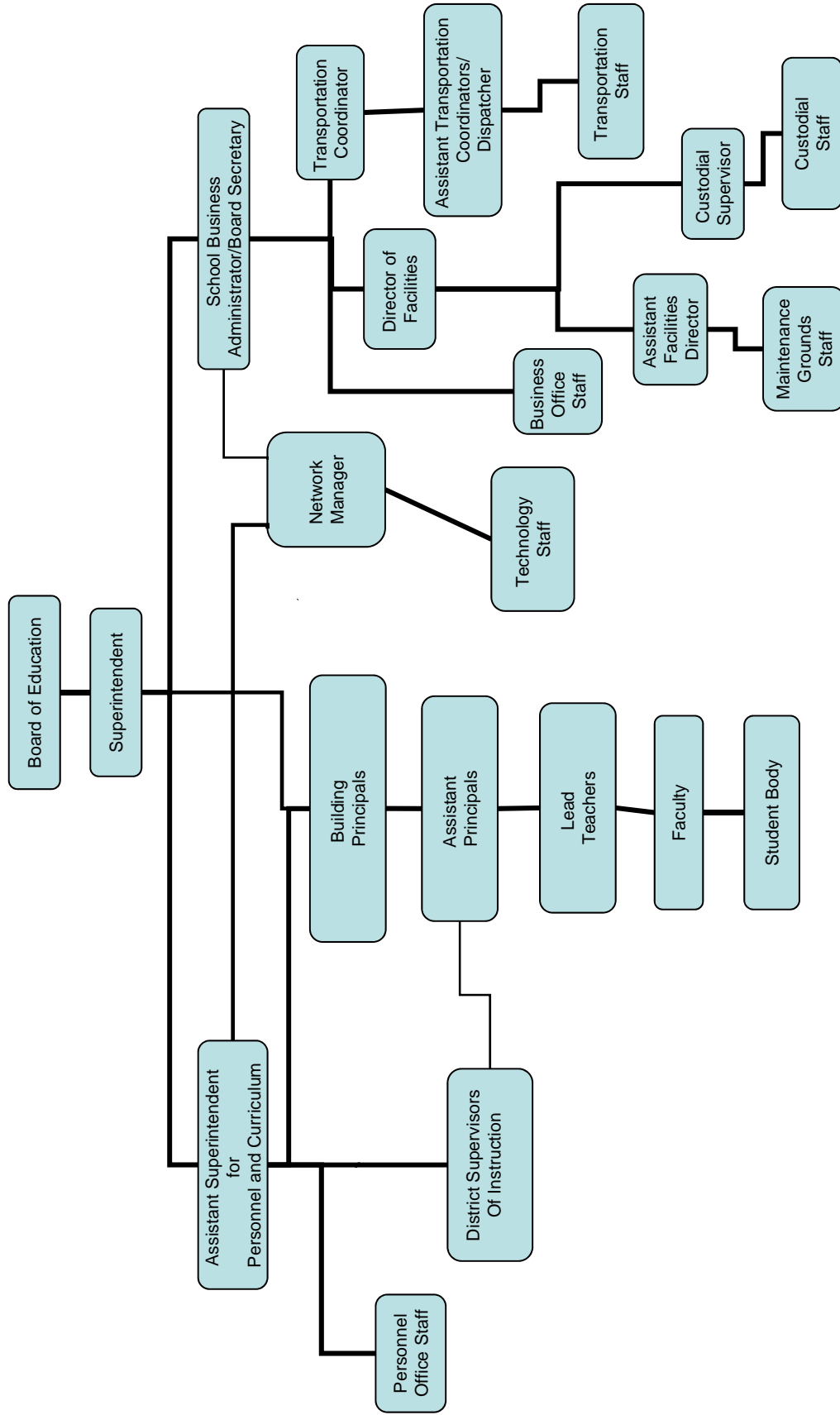
*Steven Terhune*

Mr. Steven Terhune  
School Business Administrator/  
Board Secretary

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# Southern Regional School District Organization Chart



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**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**Manahawkin, New Jersey 08050**

**ROSTER OF OFFICIALS**

**JUNE 30, 2016**

<b>MEMBERS OF THE BOARD OF EDUCATION</b>	<b>TERM EXPIRES</b>
Keith Weidenhof, President	2018
Steven Berkheiser, Vice President	2018
Ben LoParo	2016
Donald Myers	2016
Thomas W. Serpico	2017
Stuart D. Snyder, Esq.	2017
Heather Tatur	2017
Christopher Taylor	2016
Marilyn Wasilewski	2016
Scott Waters	2018

**OTHER OFFICIALS**

Craig Henry, Superintendent

Daniel MacPhee, Assistant Superintendent

Steven Terhune, Business Administrator/Board Secretary

Kevin O'Shea, Treasurer of School Monies

Laura Benson, Esquire, Solicitor

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**Manahawkin, New Jersey 08050**

**CONSULTANTS AND ADVISORS**

**ARCHITECTS**

Garrison Architects  
406 Lippincott Drive  
Marlton, New Jersey 08053

**ATTORNEYS**

Berry, Sahradnik, Kotzas & Benson  
212 Hooper Ave  
Toms River, NJ 08754

McManimon, Scotland & Baumann, L.L.C  
75 Livingston Avenue  
Roseland, New Jersey 07068

Plosia Cohen LLC  
Chester Woods Complex  
385 Route 24, Suite 3G  
Chester, NJ 07930

**AUDIT FIRM**

Michael Holt, CPA, PSA  
Holman Frenia Allison, P. C.  
680 Hooper Avenue, Building B, Suite 201  
Toms River, New Jersey 08753

**OFFICIAL DEPOSITORIES**

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

**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Southern Regional School District  
County of Ocean  
Manahawkin, New Jersey 08050

### 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 Southern Regional School District, County of Ocean, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Southern Regional School District, County of Ocean, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southern Regional School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are also not a required part of the basic financial statements.

The accompanying combining statements and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying



combining statements and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016 on our consideration of the Southern Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southern Regional School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt  
Certified Public Accountant  
Public School Accountant, No. 1148

Toms River, New Jersey  
December 1, 2016

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**


**UNAUDITED**

The discussion and analysis of the Southern Regional School District's financial performance provides an overall review of the school district's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the school district's financial performance.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

 Local revenues accounted for \$53,038,276 of all revenues. State and Federal sources accounted for \$8,752,423 or just 14% of all revenues. Of the general revenues, tuition received from sending districts totaled \$6,385,287 of general revenues, or 10% of total revenues.

 Among governmental funds, the General Fund had \$59,264,654 in revenues, \$56,411,561 in expenditures and \$3,300,000 in other financing uses.

**Using This Comprehensive Annual Financial Report (CAFR)**

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregated view of the school district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these fund financial statements also look at the school district's most significant funds with all other non-major funds presented in total in one column. In the case of the Southern Regional School District, the General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

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

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

Business-Type Activity: This service is provided on a charge for goods and services basis to recover all the expenses of the goods and services provided. The Food Service and Community Education enterprise funds are reported as business activities.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in 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. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

### **Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type accounts; therefore, these statements are essentially the same.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

### **The School District as a Whole**

Recall that the *Statement of Net Position* provides the perspective of the School 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 several 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 District's combined net position was \$16,311,302 on June 30, 2016.

## **Governmental Activities**


The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the school district operations. Property taxes made up 58% of revenues for governmental activities for the Southern Regional School District for fiscal year 2016.


Federal, state, and local grants, along with tuition and transportation revenues, accounted for another \$23,345,254. The district's total revenues were \$78,874,304 for the fiscal year ended June 30, 2016.

The total cost of all programs and services was \$77,188,946. Direct instruction comprises 36% of District expenses.

## **Business-Type Activities**

Revenues for the District's business-type activities (i.e., Food Service and Community Education programs) were comprised of charges for services and federal and state reimbursements.

 Proprietary Fund expenses exceeded revenues by \$15,339. Charges for services represent 64% of revenue. This represents amounts paid by patrons for daily food service and community education programs.

 Federal and State reimbursement for meals, including payments for free and reduced lunches and donated commodities was \$359,642.

## **Governmental Activities**

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

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

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

Operation and maintenance of facilities involves keeping the school grounds, buildings and equipment in effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other charges related to debt of the School District.

“Other” includes special schools and unallocated depreciation.

## The School District's Funds

All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects and Debt Service Fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and other financing sources amounted to \$62,979,224 and expenditures were \$58,987,906.

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 following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increase or decrease in relation to prior year revenues.

<u>Revenue Source</u>	<u>2016 Revenue</u>	<u>2015 Revenue</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
Local Tax Levy	\$ 45,512,968	\$ 44,239,793	\$ 1,273,175	2.9%
Tuition Charges	6,385,287	7,195,290	(810,003)	-11.3%
Transportation Fees	1,052,188	971,960	80,228	8.3%
Miscellaneous	87,833	69,283	18,550	26.8%
Total Local Aid	53,038,276	52,476,326	561,950	1.1%
State Sources	7,844,497	7,316,222	528,275	7.2%
Federal Sources	907,926	907,128	798	0.1%
Other Financing Sources	1,188,525	-	1,188,525	#DIV/0!
Total	<u>\$ 62,979,224</u>	<u>\$ 60,699,676</u>	<u>\$ 2,279,548</u>	<u>3.8%</u>

Local revenues increased by \$561,950. The increase in local revenue was mainly due to an increase in local tax levy for the year ended June 30, 2016. The Other Financing Sources is a 5 year facility lease purchase agreement for the completion of a roof and boiler replacement in the 9/10 High School building.

The following schedule represents a summary of governmental fund expenditures for the fiscal year ended June 30, 2016, and the amount and percentage of increase (decrease) in relation to prior year expenditures.

<u>Expense</u>	<u>2016 Expenses</u>	<u>2015 Expenses</u>	<u>Increase/ (Decrease)</u>	<u>% Change</u>
General Fund:				
Instruction	\$ 26,796,090	\$ 26,358,544	\$ 437,546	1.7%
Undistributed	28,624,021	27,509,308	1,114,713	4.1%
Capital Outlay	991,450	758,275	233,175	30.8%
Special Revenue Fund	869,946	888,045	(18,099)	-2.0%
Capital Projects Fund	83,836	512,942	(429,106)	-83.7%
Debt Service	1,622,563	1,718,375	(95,812)	-5.6%
Total	<u>\$ 58,987,906</u>	<u>\$ 57,745,489</u>	<u>\$ 1,242,417</u>	<u>2.2%</u>



## **The School District's Funds (continued)**

The increase in Instruction Expenditures is largely due to a change in the allocation of benefits between Instruction Expenditures and Support Services Expenditures. The decrease in Capital Projects is attributable to the completion of the prior year district's middle school window replacement.

### **General Fund Budgeting Highlights**

The school district's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District made changes to the initial approved budget. Significant transfers were required to increase funding in certain areas, as District needs fluctuated from original budgeted projections.

### **Capital Assets**

A summary of changes in Governmental and Proprietary Fund Fixed Assets can be found in Note 5 of the Notes to the Financial Statements.

### **Debt Administration**

At June 30, 2016 the School District had \$1,520,000 of outstanding debt in serial bonds for school construction. See Note 7 to the Financial Statements for a schedule of maturities for bonded debt. The outstanding bonds will be fully retired in September 2016.

### **For the Future**

The Southern Regional School District is in good financial condition presently. The School District is proud of its community support of the public schools. The Southern Regional School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Steven Terhune, School Business Administrator/Board Secretary at Southern Regional School District, 105 Cedar Bridge Road, Manahawkin, NJ 08050. Please visit our website at [www.srsd.net](http://www.srsd.net)

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**BASIC FINANCIAL STATEMENTS**

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## A. Government-Wide Financial Statements

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**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL JUNE 30, 2016
Cash & Cash Equivalents	\$ 4,767,971	\$ 55,669	\$ 4,823,640
Receivables, Net	1,875,260	38,566	1,913,826
Inventory	-	15,384	15,384
Restricted Cash & Cash Equivalents	10,586,901	-	10,586,901
Capital Assets, Net (Note 5)	26,898,349	28,088	26,926,437
<b>Total Assets</b>	<b>44,128,481</b>	<b>137,707</b>	<b>44,266,188</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflows Related to Pensions	3,493,763	-	3,493,763
Deferred Charges of Refunding of Debt	9,488	-	9,488
<b>Total Deferred Outflow of Resources</b>	<b>3,503,251</b>	<b>-</b>	<b>3,503,251</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>47,631,732</b>	<b>137,707</b>	<b>47,769,439</b>
<b>LIABILITIES</b>			
Accounts Payable	47,277	-	47,277
Accrued Interest Payable	37,484	-	37,484
Unearned Revenue	305,596	1,616	307,212
Accrued Liability for Insurance Claims	1,369,058	-	1,369,058
Long-Term Obligations (Note 7):			
Due Within One Year	1,838,071	-	1,838,071
Due Beyond One Year	27,439,555	-	27,439,555
<b>Total Liabilities</b>	<b>31,037,041</b>	<b>1,616</b>	<b>31,038,657</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Inflows Related to Pensions	419,480	-	419,480
<b>Total Deferred Inflow of Resources</b>	<b>419,480</b>	<b>-</b>	<b>419,480</b>
<b>Total Liabilities and Deferred Outflow of Resources</b>	<b>31,456,521</b>	<b>1,616</b>	<b>31,458,137</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	24,134,579	28,088	24,162,667
Restricted For:			
Capital Projects	9,379,399	-	9,379,399
Debt Service	(37,469)	-	(37,469)
Other Purposes	8,449,262	-	8,449,262
Unrestricted	(25,750,560)	108,003	(25,642,557)
<b>Total Net Position</b>	<b>\$ 16,175,211</b>	<b>\$ 136,091</b>	<b>\$ 16,311,302</b>

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL JUNE 30, 2016
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES		
Governmental Activities							
Current:							
Regular Instruction	\$ 19,182,801	\$ -	\$ 786,811	\$ (18,395,990)	\$ -	\$ (18,395,990)	
Special Education Instruction	6,801,483	-	-	(6,801,483)	-	(6,801,483)	
Basic Skills/Remedial Instruction	84,706	-	-	(84,706)	-	(84,706)	
Other Instruction	1,513,911	-	-	(1,513,911)	-	(1,513,911)	
Support Services & Undistributed Costs:							
Tuition Charges	149,919	-	-	(149,919)	-	(149,919)	
Student & Instruction Related Services	5,986,832	-	-	(5,986,832)	-	(5,986,832)	
School Administrative Services	2,171,609	-	83,135	(2,088,474)	-	(2,088,474)	
General Administrative Services	1,062,092	-	-	(1,062,092)	-	(1,062,092)	
Plant Operations & Maintenance	5,585,388	-	-	(5,585,388)	-	(5,585,388)	
Central Services	769,672	-	-	(769,672)	-	(769,672)	
Other Administrative Services	449,060	-	-	(449,060)	-	(449,060)	
Pupil Transportation	3,956,581	-	-	(3,956,581)	-	(3,956,581)	
Unallocated Benefits	27,612,586	10,499,548	11,975,760	(5,137,278)	-	(5,137,278)	
Unallocated Deletions & Retirements of Capital Assets				(281,582)	-	(281,582)	
Unallocated Depreciation	1,527,815	-	-	(1,527,815)	-	(1,527,815)	
Interest and Charges on Long-Term Debt	52,909	-	-	(52,909)	-	(52,909)	
Total Governmental Activities	77,188,946	10,499,548	12,845,706	(53,843,692)	-	(53,843,692)	



**SOUTHERN REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL JUNE 30, 2016
Business-Type Activities:						
Food Service/Community Ed	1,026,437	651,233	359,642	-	(15,562)	(15,562)
Total Business-Type Activities	1,026,437	651,233	359,642	-	(15,562)	(15,562)
Total Primary Government	\$ 78,215,383	\$ 11,150,781	\$ 13,205,348	(53,843,692)	(15,562)	(53,859,254)

General Revenues:

Taxes:						
Property Taxes, Levied for General Purposes, Net				43,890,411	-	43,890,411
Taxes Levied for Debt Service				1,622,557	-	1,622,557
Federal & State Aid Not Restricted				2,490,675	-	2,490,675
Tuition Received				6,385,287	-	6,385,287
Transportation Fees				1,052,188	-	1,052,188
Investment Earnings				6,101	223	6,324
Miscellaneous Income				81,831	-	81,831
Total General Revenues				55,529,050	223	55,529,273

Change In Net Position				1,685,358	(15,339)	1,670,019
Net Position - Beginning				14,489,853	151,430	14,641,283

Net Position - Ending	\$	16,175,211	\$	136,091	\$	16,311,302
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The accompanying Notes to Financial Statements are an integral part of this statement.

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## B. Fund Financial Statements

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## Governmental Funds

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
					JUNE 30, 2016
Cash & Cash Equivalents	\$ 691,219	\$ -	\$ 3,216,164	\$ 15	\$ 3,907,398
Cash on Hand with Fiscal Agent	1,188,525	-	-	-	1,188,525
Intergovernmental Accounts Receivable					
State	516,444	-	238,712	-	755,156
Federal	-	365,824	-	-	365,824
Other	754,185	-	-	-	754,185
Interfunds Receivable	95	1,141	1,105,123	-	1,106,359
Restricted Cash & Cash Equivalents:					
Capital Reserve Account	4,819,400	-	-	-	4,819,400
Maintenance Reserve Account	2,029,862	-	-	-	2,029,862
Tuition Reserve Account	1,600,000	-	-	-	1,600,000
Premium Stabilization Account	251,280	-	-	-	251,280
<b>Total Assets</b>	<b>\$ 11,851,010</b>	<b>\$ 366,965</b>	<b>\$ 4,559,999</b>	<b>\$ 15</b>	<b>\$ 16,777,989</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<b>Liabilities:</b>					
Cash Overdraft	\$ -	\$ 327,952	\$ -	\$ -	\$ 327,952
Accounts Payable	31,519	2,111	-	-	33,630
Payable to State & Federal Governmen	-	13,647	-	-	13,647
Interfund Payables	1,106,264	-	-	-	1,106,264
Unearned Revenue	282,341	23,255	-	-	305,596
Accrued Liability for Insurance Claims	65,793	-	-	-	65,793
<b>Total Liabilities</b>	<b>1,485,917</b>	<b>366,965</b>	<b>-</b>	<b>-</b>	<b>1,852,882</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	4,819,400	-	-	-	4,819,400
Maintenance Reserve Account	2,029,862	-	-	-	2,029,862
Tuition Reserve Account	1,600,000	-	-	-	1,600,000
Debt Service Fund	-	-	-	15	15
<b>Committed to:</b>					
Capital Projects	-	-	4,559,999	-	4,559,999
<b>Assigned for:</b>					
<b>Designated for Subsequent</b>					
Year's Expenditures	502,261	-	-	-	502,261
Other Purposes	69,782	-	-	-	69,782
<b>Unassigned:</b>					
General Fund	1,343,788	-	-	-	1,343,788
<b>Total Fund Balances</b>	<b>10,365,093</b>	<b>-</b>	<b>4,559,999</b>	<b>15</b>	<b>14,925,107</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 11,851,010</b>	<b>\$ 366,965</b>	<b>\$ 4,559,999</b>	<b>\$ 15</b>	

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 \$62,215,698 and the accumulated depreciation is \$(35,317,349).	26,898,349
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	3,083,771
Internal service funds are used by the District to charge the costs of the self-insured health and prescription programs to the individual funds. The assets & liabilities of the internal service funds are included with governmental activities.	583,094
Accrued interest payable is not recorded in the fund financials due to the fact that the payables are not due in the current period.	(37,484)
Long-term liabilities, including net pension liability, bonds payable, compensated absences payable, bond premium, other post employment benefits and capital leases payable are not due and payable in the current period and, therefore, are not reported as a liability in the funds. (Note 7)	(29,277,626)
<b>Net position of Governmental Activities</b>	<b>\$ 16,175,211</b>

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL JUNE 30, 2016
Revenues:					
Local Sources:					
Local Tax Levy	\$ 43,890,411	\$ -	\$ -	\$ 1,622,557	\$ 45,512,968
Tuition Charges	6,385,287	-	-	-	6,385,287
Transportation Fees	1,052,188	-	-	-	1,052,188
Interest on Investments	6,002	-	-	-	6,002
Miscellaneous	81,374	450	-	7	81,831
<b>Total Local Sources</b>	<b>51,415,262</b>	<b>450</b>	<b>-</b>	<b>1,622,564</b>	<b>53,038,276</b>
State Sources	7,783,218	27,744	33,535	-	7,844,497
Federal Sources	66,174	841,752	-	-	907,926
<b>Total Revenues</b>	<b>59,264,654</b>	<b>869,946</b>	<b>33,535</b>	<b>1,622,564</b>	<b>61,790,699</b>
Expenditures:					
Current Expense:					
Regular Instruction	18,395,990	786,811	-	-	19,182,801
Special Education Instruction	6,801,483	-	-	-	6,801,483
Basic Skills/Remedial Instruction	84,706	-	-	-	84,706
Other Instruction	1,513,911	-	-	-	1,513,911
Support Services:					
Tuition	149,919	-	-	-	149,919
Student & Instruction Related Services	5,986,832	-	-	-	5,986,832
General Administrative	1,062,092	-	-	-	1,062,092
School Administrative Services	2,088,474	83,135	-	-	2,171,609
Central Services	769,672	-	-	-	769,672
Administrative Information Technology	449,060	-	-	-	449,060
Plant Operations & Maintenance	5,555,641	-	-	-	5,555,641
Student Transportation	3,956,581	-	-	-	3,956,581
Unallocated Benefits	8,605,750	-	-	-	8,605,750
Capital Outlay	991,450	-	83,836	-	1,075,286
Debt Service:					
Principal	-	-	-	1,565,000	1,565,000
Interest	-	-	-	57,563	57,563
<b>Total Expenditures</b>	<b>56,411,561</b>	<b>869,946</b>	<b>83,836</b>	<b>1,622,563</b>	<b>58,987,906</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	2,853,093	-	(50,301)	1	2,802,793
Other Financing Sources/(Uses):					
Transfers In	-	-	3,300,000	-	3,300,000
Transfers Out	(3,300,000)	-	-	-	(3,300,000)
Capital Leases	-	-	1,188,525	-	1,188,525
<b>Total Other Financing Sources/(Uses)</b>	<b>(3,300,000)</b>	<b>-</b>	<b>4,488,525</b>	<b>-</b>	<b>1,188,525</b>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(446,907)	-	4,438,224	1	3,991,318
Fund Balances July 1	10,812,000	-	121,775	14	10,933,789
<b>Fund Balances June 30</b>	<b>\$ 10,365,093</b>	<b>\$ -</b>	<b>\$ 4,559,999</b>	<b>\$ 15</b>	<b>\$ 14,925,107</b>

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



**SOUTHERN REGIONAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 3,991,318

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period:

Depreciation Expense	\$ (1,527,815)	
Purchases Below Capitalization Threshold	(218,465)	
Capital Asset Deletions	(63,117)	
Capital Outlays	<u>1,037,036</u>	(772,361)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Unfunded TPAF Pension Expense	(6,583,958)	
State Share of Unfunded TPAF Pension Expense	6,583,958	
PERS District Pension Contribution - 2016	858,943	
Pension Expense	<u>(1,582,717)</u>	(723,774)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Capital Leases	326,340	
Bonds Payable	<u>1,565,000</u>	1,891,340

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities. Issuing debt increases long-term liabilities in the statement of net position.

Capital Leases		(1,506,362)
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Net difference of accrued interest on bonds and capital leases is not recorded in the fund financial statements		(6,201)
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Internal service funds are used by the District to charge the costs of the self-insured health and prescription programs to the individual funds. The assets & liabilities of the internal service funds are included with governmental activities		(1,028,628)
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Amortization of losses on early extinguishment of debt and premiums from refunded debt issuances are recorded when incurred in the governmental funds but are accrued and expensed over time in the statement of activities.

Amortization of Loss on Refunding	(37,951)	
Amortization of Original Issue Premiums	<u>48,806</u>	10,855

Repayment of compensated absences is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Prior Year	3,398,702	
Current Year	<u>(3,569,531)</u>	(170,829)

Change in Net Position of Governmental Activities		<u>\$ 1,685,358</u>
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The accompanying Notes to Financial Statements are an integral part of this statement

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## Proprietary Funds

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**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS	TOTAL JUNE 30, 2016
<b>Current Assets:</b>			
Cash & Cash Equivalents	\$ 55,669	\$ 62,927	\$ 118,596
Cash on Hand with Fiscal Agents	-	1,823,432	1,823,432
<b>Accounts Receivable:</b>			
State	343	-	343
Federal	13,600	-	13,600
Other	24,623	-	24,623
Inventories	15,384	-	15,384
<b>Total Current Assets</b>	<b>109,619</b>	<b>1,886,359</b>	<b>1,995,978</b>
<b>Capital Assets:</b>			
Equipment	443,901	-	443,901
Less: Accumulated Depreciation	(415,813)	-	(415,813)
<b>Total Capital Assets</b>	<b>28,088</b>	<b>-</b>	<b>28,088</b>
<b>Total Assets</b>	<b>137,707</b>	<b>1,886,359</b>	<b>2,024,066</b>
<b>LIABILITIES</b>			
Unearned Revenue	1,616	-	1,616
Accrued Liability for Insurance Claims	-	1,303,265	1,303,265
<b>Total Liabilities</b>	<b>1,616</b>	<b>1,303,265</b>	<b>1,304,881</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	28,088	-	28,088
Unreserved Net Position	108,003	583,094	691,097
<b>Total Net Position</b>	<b>\$ 136,091</b>	<b>\$ 583,094</b>	<b>\$ 719,185</b>

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS	TOTAL JUNE 30, 2016
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 246,022	\$ -	\$ 246,022
Daily Sales Nonreimbursable Programs:			
School Lunch Program	391,911	-	391,911
Community Recreation Fees	13,300	-	13,300
Internal Service Funds Provided	-	10,499,548	10,499,548
	<hr/>	<hr/>	<hr/>
Total Operating Revenue	651,233	10,499,548	11,150,781
Operating Expenses:			
Cost of Sales	396,858	-	396,858
Salaries	347,314	-	347,314
Payroll Tax Expense & Other			
Employee Benefits	89,752	-	89,752
Purchased Property Services	127,658	-	127,658
Cleaning, Repair &			
Maintenance Services	8,658	-	8,658
General Supplies	3,731	-	3,731
Insurance	10,489	-	10,489
Depreciation	2,097	-	2,097
Insurance Claims	-	11,528,275	11,528,275
Miscellaneous Expense	39,880	-	39,880
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	1,026,437	11,528,275	12,554,712
Operating Income/(Loss)	<hr/> (375,204)	<hr/> (1,028,727)	<hr/> (1,403,931)
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	7,210	-	7,210
Federal Sources:			
National School Lunch Program	224,107	-	224,107
Health Hunger Free Kids Act	8,989	-	8,989
National School Breakfast Program	36,784	-	36,784
Food Distribution Program	82,552	-	82,552
Interest Income	223	99	322
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	359,865	99	359,964
Net Income/(Loss)	(15,339)	(1,028,628)	(1,043,967)
Net Position - July 1	151,430	1,611,722	1,763,152
	<hr/>	<hr/>	<hr/>
Net Position - June 30	\$ 136,091	\$ 583,094	\$ 719,185

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS	TOTAL JUNE 30, 2016
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 652,849	\$ 10,499,548	\$ 11,152,397
Payments to Employees	(347,314)	-	(347,314)
Payments for Employee Benefits	(72,151)	-	(72,151)
Payments to Suppliers	(505,340)	(11,350,280)	(11,855,620)
Net Cash Provided/(Used) by Operating Activities	(271,956)	(850,732)	(1,122,688)
Cash Flows From Noncapital Financing Activities:			
Cash Received From State Reimbursements	7,210	-	7,210
Cash Received From Federal Reimbursements	270,954	-	270,954
Net Cash Provided by Noncapital Financing Activities	278,164	-	278,164
Net Cash Used by Capital & Related Financing Activities	2,265		2,364
Cash Flows From Investing Activities:			
Interest	223	99	322
Net Cash Provided from Investing Activities	223	99	322
Net Increase/(Decrease) in Cash & Cash Equivalents	8,696	(850,633)	(841,838)
Balances - Beginning of Year	46,973	2,736,992	2,783,965
Balances - Ending of Year	\$ 55,669	\$ 1,886,359	\$ 1,942,127

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

Operating Income/(Loss)	\$ (375,204)	\$ (1,028,727)	\$ (1,403,931)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	2,097	-	2,097
USDA Commodities	82,552	-	82,552
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	17,601	-	17,601
(Increase)/Decrease in Inventory	(618)	-	(618)
Increase/(Decrease) in Unearned Revenues for Insurance Claims	1,616	177,995	1,616
	-	177,995	177,995
Total Adjustments	103,248	177,995	281,243
Net Cash Provided/(Used) by Operating Activities	\$ (271,956)	\$ (850,732)	\$ (1,122,688)

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

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Fiduciary Fund

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE		AGENCY FUNDS		TOTAL
	SCHOLARSHIP	UNEMPLOYMENT	STUDENT		JUNE 30,
	TRUST FUND	TRUST	ACTIVITIES	PAYROLL	2016
Cash & Cash Equivalents	\$ 127,192	\$ 60,648	\$ 493,172	\$ 315,712	\$ 996,724
Total Assets	127,192	60,648	493,172	315,712	996,724
<b>LIABILITIES</b>					
Accounts Payable	-	11,639	-	-	11,639
Interfund Payable	-	-	-	95	95
Due to Student Groups	-	-	493,172	-	493,172
Payroll Deductions & Withholdings	-	-	-	315,617	315,617
Total Liabilities	-	11,639	493,172	315,712	820,523
<b>NET POSITION</b>					
Reserved for:					
Scholarships	127,192	-	-	-	127,192
Unemployment Claims	-	49,009	-	-	49,009
Total Net Position	\$ 127,192	\$ 49,009	\$ -	\$ -	\$ 176,201

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

ADDITIONS	PRIVATE PURPOSE		TOTAL
	SCHOLARSHIP FUND	UNEMPLOYMENT TRUST	JUNE 30, 2016
Contributions:			
Scholarship Donations & Contributions	\$ 89,834	\$ 48,378	\$ 138,212
Total Contributions	89,834	48,378	138,212
Investment Earnings:			
Interest - Checking	-	62	62
Net Investment Earnings	-	62	62
Total Additions	89,834	48,440	138,274
DEDUCTIONS			
Quarterly Contribution Reports	-	39,662	39,662
Scholarships Awarded	89,073	-	89,073
Total Deductions	89,073	39,662	128,735
Change in Net Position	761	8,778	9,539
Net Position - Beginning of the Year	126,431	40,231	166,662
Net Position - End of the Year	\$ 127,192	\$ 49,009	\$ 176,201

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

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 1: Summary of Significant Accounting Policies**

The accompanying financial statements of the Southern Regional School District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The Southern Regional School District is a Type II district located in the County of Ocean, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 9 members elected to three-year terms. These terms are staggered so that three members' terms expire each year. The District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular, vocational, as well as special education for handicapped youngsters. The operation of the District includes one regional junior high and one senior high school, located in Manahawkin. The Southern Regional School District has an approximate enrollment at June 30, 2016 of 2,877 students.

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

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

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**B. Component Units**

GASB Statement No.14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2016.

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

**C. Government-Wide Financial Statements**

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

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

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

**D. Governmental Fund Financial Statements**

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

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



**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

**E. Proprietary Fund Financial Statements**

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

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**F. Fiduciary Fund Financial Statements**

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

**G. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

**G. 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 revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

The District reports the following major governmental funds:

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

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

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

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

The District reports the following major proprietary funds:

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

**Community Education Fund** – This fund accounts for the revenues and expenses pertaining to the District’s community education operations.

**Self-Insurance Fund** – This fund accounts for the revenues and expenses pertaining to the District’s self-insurance program operations.

**Worker’s Compensation Fund** – This fund accounts for the revenues and expenses pertaining to the operations of the District’s worker’s compensation program.

Additionally, the District reports the following major fiduciary funds:

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

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

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

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

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

**H. Budgets/Budgetary Control**

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

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

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

**H. Budgets/Budgetary Control (continued)**

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

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

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

**I. Encumbrances**

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

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

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

**J. Cash and Cash Equivalents**

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

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

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

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

**J. Cash and Cash Equivalents (continued)**

Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey. *N.J.S.A.17:9-41* et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**K. Tuition Payable/Receivable**

Tuition rates for the fiscal year end June 30, 2016 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**L. Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**M. Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

**N. Capital Assets**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Building & Building Improvements	20 - 50 Years
Furniture & Fixtures	7 - 20 Years
Machinery & Equipment	5 - 12 Years
Vehicles	5 - 20 Years

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

**O. Compensated Absences**

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

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

**P. Unearned Revenue**

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

**Q. Accrued Liabilities and Long-Term Obligations**

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

**R. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**S. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

**T. Fund Balance**

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

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2016.
- Assigned – This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

**U. Net Position**

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

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



**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

**V. Bond Premiums, Discounts and Issuance Costs**

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

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

**W. Deferred Loss on Refunding Debt**

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

**X. Deferred Outflows and Deferred Inflows of Resources**

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

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

**Y. Impact of Recently Issued Accounting Principles**

Adopted Accounting Pronouncements

For the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. As a result of implementing this statement, the District is required to measure certain investments at fair value for financial reporting purposes. In addition, the District is required to measure donated capital assets at acquisition value (an entry price); these assets were previously required to be measured at fair value. Statement No. 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Implementation of this Statement did not impact the District's financial statements.

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Implementation of this Statement did not impact the District's financial statements.

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

**Y. Impact of Recently Issued Accounting Principles (continued)**

Adopted Accounting Pronouncements (continued)

The District implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Implementation of this Statement did not impact the District's financial statements.

Recently Issued and Adopted Accounting Pronouncements

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

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agency Employers and Agent Multi-Employer Plans*, for OPEB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB Plans. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose information about those agreements. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement will be effective for the year ended June 30, 2017. Management does not expect this Statement to impact the District's financial statements.

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

**Y. Impact of Recently Issued Accounting Principles (continued)**

Recently Issued and Adopted Accounting Pronouncements (continued)

Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement will be effective for the year ended June 30, 2018. Management does not expect this Statement to impact the District's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement will be effective for the year ended June 30, 2018. Management has not yet determined the potential impact on the District's financial statements.

**Z. Subsequent Events**

The District has evaluated subsequent events occurring after June 30, 2016 through the date of December 1, 2016, which is the date the financial statements were available to be issued.

**Note 2: Cash Deposits and Investments**

**A. Cash Deposits**

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Note 2: Cash Deposits and Investments (continued)**

**A. Cash Deposits (continued)**

As of June 30, 2016, the District's bank balance of \$15,564,268 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$	250,000
Uninsured and Uncollateralized		1,218,504
Collateralized in the District's Name Under GUDPA		14,095,764
 Total	 \$	 <u><u>15,564,268</u></u>

**B. Investments**

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

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. 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.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentrations - The District places no limit in the amount the District may invest in any one issuer.

The District did not hold any investments at June 30, 2016.

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 3. Reserve Accounts**

**A. Capital Reserve**

Southern Regional School District established a Capital Reserve Account 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 by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated 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.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$	5,619,400
Withdrawals:		
Transfer to Capital Projects Fund		(3,300,000)
Deposits:		
Resolution dated June 6, 2016		<u>2,500,000</u>
Ending Balance June 30, 2016	\$	<u><u>4,819,400</u></u>

**B. Maintenance Reserve Account**

Southern Regional School District established a Maintenance Reserve Account on June 5, 2012 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. EFCFA requires that upon District completion of a school facilities project, the district must submit a plan for the maintenance of that facility. Auditors and District staff should refer to the regulations, *N.J.A.C.6A:26A*, for further guidance. A separate line is provided in the AUDSUM for this reserve account.

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 3. Reserve Accounts (continued)**

**B. Maintenance Reserve Account (continued)**

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 1,847,289
Withdrawals:	
Approved in the 2016 Budget	(277,711)
Deposits:	
Resolution Dated June 6, 2016	<u>460,284</u>
Ending Balance, June 30, 2016	<u><u>\$ 2,029,862</u></u>

**C. Tuition Reserve Account**

Southern Regional School District established a Tuition Reserve Account on June 5, 2012 for the accumulation of Funds for use as tuition expenditures in subsequent fiscal years. The Tuition Reserve Account is maintained in the general fund and its activity is included in the general fund annual budget. There is a balance of \$1,600,000 at June 30, 2016. Of this balance, \$800,000 is the 2015-2016 reserve amount and \$800,000 is the 2016-2017 reserve amount.

The activity of the tuition reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 1,493,739
Withdrawals:	
Approved in the 2016 Budget	(693,739)
Deposits:	
Resolution Dated June 6, 2016	<u>800,000</u>
Ending Balance, June 30, 2016	<u><u>\$ 1,600,000</u></u>

**Note 4. Accounts Receivable**

Accounts receivable at June 30, 2016 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Note 4. Accounts Receivable (continued)**

	General Fund	Special Revenue Fund	Capital Projects Fund	Proprietary Funds	Total
State Aid	\$ 516,444	\$ -	\$ 238,712	\$ 343	\$ 755,499
Federal Aid	-	365,824	-	13,600	379,424
Other	754,185	-	-	24,623	778,808
<b>Total</b>	<b>\$ 1,270,629</b>	<b>\$ 365,824</b>	<b>\$ 238,712</b>	<b>\$ 38,566</b>	<b>\$ 1,913,731</b>

**Note 5: Capital Assets**

The following schedule is a summarization of the capital fixed assets by source for the fiscal year ended June 30, 2016:

	June 30, 2015	Additions	Deletions	June 30, 2015
<b>Governmental Activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 2,525,711	\$ -	\$ -	\$ 2,525,711
Construction in progress	637,172	83,836	-	721,008
<b>Total capital assets not being depreciated</b>	<b>3,162,883</b>	<b>83,836</b>	<b>-</b>	<b>3,246,719</b>
Buildings and improvements	41,955,936	-	-	41,955,936
Vehicles	6,469,046	573,754	(600,738)	6,442,062
Machinery and equipment	10,440,450	160,981	(30,450)	10,570,981
<b>Subtotal</b>	<b>58,865,432</b>	<b>734,735</b>	<b>(631,188)</b>	<b>58,968,979</b>
<b>Less: accumulated depreciation:</b>	<b>(34,357,605)</b>	<b>(1,527,815)</b>	<b>568,071</b>	<b>(35,317,349)</b>
<b>Total capital assets being depreciated, net</b>	<b>24,507,827</b>	<b>(793,080)</b>	<b>(63,117)</b>	<b>23,651,630</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 27,670,710</b>	<b>\$ (709,244)</b>	<b>\$ (63,117)</b>	<b>\$ 26,898,349</b>

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 5: Capital Assets (continued)**

The following is a summary of proprietary fund type capital assets at June 30, 2016:

	June 30, 2015	Additions	Deletions	June 30, 2016
<b>Business-Type Activities</b>				
Machinery and equipment	\$ 441,636	\$ 2,265	\$ -	\$ 443,901
Less: accumulated depreciation:	(413,716)	(2,097)	-	(415,813)
Governmental activities capital assets, net	<u>\$ 27,920</u>	<u>\$ 168</u>	<u>\$ -</u>	<u>\$ 28,088</u>

Depreciation expense was charged to governmental functions/programs as follows:

<b>Governmental Activities:</b>	
Unallocated	<u>\$ 1,527,815</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,527,815</u>

**Note 6. Interfund Receivables and Payables**

The following interfund balances remained on the balance sheet at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 95	\$ 1,106,264
Special Revenue Fund	1,141	-
Capital Projects Fund	1,105,123	-
Fiduciary Funds	<u>-</u>	<u>95</u>
	<u>\$ 1,106,359</u>	<u>\$ 1,106,359</u>

The purpose of these interfund balances are short-term borrowings and are expected to be repaid in the subsequent year.

The summary of interfund transfers follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,105,123.00
Capital Projects Fund	<u>1,105,123.00</u>	<u>-</u>
	<u>\$ 1,105,123.00</u>	<u>\$ 1,105,123.00</u>



**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 7. Long-Term Obligations**

During the fiscal year ended June 30, 2016 the following changes occurred in long-term obligations:

	<b>Balance 6/30/2015</b>	<b>Issued</b>	<b>Retired/ Adjusted</b>	<b>Balance 6/30/2016</b>	<b>Due Within One Year</b>
Governmental Activities:					
Net Pension Liability	\$ 18,775,162	\$ 3,652,473	\$ -	\$ 22,427,635	\$ -
Compensated Absences Payable	3,398,702	170,829	-	3,569,531	-
Bonds Payable	3,085,000	-	(1,565,000)	1,520,000	1,520,000
Obligations Under Capital Leases	1,261,761	317,837	(326,340)	1,253,258	318,071
Bond Premium	61,008	-	(48,806)	12,202	-
Community Disaster Loan Payable	495,000	-	-	495,000	-
<b>Total</b>	<b>\$ 27,076,633</b>	<b>\$ 4,141,139</b>	<b>\$ (1,940,146)</b>	<b>\$ 29,277,626</b>	<b>\$ 1,838,071</b>

**A. Bonds Payable**

The voters of the municipality through referendums authorize bonds in accordance with state law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

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

<b>Fiscal Year Ending, June 30, 2017</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
	1,520,000	19,000	1,539,000
<b>Total</b>	<b>\$ 1,520,000</b>	<b>\$ 19,000</b>	<b>\$ 1,539,000</b>

**B. Bonds Authorized But Not Issued**

As of June 30, 2016, the District had no authorized but not issued bonds.

**C. Capital Leases**

The District is leasing capital items and equipment under capital leases. All capital leases are for terms of varying years, usually three to five. Interest rates range from 1.33% to 4.75%. The District acquired copiers through capital leases for the year ended June 30, 2016.

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 7. Long-Term Obligations (continued)**

**C. Capital Leases (continued)**

The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2016:

<b>Year Ending June 30,</b>	<b>Amount</b>
2017	\$ 338,374
2018	342,273
2019	346,289
2020	<u>269,762</u>
Total Minimum Lease Payments	1,296,698
Less:	
Amount Representing Interest	<u>(43,441)</u>
Present Value of Lease Payments	<u><u>\$ 1,253,257</u></u>

**Note 8. Pension Plans**

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

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8: Pension Obligations (continued)**

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

reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Components of Pension Liability** - At June 30, 2016, the District reported a liability of \$22,427,635 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2014, to the measurement date of June 30, 2015. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2015. The District's proportion measured as of June 30, 2015, was 0.09991% percent, which was a decrease of 0.00037% from its proportion measured as of June 30, 2014.

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8: Pension Obligations (continued)**

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

Collective Balances at June 30, 2016 and June 30, 2015

	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarial valuation date	July 1, 2015	July 1, 2014
Deferred Outflows of Resources	\$ 3,493,763	\$ 2,123,425
Deferred Inflows of Resources	\$ 419,480	\$ 1,118,898
Net Pension Liability	\$ 22,427,635	\$ 18,775,162
District's portion of the Plan's total net pension Liability	0.09991%	0.10028%

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2016, the District recognized pension expense of \$1,582,717. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 535,045	\$ -
Changes of assumptions	2,408,549	-
Net difference between projected and actual earnings on pension plan investments	-	360,593
Changes in proportion and differences between District contributions and proportionate share of contributions	550,169	58,887
Total	<u>\$ 3,493,763</u>	<u>\$ 419,480</u>

The \$3,493,763 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**SOUTHERN REGIONAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS (continued)  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8: Pension Obligations (continued)**

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

Year Ended June 30:	
2017	\$ 560,846
2018	560,846
2019	560,846
2020	840,570
2021	551,175

**Actuarial Assumptions** - The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement date	June 30, 2015
Actuarial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8: Pension Obligations (continued)**

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.21%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the District's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90) or 1-percentage-point higher (5.90%) than the current rate:

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8: Pension Obligations (continued)**

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

	Decrease <u>(3.90%)</u>	Discount <u>(4.90%)</u>	Increase <u>(5.90%)</u>
District's proportionate share of the net pension liability	\$ 27,874,806	\$ 22,427,635	\$ 17,860,766

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

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

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

The following represents the membership tiers for TPAF:

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

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

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity.

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8: Pension Obligations (continued)**

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

Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

**Special Funding Situation** - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**Teachers Pensions and Annuity Fund (TPAF)** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

	<u>TPAF</u>
Measurement date	June 30, 2015
Acturial valuation date	July 1, 2014
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality



**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8: Pension Obligations (continued)**

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

improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
Total	100%	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 8: Pension Obligations (continued)**

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

an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

**Defined Contribution Retirement Plan (DCRP)** – The District contributes to the New Jersey Defined Contribution Retirement Program (DCRP) which is a defined contribution retirement benefit plan, along with life insurance and disability coverage, for its employees who are ineligible for PERS or TPAF.

When enrolled in the DCRP, members contribute 5.5 percent of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3 percent employer contribution.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in District contributions and earnings on District contributions after commencement of their second year of employment, with some exceptions. Nonvested District contributions and earnings are forfeited upon separation from covered employment. Such forfeitures are reverted back to a forfeiture account for the employer and may be used to reduce pension expenses. For the year ended June 30, 2016, the District did not apply forfeitures to reduce the District's pension expense.

**Note 9. Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. 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 benefits 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 employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Note 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.

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

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

<b>Fiscal Year</b>	<b>District Contributions</b>	<b>Interest Earned</b>	<b>Amount Reimbursed</b>	<b>Ending Balance</b>
2015-2016	\$ 48,378	\$ 62	\$ 39,662	\$ 49,009
2014-2015	47,125	62	48,885	40,231
2013-2014	47,504	58	42,485	41,929

Self Insurance – The District is self-insured for health and prescription benefits, which provides for the District’s employees’ health benefits and prescription plans. 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 Horizon BlueCross BlueShield, who bills the District on a monthly basis 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 \$1,369,058 at June 30, 2016. This represents the amount estimated by categorizing the various claims 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, which is funded through annual appropriations in the general fund.

**Note 11. Contingencies**

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2016 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation - The District is not involved in any pending or threatened litigation, claims or assessments.

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Note 12. Economic Dependency**

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

**Note 13. Deferred Compensation**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Met Life	Equitable Life Assurance Company
Discovery Financial	Lincoln Investment Planning, Inc.
PFS Shareholder Services	USAA Life Insurance
The Vanguard Group	

**Note 14. Compensated Absences**

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

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2016 is \$3,569,531.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016 no liability existed for compensated absences in the proprietary fund types.

**Note 15. State Aid Receivable**

Amounts reported in the accompanying schedules do not agree with amounts reported in the Board's basic financial statements. The basic financial statements present the General Fund and Special Revenue Fund on a GAAP basis. The Special Revenue Fund is presented in the accompanying schedules on the Grant Accounting Budgetary Basis, which recognizes encumbrances as expenditures and also recognizes

**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Note 15. State Aid Receivable (continued)**

the related revenues, whereas the GAAP Basis does not. In July 2016 the final state aid payments were made in the amount of \$179,679. The Budgetary Basis recognizes this as revenue and a related receivable, the GAAP basis does not.

**Note 16. Fund Balance**

**General Fund** – Of the \$10,365,093 General Fund fund balance at June 30, 2016, \$4,819,400 has been restricted for the capital reserve account; \$2,029,862 has been restricted for the maintenance reserve account; \$1,600,000 has been restricted for the tuition reserve account; \$502,261 has been assigned to be designated for subsequent year expenditures; \$69,782 has been assigned for other purposes and \$1,343,788 is unassigned.

**Capital Projects Fund** – All of the \$4,559,999 Capital Projects Fund fund balance at June 30, 2016, is committed to Capital Projects.

**Debt Service Fund** – All of the \$15 Debt Service Fund fund balance at June 30, 2016 is restricted for Debt Service.

**Note 17. Calculation of Excess Surplus**

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). 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 had excess fund balance of \$0 at June 30, 2016.

**Note 18: Deficit Net Position**

**Unrestricted Net Position** – As reflected on Exhibit A-1, Statement of Net Position, a deficit in unrestricted net position of \$(20,931,160) existed as of June 30, 2016 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net Position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events take place. Therefore, this deficit in unrestricted net position.

**Restricted Net Position** – The School District had a deficit in restricted net position for Debt Service in the amount of \$37,469 at June 30, 2016. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>Revenues:</b>						
<b>Local Sources:</b>						
Local Tax Levy	10-1210	\$ 43,890,411	\$ -	\$ 43,890,411	\$ 43,890,411	\$ -
Tuition	10-1300	6,326,656	-	6,326,656	6,385,287	58,631
Transportation Fees	10-1420	975,745	-	975,745	1,052,188	76,443
Interest Earned on Capital Reserve Funds	10-1XXX	120,000	-	120,000	6,002	(113,998)
Unrestricted Miscellaneous Revenues	10-1XXX	1,000	-	1,000	81,374	80,374
<b>Total Local Sources</b>		<b>51,313,812</b>	<b>-</b>	<b>51,313,812</b>	<b>51,415,262</b>	<b>101,450</b>
<b>State Sources:</b>						
Categorical Special Education Aid	10-3132	1,444,854	-	1,444,854	1,444,854	-
Extraordinary Aid	10-3131	-	-	-	423,637	423,637
Categorical Transportation Aid	10-3121	263,093	-	263,093	263,093	-
Categorical Security Aid	10-3177	200,138	-	200,138	200,138	-
Non-Public Transportation Aid	10-3190	-	-	-	13,435	13,435
PARCC Readiness Aid	10-31XX	25,970	-	25,970	25,970	-
Per Pupil Growth Aid	10-31XX	25,970	-	25,970	25,970	-
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contributions		-	-	-	1,736,259	1,736,259
On-Behalf TPAF Post-Retirement Medical		-	-	-	2,067,406	2,067,406
Reimbursed TPAF Social Security		-	-	-	1,588,137	1,588,137
<b>Total State Sources</b>		<b>1,960,025</b>	<b>-</b>	<b>1,960,025</b>	<b>7,788,899</b>	<b>5,828,874</b>
<b>Federal Sources:</b>						
Medicaid Reimbursement	10-4200	60,752	-	60,752	66,174	5,422
<b>Total Federal Sources</b>		<b>60,752</b>	<b>-</b>	<b>60,752</b>	<b>66,174</b>	<b>5,422</b>
<b>Total Revenues</b>		<b>53,334,589</b>	<b>-</b>	<b>53,334,589</b>	<b>59,270,335</b>	<b>5,935,746</b>
<b>Expenditures:</b>						
<b>Current Expense:</b>						
Grades 6-8 Salaries of Teachers	11-130-100-101	4,347,114	180,600	4,527,714	4,471,327	56,387
Employee Benefits	11-130-100-270	1,357,836	7,381	1,365,217	1,354,000	11,217
Grades 9-12 Salaries of Teachers	11-140-100-101	9,254,778	17,494	9,272,272	9,058,731	213,541
Employee Benefits	11-140-100-270	2,629,623	(259,834)	2,369,789	2,037,399	332,390
Unpaid Vacation	11-xxx-100-299	67,775	71,741	139,516	139,516	-
<b>Home Instruction - Regular Programs:</b>						
Salaries of Teachers	11-150-100-101	150,000	16,000	166,000	165,295	705
Other Salaries for Instruction	11-190-100-106	26,373	-	26,373	11,084	15,289
Purchased Technical Services	11-190-100-340	102,975	(49,675)	53,300	52,930	370
Other Purchased Services - (400-500 Series)	11-190-100-500	320,461	286,917	607,378	243,046	364,332
General Supplies	11-190-100-610	867,795	(185,108)	682,687	656,765	25,922
Textbooks	11-190-100-640	166,330	10,535	176,865	171,975	4,890
Other Objects	11-190-100-890	53,200	(8,674)	44,526	33,922	10,604
<b>Total Regular Programs</b>		<b>19,344,260</b>	<b>87,377</b>	<b>19,431,637</b>	<b>18,395,990</b>	<b>1,035,647</b>
<b>Special Education:</b>						
<b>Learning/Language Disabilities:</b>						
Salaries of Teachers	11-204-100-101	449,788	-	449,788	437,592	12,196
Other Salaries for Instruction	11-204-100-106	28,547	-	28,547	28,547	-
Employee Benefits	11-204-100-270	112,373	-	112,373	45,117	67,256
General Supplies	11-204-100-610	9,439	-	9,439	7,321	2,118
Textbooks	11-204-100-640	1,500	-	1,500	661	839
Other Objects	11-204-100-800	8,150	-	8,150	4,438	3,712
<b>Total Learning/Language Disabilities:</b>		<b>609,797</b>	<b>-</b>	<b>609,797</b>	<b>523,676</b>	<b>86,121</b>

**SOUTHERN REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Behavioral Disabilities:</b>						
Salaries of Teachers	11-209-100-101	712,675	3,000	715,675	531,176	184,499
Other Salaries for Instruction	11-209-100-106	177,198	17,379	194,577	194,577	-
Employee Benefits	11-209-100-270	256,268	(20,379)	235,889	59,507	176,382
Other Purchased Services-(400-500)	11-209-100-500	400	-	400	194	206
General Supplies	11-209-100-610	9,900	-	9,900	3,955	5,945
Textbooks	11-209-100-640	500	-	500	436	64
Other Objects	11-209-100-800	1,000	-	1,000	988	12
<b>Total Behavioral Disabilities</b>		<b>1,157,941</b>	<b>-</b>	<b>1,157,941</b>	<b>790,833</b>	<b>367,108</b>
<b>Resource Room/Resource Center:</b>						
Salaries of Teachers	11-213-100-101	3,578,296	(26,000)	3,552,296	3,440,637	111,659
Other Salaries for Instruction	11-213-100-106	174,757	24,981	199,738	199,738	-
Employee Benefits	11-213-100-270	1,119,266	(24,983)	1,094,283	1,063,480	30,803
Other Purchased Services-(400-500)	11-213-100-500	850	-	850	450	400
General Supplies	11-213-100-610	7,602	157	7,759	7,254	505
Textbooks	11-213-100-640	8,499	(2,949)	5,550	3,594	1,956
Other Objects	11-213-100-800	450	-	450	-	450
<b>Total Resource Room/Resource Center</b>		<b>4,889,720</b>	<b>(28,794)</b>	<b>4,860,926</b>	<b>4,715,153</b>	<b>145,773</b>
<b>Autism:</b>						
Salaries of Teachers	11-214-100-101	179,200	22,527	201,727	201,727	-
Other Salaries for Instruction	11-214-100-106	511,599	(40)	511,559	495,018	16,541
Employee Benefits	11-214-100-270	339,127	(329,569)	9,558	4,266	5,292
Purchased Professional - Educational Services	11-214-100-320	77,550	(10,000)	67,550	66,859	691
Other Purchased Services-(400-500)	11-214-100-500	1,000	-	1,000	863	137
General Supplies	11-214-100-610	3,650	-	3,650	3,088	562
<b>Total Autism</b>		<b>1,112,126</b>	<b>(317,082)</b>	<b>795,044</b>	<b>771,821</b>	<b>23,223</b>
<b>Total Special Education</b>		<b>7,769,584</b>	<b>(345,876)</b>	<b>7,423,708</b>	<b>6,801,483</b>	<b>622,225</b>
<b>Other Instructional Programs:</b>						
<b>Basic Skills/Remedial - Instruction:</b>						
Other Salaries for Instruction	11-230-100-106	92,199	-	92,199	81,608	10,591
Employee Benefits	11-230-100-270	84,176	-	84,176	-	84,176
General Supplies	11-230-100-610	2,500	-	2,500	944	1,556
Textbooks	11-230-100-640	2,600	-	2,600	154	2,446
Other Objects	11-230-100-800	200	-	200	-	200
<b>Total Basic Skills/Remedial Instruction</b>		<b>181,675</b>	<b>-</b>	<b>181,675</b>	<b>82,706</b>	<b>98,969</b>
<b>Bilingual Education - Instruction:</b>						
General Supplies	11-240-100-610	1,000	-	1,000	1,000	-
Textbooks	11-240-100-640	1,000	-	1,000	1,000	-
<b>Total Bilingual Education - Instruction</b>		<b>2,000</b>	<b>-</b>	<b>2,000</b>	<b>2,000</b>	<b>-</b>
<b>School Sponsored Cocurricular Activities:</b>						
Salaries	11-401-100-100	279,802	3,227	283,029	283,029	-
Other Objects	11-401-100-800	45,990	950	46,940	29,025	17,915
<b>Total School Sponsored Cocurricular Activities</b>		<b>325,792</b>	<b>4,177</b>	<b>329,969</b>	<b>312,054</b>	<b>17,915</b>
<b>School Sponsored Athletics - Instruction:</b>						
Salaries	11-402-100-100	885,453	(13,967)	871,486	863,039	8,447
Employee Benefits	11-402-100-270	35,270	-	35,270	-	35,270
Purchased Services - (300-500 Series)	11-402-100-500	1,000	-	1,000	1,000	-
Supplies and Materials	11-402-100-600	107,680	(731)	106,949	105,164	1,785
Other Objects	11-402-100-800	235,000	12,955	247,955	232,654	15,301
<b>Total School Sponsored Athletics - Instruction</b>		<b>1,264,403</b>	<b>(1,743)</b>	<b>1,262,660</b>	<b>1,201,857</b>	<b>60,803</b>

**SOUTHERN REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
Total Other Instruction		1,773,870	2,434	1,776,304	1,598,617	177,687
Total - Instruction		28,887,714	(256,065)	28,631,649	26,796,090	1,835,559
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEAs Within State - Special	11-000-100-562	15,000	22,298	37,298	17,720	19,578
Tuition to County Vocational School District - Regular	11-000-100-563	81,000	(10,000)	71,000	71,000	-
Tuition to County Special Services & Regular Day Schools	11-000-100-565	-	6,187	6,187	6,187	-
Tuition to Private Schools for the Handicapped - Within the State	11-000-100-566	294,000	2,865	296,865	21,299	275,566
Tuition - State Facilities	11-000-100-568	36,806	-	36,806	36,806	-
Tuition Other	11-000-100-569	31,000	(24,177)	6,823	(3,093)	9,916
Total Instruction		457,806	(2,827)	454,979	149,919	305,060
Attendance/Social Work:						
Salaries	11-000-211-100	129,951	-	129,951	126,522	3,429
Employee Benefits	11-000-211-270	52,543	-	52,543	52,115	428
Supplies and Materials	11-000-211-600	1,000	-	1,000	913	87
Total Attendance/Social Work		183,494	-	183,494	179,550	3,944
Health Services:						
Salaries	11-000-213-100	209,844	2,827	212,671	212,360	311
Employee Benefits	11-000-213-270	35,270	(6,270)	29,000	28,766	234
Purchased Professional & Technical Services	11-000-213-300	28,000	-	28,000	28,000	-
Other Purchased Services - (400-500 Series)	11-000-213-500	800	-	800	-	800
Supplies and Materials	11-000-213-600	10,000	731	10,731	10,731	-
Total Health Services		283,914	(2,712)	281,202	279,857	1,345
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	401,271	-	401,271	379,366	21,905
Employee Benefits	11-000-216-270	50,767	(6,640)	44,127	43,762	365
Purchased Professional & Educational Services	11-000-216-320	-	16,400	16,400	16,400	-
Supplies and Materials	11-000-216-600	1,500	-	1,500	1,500	-
Total Other Support Services - Students - Related - Services		453,538	9,760	463,298	441,028	22,270
Other Support Services Students - Extraordinary Services:						
Salaries	11-000-217-100	745,968	-	745,968	548,959	197,009
Employee Benefits	11-000-217-270	447,293	-	447,293	443,616	3,677
Total Other Support Services Students - Extraordinary Services		1,193,261	-	1,193,261	992,575	200,686
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	1,092,906	-	1,092,906	1,070,226	22,680
Salaries of Secretarial & Clerical Assistants	11-000-218-105	134,304	(322)	133,982	120,886	13,096
Other Salaries	11-000-218-110	24,000	3,875	27,875	27,874	1
Employee Benefits	11-000-218-270	391,426	3,572	394,998	391,757	3,241
Other Purchased Services - (400-500 Series)	11-000-218-500	700	-	700	72	628
Supplies and Materials	11-000-218-600	3,600	-	3,600	2,428	1,172
Other Objects	11-000-218-800	7,500	-	7,500	5,171	2,329
Total Other Support Services - Students - Regular		1,654,436	7,125	1,661,561	1,618,414	43,147

**SOUTHERN REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		ACTUAL
<b>Other Support Services - Students - Special Services:</b>						
Salaries of Other Professional Staff	11-000-219-104	861,221	-	861,221	857,778	3,443
Salaries of Secretarial & Clerical Assistants	11-000-219-105	146,184	-	146,184	146,184	-
Other Salaries	11-000-219-110	15,500	3,165	18,665	18,665	-
Employee Benefits	11-000-219-270	199,840	-	199,840	198,199	1,641
Purchased Professional - Educational Services	11-000-219-320	28,776	(13,913)	14,863	14,688	175
Other Purchased Services - (400-500 Series)	11-000-219-592	7,000	83	7,083	6,143	940
Supplies and Materials	11-000-219-600	2,500	-	2,500	2,480	20
Other Objects	11-000-219-800	3,997	-	3,997	3,956	41
<b>Total Other Support Services - Students - Special Services</b>		<b>1,265,018</b>	<b>(10,665)</b>	<b>1,254,353</b>	<b>1,248,093</b>	<b>6,260</b>
<b>Improvement of Instruction Services:</b>						
Salaries of Other Professional Staff	11-000-221-104	467,627	3,840	471,467	471,467	-
Salaries of Secretarial & Clerical Assistants	11-000-221-105	144,284	-	144,284	144,284	-
Employee Benefits	11-000-221-270	181,380	-	181,380	179,893	1,487
<b>Total Improvement of Instruction Services</b>		<b>793,291</b>	<b>3,840</b>	<b>797,131</b>	<b>795,644</b>	<b>1,487</b>
<b>Educational Media Services/School Library:</b>						
Salaries of Teachers	11-000-222-100	295,941	-	295,941	295,941	-
Employee Benefits	11-000-222-270	100,468	-	100,468	99,644	824
Other Purchased Services - (400-500 Series)	11-000-222-500	900	(367)	533	476	57
Supplies and Materials	11-000-222-600	41,560	188	41,748	35,610	6,138
<b>Total Educational Media Services/School Library</b>		<b>438,869</b>	<b>(179)</b>	<b>438,690</b>	<b>431,671</b>	<b>7,019</b>
<b>Support Services General Administration:</b>						
Salaries	11-000-230-100	515,107	-	515,107	515,106	1
Employee Benefits	11-000-230-270	49,616	-	49,616	49,212	404
Legal Services	11-000-230-331	45,000	(3,000)	42,000	36,939	5,061
Audit Fees	11-000-230-332	31,800	3,000	34,800	34,800	-
Other Purchased Professional Services	11-000-230-339	36,300	(22,741)	13,559	4,230	9,329
Communications/Telephone	11-000-230-530	85,000	13,696	98,696	97,472	1,224
Other Purchased Professional Services	11-000-230-585	500	-	500	-	500
Other Purchased Services - (400-500)	11-000-230-590	151,049	2,348	153,397	151,797	1,600
General Supplies	11-000-230-610	9,000	-	9,000	1,300	7,700
Judgment Against the School District	11-000-230-820	150,000	-	150,000	137,212	12,788
Miscellaneous	11-000-230-890	17,000	(5,916)	11,084	10,233	851
BOE Membership Dues & Fees	11-000-230-895	24,400	(100)	24,300	23,791	509
<b>Total Support Services General Administration</b>		<b>1,114,772</b>	<b>(12,713)</b>	<b>1,102,059</b>	<b>1,062,092</b>	<b>39,967</b>
<b>Support Services School Administration:</b>						
Salaries of Principals & Assistant Principals	11-000-240-103	1,120,766	-	1,120,766	1,120,765	1
Salaries of Secretarial & Clerical Assistants	11-000-240-105	483,042	6,396	489,438	466,248	23,190
Employee Benefits	11-000-240-270	411,727	3,770	415,497	412,087	3,410
Other Purchased Services - (400-500 Series)	11-000-240-500	200	-	200	-	200
Supplies and Materials	11-000-240-600	40,070	(9,403)	30,667	12,774	17,893
Other Objects	11-000-240-800	92,207	627	92,834	76,600	16,234
<b>Total Support Services School Administration</b>		<b>2,148,012</b>	<b>1,390</b>	<b>2,149,402</b>	<b>2,088,474</b>	<b>60,928</b>
<b>Central Services:</b>						
Salaries	11-000-251-100	530,013	-	530,013	530,012	1
Employee Benefits	11-000-251-270	150,106	-	150,106	148,870	1,236
Purchased Professional Services	11-000-251-330	20,000	-	20,000	18,932	1,068
Purchased Technical Services	11-000-251-340	9,800	54,056	63,856	28,643	35,213
Miscellaneous Purchased Services (400-500 Series)	11-000-251-592	15,200	8,000	23,200	20,095	3,105
General Supplies	11-000-251-610	4,000	-	4,000	3,821	179
Interest on Current Loans	11-000-251-831	13,855	-	13,855	13,855	-
Miscellaneous	11-000-251-890	3,000	2,444	5,444	5,444	-
<b>Total Central Services</b>		<b>745,974</b>	<b>64,500</b>	<b>810,474</b>	<b>769,672</b>	<b>40,802</b>

**SOUTHERN REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Administrative Information Technology:</b>						
Salaries	11-000-252-100	329,854	-	329,854	320,284	9,570
Employee Benefits	11-000-252-270	71,875	-	71,875	71,285	590
Purchased Technical Services	11-000-252-340	66,800	(33,400)	33,400	33,353	47
Other Purchased Services	11-000-252-500	12,000	(6,000)	6,000	1,959	4,041
Supplies and Materials	11-000-252-600	50,000	(25,000)	25,000	22,179	2,821
<b>Total Administrative Information Technology</b>		<b>530,529</b>	<b>(64,400)</b>	<b>466,129</b>	<b>449,060</b>	<b>17,069</b>
<b>Operations and Maintenance of Plant Services:</b>						
Health Benefits	11-000-260-270	989,720	-	989,720	926,553	63,167
<b>Total Operations and Maintenance of Plant Services</b>		<b>989,720</b>	<b>-</b>	<b>989,720</b>	<b>926,553</b>	<b>63,167</b>
<b>Required Maintenance for School Facilities:</b>						
Salaries	11-000-261-100	853,829	-	853,829	815,153	38,676
Cleaning, Repair & Maintenance Services	11-000-261-420	548,911	15,410	564,321	444,388	119,933
Supplies and Materials	11-000-261-610	176,100	3,364	179,464	161,839	17,625
<b>Total Allowable Maintenance for School Facilities:</b>		<b>1,578,840</b>	<b>18,774</b>	<b>1,597,614</b>	<b>1,421,380</b>	<b>176,234</b>
<b>Other Operation &amp; Maintenance of Plant:</b>						
Salaries	11-000-262-100	964,665	(2,508)	962,157	887,857	74,300
Salaries of Non-Instructional Aids	11-000-262-107	40,000	1,508	41,508	41,508	-
Cleaning, Repair & Maintenance Services	11-000-262-420	70,000	8,058	78,058	49,321	28,737
Other Purchased Property Service	11-000-262-490	190,000	45,000	235,000	204,143	30,857
Insurance	11-000-262-520	158,019	(2,248)	155,771	155,771	-
General Supplies	11-000-262-610	201,805	5,965	207,770	193,260	14,510
Energy (Natural Gas)	11-000-262-621	275,000	(25,000)	250,000	192,673	57,327
Energy (Electricity)	11-000-262-622	875,500	(20,000)	855,500	815,705	39,795
Other Objects	11-000-262-800	13,500	16,173	29,673	28,970	703
<b>Total Other Operation &amp; Maintenance of Plant</b>		<b>2,788,489</b>	<b>26,948</b>	<b>2,815,437</b>	<b>2,569,208</b>	<b>246,229</b>
<b>Care &amp; Upkeep of Grounds:</b>						
Salaries	11-000-263-100	284,409	-	284,409	257,048	27,361
Cleaning, Repair, & Maintenance Services	11-000-263-420	45,740	1,362	47,102	44,093	3,009
General Supplies	11-000-263-610	135,150	(3,928)	131,222	128,287	2,935
<b>Total Care &amp; Upkeep of Grounds</b>		<b>465,299</b>	<b>(2,566)</b>	<b>462,733</b>	<b>429,428</b>	<b>33,305</b>
<b>Security:</b>						
Salaries	11-000-266-100	200,880	10,749	211,629	209,072	2,557
<b>Total Security</b>		<b>200,880</b>	<b>10,749</b>	<b>211,629</b>	<b>209,072</b>	<b>2,557</b>
<b>Student Transportation Services:</b>						
Salaries for Non Instructional Aides	11-000-270-107	96,847	1,131	97,978	97,978	-
Salaries for Pupil Transportation - (Between Home & School) - Regular	11-000-270-160	1,607,519	38,056	1,645,575	1,599,344	46,231
Salaries for Pupil Transportation - (Between Home & School) - Nonpublic	11-000-270-162	325,000	(13,423)	311,577	311,576	1
Employee Benefits	11-000-270-270	1,282,413	-	1,282,413	1,252,487	29,926
Cleaning, Repair Services	11-000-270-420	82,800	2,270	85,070	80,647	4,423
Contracted Services (Between ESCs & CTSA) - Vendors	11-000-270-518	225,000	(22,854)	202,146	171,697	30,449
Miscellaneous Purchased Services	11-000-270-593	88,910	-	88,910	88,910	-
General Supplies	11-000-270-610	643,500	3,234	646,734	346,888	299,846
Other Objects	11-000-270-800	7,500	-	7,500	7,054	446
<b>Total Student Transportation Services</b>		<b>4,359,489</b>	<b>8,414</b>	<b>4,367,903</b>	<b>3,956,581</b>	<b>411,322</b>

**SOUTHERN REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	ACCOUNT NUMBERS	JUNE 30, 2016			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Unallocated Benefits - Employee Benefits:</b>						
Social Security Contributions	11-000-291-220	845,000	-	845,000	808,620	36,380
Other Retirement Contributions - PERS	11-000-291-241	951,694	-	951,694	864,772	86,922
Other Retirement Contributions - Regular	11-000-291-249	15,000	-	15,000	13,815	1,185
Unemployment Compensation	11-000-291-250	25,000	(12,663)	12,337	-	12,337
Workman's Compensation	11-000-291-260	519,084	12,703	531,787	531,787	-
Health Benefits	11-000-291-270	605,000	315,229	920,229	912,664	7,565
Tuition Reimbursement	11-000-291-280	90,000	-	90,000	82,290	7,710
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>3,050,778</b>	<b>315,269</b>	<b>3,366,047</b>	<b>3,213,948</b>	<b>152,099</b>
<b>Nonbudgeted:</b>						
On-Behalf TPAF Pension Contributions		-	-	-	1,736,259	(1,736,259)
On-Behalf TPAF Post Retirement Medical		-	-	-	2,067,406	(2,067,406)
Reimbursed TPAF Social Security		-	-	-	1,588,137	(1,588,137)
<b>Total Undistributed Expenditures</b>		<b>24,696,409</b>	<b>370,707</b>	<b>25,067,116</b>	<b>28,624,021</b>	<b>(3,556,905)</b>
<b>Total Expenditures - Current Expense</b>		<b>53,584,123</b>	<b>114,642</b>	<b>53,698,765</b>	<b>55,420,111</b>	<b>(1,721,346)</b>
<b>Capital Outlay:</b>						
<b>Equipment:</b>						
<b>Undistributed Expenditures:</b>						
Instructional Equipment	12-000-100-730	189,800	(110,433)	79,367	73,770	5,597
School Administration	12-000-240-730	10,000	(5,000)	5,000	3,489	1,511
Custodial Services	12-000-262-730	32,554	14,230	46,784	45,751	1,033
Central Services	12-000-251-730	-	65,506	65,506	60,905	4,601
School Buses - Regular	12-000-270-733	577,000	-	577,000	544,754	32,246
<b>Total Equipment</b>		<b>809,354</b>	<b>(35,697)</b>	<b>773,657</b>	<b>728,669</b>	<b>44,988</b>
<b>Facilities Acquisition &amp; Construction Services:</b>						
Lease Purchase Agreements-Principal	12-000-400-721	224,531	-	224,531	224,531	-
Assessment for Debt Service on SDA Funding	12-000-400-896	38,250	-	38,250	38,250	-
Capital Reserve Transfer to Capital Projects Fund	12-000-400-931	-	3,300,000	3,300,000	3,300,000	-
<b>Total Facilities Acquisition &amp; Construction Services</b>		<b>262,781</b>	<b>3,300,000</b>	<b>3,562,781</b>	<b>3,562,781</b>	<b>-</b>
<b>Total Capital Outlay</b>		<b>1,072,135</b>	<b>3,264,303</b>	<b>4,336,438</b>	<b>4,291,450</b>	<b>44,988</b>
<b>Total Expenditures</b>		<b>54,656,258</b>	<b>3,378,945</b>	<b>58,035,203</b>	<b>59,711,561</b>	<b>(1,676,358)</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>		<b>(1,321,669)</b>	<b>(3,378,945)</b>	<b>(4,700,614)</b>	<b>(441,226)</b>	<b>4,259,388</b>
<b>Other Financing Sources/(Uses):</b>						
<b>Operating Transfers In/(Out):</b>						
Interest Earned in Capital Projects Fund		1,000	-	1,000	-	(1,000)
<b>Total Other Financing Sources/(Uses)</b>		<b>1,000</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>(1,000)</b>



**SOUTHERN REGIONAL SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ACCOUNT NUMBERS	JUNE 30, 2016				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Excess/(Deficiency) of Revenues & Other Financing Sources					
Over/(Under) Expenditures & Other Financing Uses	(1,320,669)	(3,378,945)	(4,699,614)	(441,226)	4,258,388
Fund Balances, July 1	10,985,998	-	10,985,998	10,985,998	-
Fund Balances, June 30	<u>\$ 9,665,329</u>	<u>\$ (3,378,945)</u>	<u>\$ 6,286,384</u>	<u>\$ 10,544,772</u>	<u>\$ 4,258,388</u>

**RECAPITULATION OF BUDGET TRANSFERS**

Rollover Encumbrances from Prior Year	\$ 78,945
Withdrawal from Capital Reserve	<u>3,300,000</u>
	<u>\$ 3,378,945</u>

**RECAPITULATION OF FUND BALANCE**

<b>Restricted:</b>	
Capital Reserve	\$ 4,819,400
Maintenance Reserve	1,808,063
Maintenance Reserve Designated for Subsequent Year's Expenditures	221,799
Prior Year Tuition Reserve	800,000
Current Year Tuition Reserve	800,000
Excess Surplus	-
<b>Assigned:</b>	
Designated for Subsequent Year's Expenditures	502,261
Year-End Encumbrances	69,782
<b>Unassigned Fund Balance</b>	<u>1,523,467</u>
Subtotal	10,544,772
Reconciliation to Governmental Funds Statements (GAAP):	
Reconciliation of State Aid Payments For GAAP to Budgetary Basis & Other Adjustments	<u>(179,679)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 10,365,093</u>

**SOUTHERN REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	JUNE 30, 2016				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>REVENUES:</b>					
State Sources	\$ -	41,391	\$ 41,391	\$ 27,744	\$ (13,647)
Federal Sources	-	874,392	874,392	841,080	(33,312)
Local Sources	-	450	450	450	-
<b>Total Revenues</b>	<b>-</b>	<b>916,233</b>	<b>916,233</b>	<b>869,274</b>	<b>(46,959)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	-	163,490	163,490	163,490	-
Purchased Professional - Educational Services	-	590,764	590,764	590,764	-
General Supplies	-	57,952	57,952	28,459	29,493
Textbooks	-	3,426	3,426	3,426	-
<b>Total Instruction</b>	<b>-</b>	<b>815,632</b>	<b>815,632</b>	<b>786,139</b>	<b>29,493</b>
Support Services:					
Personal Services - Employee Benefits	-	33,086	33,086	32,220	866
Purchased Professional - Educational Services	-	47,491	47,491	35,516	11,975
Other Purchased Services	-	17,658	17,658	13,034	4,624
Supplies & Materials	-	2,366	2,366	2,365	1
<b>Total Support Services</b>	<b>-</b>	<b>100,601</b>	<b>100,601</b>	<b>83,135</b>	<b>17,466</b>
<b>Total Expenditures</b>	<b>-</b>	<b>916,233</b>	<b>916,233</b>	<b>869,274</b>	<b>46,959</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures**

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 59,270,335	\$ 869,274
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	-	(33,750)
Prior Year	-	34,422
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	173,998	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(179,679)	-
	\$ 59,264,654	\$ 869,946
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)		
	\$ 59,264,654	\$ 869,946
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 59,711,561	\$ 869,274
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year	-	(33,750)
Prior Year	-	34,422
	\$ 59,711,561	\$ 869,946
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)		
	\$ 59,711,561	\$ 869,946

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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0999%	0.1003%	0.0961%
District's proportionate share of the net pension liability (asset)	\$ 22,427,635	\$ 18,775,162	\$ 18,367,510
District's covered-employee payroll	\$ 6,587,503	\$ 7,630,036	\$ 7,640,555
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	340.46%	246.07%	240.395%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

**SOUTHERN REGIONAL SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 881,193	\$ 858,943	\$ 826,694
Contributions in relation to the contractually required contribution	<u>881,193</u>	<u>858,943</u>	<u>826,694</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	6,587,503	7,630,036	7,640,555
Contributions as a percentage of covered- employee payroll	13.38%	11.26%	10.82%

**SOUTHERN REGIONAL SCHOOL DISTRICT  
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.2156%	0.2171%	0.2127%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 136,265,190	\$ 107,510,677	\$ 107,510,677
District's covered-employee payroll	\$ 22,332,273	\$ 23,452,825	\$ 23,452,825
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.76%	33.76%

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016**

**Teachers Pension and Annuity Fund (TPAF)**

**Basis of Presentation.** The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated July 28, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

**Changes of assumptions.** Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**Public Employees' Retirement System (PERS)**

**Basis of Presentation.** The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. The numbers were derived in a report provided by KPMG dated April 14, 2016. The full report is available by the State of New Jersey, Division of Pension and Benefits. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

**Changes of assumptions.** Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	TITLE I	TITLE IIA	I.D.E.A. PART B HANDICAPPED	LOCAL SREF GRANT SUPPLIES
<b>Revenues:</b>				
State Sources	\$ -	\$ -	\$ -	\$ -
Federal Source	154,473	74,554	612,053	-
Local Source	-	-	-	450
<b>Total Revenues</b>	<b>\$ 154,473</b>	<b>\$ 74,554</b>	<b>\$ 612,053</b>	<b>\$ 450</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Salaries of Teachers	\$ 100,811	\$ 58,179	\$ 4,500	\$ -
Purchased Professional Services	-	-	585,364	-
General Supplies	26,949	-	-	450
Textbooks	-	-	-	-
<b>Total Instruction</b>	<b>127,760</b>	<b>58,179</b>	<b>589,864</b>	<b>450</b>
<b>Support Services:</b>				
Personal Services - Employee Benefits	17,366	14,510	344	-
Purchased Professional Services	9,347	-	8,311	-
Other Purchased Services	-	-	13,034	-
Supplies & Materials	-	1,865	500	-
<b>Total Support Services</b>	<b>26,713</b>	<b>16,375</b>	<b>22,189</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 154,473</b>	<b>\$ 74,554</b>	<b>\$ 612,053</b>	<b>\$ 450</b>

**SOUTHERN REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	NONPUBLIC				
	TEXTBOOK	NURSING	TECHNOLOGY	CHAPTER 192	CHAPTER 193
Revenues:					
State Sources	\$ 3,426	\$ 5,400	\$ 1,060	\$ 4,230	\$ 13,628
Federal Source	-	-	-	-	-
Local Source	-	-	-	-	-
Total Revenues	<u>\$ 3,426</u>	<u>\$ 5,400</u>	<u>\$ 1,060</u>	<u>\$ 4,230</u>	<u>\$ 13,628</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Professional Services	-	5,400	-	-	-
General Supplies	-	-	1,060	-	-
Textbooks	3,426	-	-	-	-
Total Instruction	<u>3,426</u>	<u>5,400</u>	<u>1,060</u>	<u>-</u>	<u>-</u>
Support Services:					
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Professional Services	-	-	-	-	-
Other Purchased Services	-	-	-	4,230	13,628
Supplies & Materials	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,230</u>	<u>13,628</u>
Total Expenditures	<u>\$ 3,426</u>	<u>\$ 5,400</u>	<u>\$ 1,060</u>	<u>\$ 4,230</u>	<u>\$ 13,628</u>



EXHIBIT E-1

**SOUTHERN REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	2016
Revenues:	
State Sources	\$ 27,744
Federal Source	841,080
Local Sources	<u>450</u>
Total Revenues	<u><u>\$ 869,274</u></u>
Expenditures:	
Instruction:	
Salaries of Teachers	\$ 163,490
Purchased Professional Services	590,764
General Supplies	28,459
Textbooks	<u>3,426</u>
Total Instruction	<u>786,139</u>
Support Services:	
Personal Services - Employee Benefits	32,220
Purchased Professional Services	35,516
Other Purchased Services	13,034
Supplies & Materials	<u>2,365</u>
Total Support Services	<u>83,135</u>
Total Expenditures	<u><u>\$ 869,274</u></u>

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F. Capital Projects Fund

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE JUNE 30, 2016
			PRIOR YEARS	CURRENT YEAR	
Emergency Generator Project	N/A	\$ 75,000	\$ 59,100	\$ -	\$ 15,900
Middle School Window Project	7/25/14	689,400	512,942	19,992	156,466
High School Renovation	2/24/16	7,480,875	-	63,844	7,417,031
Total		\$ 8,245,275	\$ 572,042	\$ 83,836	\$ 7,589,397

**Reconciliation of Fund Balance, June 30, 2016**

Unexpended Project Balances, June 30, 2016	\$ 7,589,397
Less:	
Unexpended State Aid - ROD Grants	<u>(3,029,398)</u>
Total Fund Balance (GAAP Basis) - June 30, 2016	<u>\$ 4,559,999</u>

**SOUTHERN REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenues & Other Financing Sources:	
State Sources - ROD Grant	\$ 2,992,350
Transfer from Capital Reserve	3,300,000
Capital Lease	<u>1,188,525</u>
Total Revenues	<u>7,480,875</u>
Expenditures & Other Financing Uses:	
Purchased Professional & Technical Services	63,844
Construction Services	<u>19,992</u>
Total Expenditures	<u>83,836</u>
Net Change in Fund Balance	7,397,039
Fund Balance - Beginning	<u>192,358</u>
Fund Balance - Ending	<u><u>\$ 7,589,397</u></u>

**SOUTHERN REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
EMERGENCY GENERATOR PROJECT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Transfer from Maintenance Reserve	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Total Reserve	75,000	-	75,000	75,000
Expenditures & Other Financing Uses:				
Professional Professional & Technical Services	13,750	-	13,750	25,000
Construction Services	45,350	-	45,350	50,000
Total Expenditures & Other Financing Uses	59,100	-	59,100	75,000
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 15,900	\$ -	\$ 15,900	\$ -

**ADDITIONAL PROJECT INFORMATION**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$75,000.00
Additional Authorized Cost	-
Revised Authorized Cost	\$75,000.00
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	78.80%
Original Target Completion Date	6/30/2014
Revised Target Completion Date	6/30/2014

**SOUTHERN REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
MIDDLE SCHOOL WINDOW PROJECT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
<b>Revenues &amp; Other Financing Sources:</b>				
State Sources - ROD Grant	\$ 275,760	\$ -	\$ 275,760	\$ 275,760
Transfer from Capital Reserve	413,640	-	413,640	413,640
<b>Total Reserve</b>	<b>689,400</b>	<b>-</b>	<b>689,400</b>	<b>689,400</b>
<b>Expenditures &amp; Other Financing Uses:</b>				
Professional Professional & Technical Services	35,840	-	35,840	82,728
Construction Services	477,102	19,992	497,094	606,672
<b>Total Expenditures &amp; Other Financing Uses</b>	<b>512,942</b>	<b>19,992</b>	<b>532,934</b>	<b>689,400</b>
<b>Excess/(Deficiency) of Revenues Over/ (Under) Expenditures</b>	<b>\$ 176,458</b>	<b>\$ (19,992)</b>	<b>\$ 156,466</b>	<b>\$ -</b>

**ADDITIONAL PROJECT INFORMATION**

Project Number	4950-060-14-G2ZV
Grant Date	7/25/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$689,400
Additional Authorized Cost	-
Revised Authorized Cost	\$689,400
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	77%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A



**SOUTHERN REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS--BUDGETARY BASIS  
HIGH SCHOOL RENOVATIONS  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Transfer from Capital Reserve	\$ -	\$ 3,300,000	\$ 3,300,000	\$ 3,300,000
State Sources - ROD Grant	-	2,992,350	2,992,350	2,992,350
Capital Leases	-	1,188,525	1,188,525	1,188,525
<b>Total Reserve</b>	<b>-</b>	<b>7,480,875</b>	<b>7,480,875</b>	<b>7,480,875</b>
Expenditures & Other Financing Uses:				
Professional Professional & Technical Services	-	63,844	63,844	781,355
Construction Services	-	-	-	6,699,520
<b>Total Expenditures &amp; Other Financing Uses</b>	<b>-</b>	<b>63,844</b>	<b>63,844</b>	<b>7,480,875</b>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ -	\$ 7,417,031	\$ 7,417,031	\$ -

**ADDITIONAL PROJECT INFORMATION**

Project Number	4950-050-14-1001-G04
Grant Date	2/24/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$7,480,875
Additional Authorized Cost	-
Revised Authorized Cost	\$7,480,875
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	1%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

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## G. Proprietary Funds

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## Enterprise Funds

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2016**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	
Current Assets:			
Cash & Cash Equivalents	\$ 59,506	\$ -	\$ 59,506
Accounts Receivable:			
State	343	-	343
Federal	13,600	-	13,600
Other	24,623	-	24,623
Inventories	15,384	-	15,384
Total Current Assets	113,456	-	113,456
Noncurrent Assets:			
Equipment	443,901	-	443,901
Less: Accumulated Depreciation	(415,813)	-	(415,813)
Total Noncurrent Assets	28,088	-	28,088
Total Assets	141,544	-	141,544
LIABILITIES			
Cash Deficit	-	3,837	3,837
Unearned Revenues	1,616	-	1,616
Total Liabilities	1,616	3,837	5,453
NET POSITION			
Net Investment in Capital Assets	28,088	-	28,088
Unreserved Net Position	111,840	(3,837)	108,003
Total Net Position	\$ 139,928	\$ (3,837)	\$ 136,091

**SOUTHERN REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 246,022	\$ -	\$ 246,022
Daily Sales Nonreimbursable Programs:			
School Lunch Program	391,911	-	391,911
Community Recreation Fees	-	13,300	13,300
	<hr/>	<hr/>	<hr/>
Total Operating Revenue	637,933	13,300	651,233
	<hr/>	<hr/>	<hr/>
Operating Expenses:			
Cost of Sales	396,858	-	396,858
Salaries	333,826	13,488	347,314
Payroll Tax Expense & Other Employee Benefits	89,752	-	89,752
Purchased Property Services	127,658	-	127,658
Cleaning, Repair & Maintenance Services	8,658	-	8,658
General Supplies	3,731	-	3,731
Insurance	10,489	-	10,489
Depreciation	2,097	-	2,097
Miscellaneous Expense	34,985	4,895	39,880
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	1,008,054	18,383	1,026,437
	<hr/>	<hr/>	<hr/>
Operating Income/(Loss)	(370,121)	(5,083)	(375,204)
	<hr/>	<hr/>	<hr/>
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	7,210	-	7,210
Federal Sources:			
National School Lunch Program	224,107	-	224,107
Healthy Hunger Free Kids Act	8,989	-	8,989
National School Breakfast Program	36,784	-	36,784
Food Distribution Program	82,552	-	82,552
Interest Income	223	-	223
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	359,865	-	359,865
	<hr/>	<hr/>	<hr/>
Net Income/(Loss)	(10,256)	(5,083)	(15,339)
Net Position - July 1	150,184	1,246	151,430
	<hr/>	<hr/>	<hr/>
Net Position - June 30	\$ 139,928	\$ (3,837)	\$ 136,091
	<hr/>	<hr/>	<hr/>



**SOUTHERN REGIONAL SCHOOL DISTRICT  
ENTERPRISE FUND  
SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD	COMMUNITY	TOTAL
	SERVICE	EDUCATION	
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 639,549	\$ 13,300	\$ 652,849
Payments to Employees	(333,826)	(13,488)	(347,314)
Payments for Employee Benefits	(72,151)	-	(72,151)
Payments to Suppliers	(500,445)	(4,895)	(505,340)
Net Cash Provided/(Used) by Operating Activities	(266,873)	(5,083)	(271,956)
Cash Flows From Noncapital Financing Activities:			
Cash Received From State Reimbursements	7,210	-	7,210
Cash Received From Federal Reimbursements	270,954	-	270,954
Net Cash Provided by Noncapital Financing Activities	278,164	-	278,164
Cash Flows From Capital & Related Financing Activities:			
Acquisition of Capital Assets	2,265	-	2,265
Net Cash Used by Capital & Related Financing Activities	2,265	-	2,265
Cash Flows From Investing Activities:			
Interest	223	-	223
Net Cash Provided from Investing Activities	223	-	223
Net Increase/(Decrease) in Cash & Cash Equivalents	13,779	(5,083)	8,696
Balances - Beginning of Year	45,727	1,246	46,973
Balances - Ending of Year	\$ 59,506	\$ (3,837)	\$ 55,669

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

Operating Income/(Loss)	\$ (370,121)	\$ (5,083)	\$ (375,204)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
USDA Commodities	82,552	-	82,552
Depreciation Expense	2,097	-	2,097
Change in Assets & Liabilities:			
(Increase)/Decrease in Inventory	(618)	-	(618)
(Increase)/Decrease in Receivable	17,601	-	17,601
Increase/(Decrease) in Unearned Revenues	1,616	-	1,616
Total Adjustments	103,248	-	103,248
Net Cash Provided/(Used) by Operating Activities	\$ (266,873)	\$ (5,083)	\$ (271,956)

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Internal Service Fund

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2016**

ASSETS	SELF INSURANCE FUND	WORKERS COMPENSATION RESERVE	TOTAL
Cash on Hand with Fiscal Agents	\$ 1,823,432	\$ -	\$ 1,823,432
Cash and Cash Equivalents	-	62,927	62,927
Total Current Assets	<u>1,823,432</u>	<u>62,927</u>	<u>1,886,359</u>
Total Assets	<u>1,823,432</u>	<u>62,927</u>	<u>1,886,359</u>
LIABILITIES			
Accrued Liability for Insurance Claims	<u>1,240,437</u>	<u>62,828</u>	<u>1,303,265</u>
Total Liabilities	<u>1,240,437</u>	<u>62,828</u>	<u>1,303,265</u>
NET POSITION			
Unreserved Net Position	<u>582,995</u>	<u>99</u>	<u>583,094</u>
Total Net Position	<u>\$ 582,995</u>	<u>\$ 99</u>	<u>\$ 583,094</u>

**SOUTHERN REGIONAL SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES &  
CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	SELF INSURANCE FUND	WORKERS COMPENSATION RESERVE	TOTAL
Operating Revenues:			
Charges for:			
Interfund Services Provided	\$ 10,460,512	39,036	\$ 10,499,548
Total Operating Revenues	<u>10,460,512</u>	<u>39,036</u>	<u>10,499,548</u>
Total Additions	<u>10,460,512</u>	<u>39,036</u>	<u>10,499,548</u>
Operating Expenses:			
Insurance Claims	<u>11,488,819</u>	<u>39,456</u>	<u>11,528,275</u>
Total Operating Expenses	<u>11,488,819</u>	<u>39,456</u>	<u>11,528,275</u>
Operating Income/(Loss)	<u>(1,028,307)</u>	<u>(420)</u>	<u>(1,028,727)</u>
Nonoperating Revenues:			
Interest	<u>-</u>	<u>99</u>	<u>99</u>
Net Investment Earnings	<u>-</u>	<u>99</u>	<u>99</u>
Change in Net Position	(1,028,307)	(321)	(1,028,628)
Net Position - Beginning of Year	<u>1,611,302</u>	<u>420</u>	<u>1,611,722</u>
Net Position - End of Year	<u>\$ 582,995</u>	<u>\$ 99</u>	<u>\$ 583,094</u>

**SOUTHERN REGIONAL SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	SELF INSURANCE FUND	WORKERS COMPENSATION RESERVE	TOTAL
Cash Flows From Operating Activities:			
Cash Received from Customers	\$ 10,460,512	\$ 39,036	\$ 10,499,548
Cash Paid to Suppliers	(11,311,044)	(39,236)	(11,350,280)
Net Cash Flows From Operating Activities	<u>(850,532)</u>	<u>(200)</u>	<u>(850,732)</u>
Cash Flows From Investing Activities:			
Interest	-	99	99
Net Cash Flows From Investing Activities	<u>-</u>	<u>99</u>	<u>99</u>
Net Change in Cash & Cash Equivalents	(850,532)	(101)	(850,633)
Cash Balance - Beginning of Year	<u>2,673,964</u>	<u>63,028</u>	<u>2,736,992</u>
Cash Balance - End of Year	<u>\$ 1,823,432</u>	<u>\$ 62,927</u>	<u>\$ 1,886,359</u>

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

Operating Income	\$ (1,028,307)	\$ (420)	\$ (1,028,727)
Adjustments to Reconcile Operating Income to Cash Flows From Operating Activities:			
Increase/(Decrease) in Accrued Liabilities for Insurance Claims	<u>177,775</u>	<u>220</u>	<u>177,995</u>
Total Adjustments	<u>177,775</u>	<u>220</u>	<u>177,995</u>
Net Cash Flows From Operating Activities	<u>\$ (850,532)</u>	<u>\$ (200)</u>	<u>\$ (850,732)</u>

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## H. Fiduciary Fund

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
TRUST AND AGENCY FUND  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

ASSETS	PRIVATE PURPOSE		AGENCY FUNDS		TOTAL
	SCHOLARSHIP TRUST FUND	UNEMPLOYMENT FUND	STUDENT ACTIVITIES	PAYROLL	
Cash & Cash Equivalents	\$ 127,192	\$ 60,648	\$ 493,172	\$ 315,712	\$ 996,724
Total Assets	127,192	60,648	493,172	315,712	996,724
<b>LIABILITIES</b>					
Accounts Payable	-	11,639	-	-	11,639
Interfund Payable	-	-	-	95	95
Due to Student Groups	-	-	493,172	-	493,172
Payroll Deductions & Withholdings	-	-	-	315,617	315,617
Total Liabilities	-	11,639	493,172	315,712	820,523
<b>NET POSITION</b>					
Reserved for:					
Scholarships	127,192	-	-	-	127,192
Unemployment Claims	-	49,009	-	-	49,009
Total Net Position	\$ 127,192	\$ 49,009	\$ -	\$ -	\$ 176,201

**SOUTHERN REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ADDITIONS	PRIVATE PURPOSE		TOTAL
	SCHOLARSHIP FUND	UNEMPLOYMENT TRUST	
Local Sources:			
Contributions	\$ 89,834	\$ 48,378	\$ 138,212
Total Contributions	89,834	48,378	138,212
Investment Earnings:			
Interest - Checking	-	62	62
Net Investment Earnings	-	62	62
Total Additions	89,834	48,440	138,274
DEDUCTIONS			
Contributions	-	39,662	39,662
Scholarships Awarded	89,073	-	89,073
Total Deductions	89,073	39,662	128,735
Change in Net Position	761	8,778	9,539
Net Position - Beginning of the Year	126,431	40,231	166,662
Net Position - End of the Year	\$ 127,192	\$ 49,009	\$ 176,201

**SOUTHERN REGIONAL SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF CHANGES OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2016	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2016
Middle School	\$ 210,691	\$ 395,188	\$ 483,303	\$ 122,576
High School	339,849	1,070,310	1,039,563	370,596
Total Assets	<u>\$ 550,540</u>	<u>\$ 1,465,498</u>	<u>\$ 1,522,866</u>	<u>\$ 493,172</u>
<b>LIABILITIES</b>				
Payable to Student Groups	\$ 550,540	\$ 1,465,498	\$ 1,522,866	\$ 493,172
Total Liabilities	<u>\$ 550,540</u>	<u>\$ 1,465,498</u>	<u>\$ 1,522,866</u>	<u>\$ 493,172</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Cash & Cash Equivalents	\$ 348,497	\$ 36,831,988	\$ 36,864,773	\$ 315,712
Total Assets	<u>\$ 348,497</u>	<u>\$ 36,831,988</u>	<u>\$ 36,864,773</u>	<u>\$ 315,712</u>
<b>LIABILITIES</b>				
Payroll Deductions & Withholdings	\$ 348,402	\$ 36,831,988	\$ 36,864,773	\$ 315,617
Interfund Payable	95	-	-	95
Total Liabilities	<u>\$ 348,497</u>	<u>\$ 36,831,988</u>	<u>\$ 36,864,773</u>	<u>\$ 315,712</u>

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## I. Long-Term Debt

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
JUNE 30, 2016**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE			
						JULY 1, 2016	ISSUED	RETIRED	BALANCE JUNE 30, 2016
School District Refunding Bond	6/9/2012	\$ 6,510,000	9/1/2016	1,520,000	2.50%	\$ 3,085,000	\$ -	\$ 1,565,000	\$ 1,520,000
Total						\$ 3,085,000	\$ -	\$ 1,565,000	\$ 1,520,000

**SOUTHERN REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
JUNE 30, 2016**

SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2015	ISSUED	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2016
Copiers	4.95%	\$ 647,664	\$ 73,236	\$ -	73,236	\$ -
Essential Equipment	1.33%	\$ 1,188,525	\$ 1,188,525	\$ -	224,531	\$ 963,994
Copiers	4.95%	\$ 317,837	\$ -	\$ 317,837	28,573	\$ 289,264
Total		\$	\$ 1,261,761	\$ 317,837	\$ 326,340	\$ 1,253,258

**SOUTHERN REGIONAL SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	JUNE 30, 2016				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,622,557	\$ -	\$ 1,622,557	\$ 1,622,557	\$ -
Miscellaneous	-	-	-	7	7
Total Revenues	1,622,557	-	1,622,557	1,622,564	7
Expenditures					
Regular Debt Service:					
Interest	57,564	3	57,567	57,563	4
Redemption of Principal	1,565,000	-	1,565,000	1,565,000	-
Total Expenditures	1,622,564	3	1,622,567	1,622,563	4
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(7)	(3)	(10)	1	11
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(7)	(3)	(10)	1	11
Fund Balance, July 1	14	-	14	14	-
Fund Balance, June 30	\$ 7	\$ (3)	\$ 4	\$ 15	\$ 11

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**STATISTICAL SECTION (Unaudited)**

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**SOUTHERN REGIONAL SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
 (Accrual Basis of Accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FISCAL YEAR ENDING JUNE 30,										
<b>Governmental Activities:</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 24,134,579	\$ 23,371,388	\$ 2,362,258	\$ 23,912,510	\$ 19,955,273	\$ 19,623,553	\$ 18,919,708	\$ 12,259,741	\$ 11,319,136	\$ 14,020,818
Restricted:										
Debt Service	(37,469)	(31,269)	(12,042)	112,544	-	(159,536)	(182,062)	(204,324)	(228,380)	(254,224)
Capital Projects	4,559,999	121,775	15,900	1,230,305	-	-	-	-	-	-
Other	8,449,262	9,278,889	6,259,328	4,299,332	5,994,275	5,085,909	-	-	-	-
Unrestricted	(20,931,160)	(18,250,930)	206,634	25,718	400,501	1,017,760	6,559,978	9,326,450	7,514,009	3,961,306
<b>Total Governmental Activities</b>	<b>\$ 16,175,211</b>	<b>\$ 14,489,853</b>	<b>\$ 8,832,078</b>	<b>\$ 29,580,409</b>	<b>\$ 26,350,049</b>	<b>\$ 25,567,686</b>	<b>\$ 25,297,624</b>	<b>\$ 21,381,867</b>	<b>\$ 18,604,765</b>	<b>\$ 17,727,900</b>
<b>Business-Type Activities:</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 28,088	\$ 27,920	\$ 29,866	\$ 31,812	\$ 41,860	\$ 89,398	\$ 105,298	\$ 128,032	\$ 149,215	\$ 156,226
Unrestricted	108,003	123,510	128,761	180,062	167,068	173,061	215,564	222,352	306,393	311,560
<b>Total Business-Type Activities</b>	<b>\$ 136,091</b>	<b>\$ 151,430</b>	<b>\$ 158,627</b>	<b>\$ 211,874</b>	<b>\$ 208,928</b>	<b>\$ 262,459</b>	<b>\$ 320,862</b>	<b>\$ 350,384</b>	<b>\$ 455,608</b>	<b>\$ 467,786</b>
<b>Government-Wide:</b>										
Invested in Capital Assets,										
Net of Related Debt	\$ 24,162,667	\$ 23,399,308	\$ 23,722,124	\$ 23,944,322	\$ 19,997,133	\$ 19,997,133	\$ 19,712,951	\$ 19,025,006	\$ 12,387,773	\$ 11,468,351
Restricted	12,971,792	9,369,395	6,263,186	5,642,181	5,994,275	5,994,275	4,926,373	(182,062)	(204,324)	(228,380)
Unrestricted	(20,823,157)	(18,127,420)	335,395	205,780	567,569	567,569	1,190,821	6,775,542	9,548,802	7,820,402
<b>Total Government-Wide Net Position</b>	<b>\$ 16,311,302</b>	<b>\$ 14,641,283</b>	<b>\$ 30,320,705</b>	<b>\$ 29,792,283</b>	<b>\$ 26,558,977</b>	<b>\$ 26,558,977</b>	<b>\$ 25,830,145</b>	<b>\$ 25,618,486</b>	<b>\$ 21,732,251</b>	<b>\$ 19,060,373</b>

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Expenses:</b>										
<b>Governmental Activities</b>										
Instruction:										
Regular	\$ 19,182,801	\$ 18,489,286	\$ 19,091,978	\$ 15,030,411	\$ 14,372,685	\$ 17,101,417	\$ 17,959,348	\$ 16,704,092	\$ 16,698,931	\$ 17,349,638
Special Education	6,801,483	7,049,052	7,990,020	5,446,454	5,307,101	6,606,706	5,936,106	6,568,260	5,330,143	5,704,436
Basic Skills/Remedial	84,706	133,320	149,866	88,855	88,240	193,948	213,258	160,116	78,422	73,379
Other Special Education	1,513,911	1,505,355	1,466,934	1,450,913	1,397,295	1,409,541	1,642,053	1,615,605	1,483,444	1,555,701
Support Services:										
Tuition Charges	149,919	318,069	511,071	767,233	600,243	493,045	801,509	704,799	844,710	1,537,342
Student & Instruction Related Services	5,986,832	5,808,533	5,644,050	4,182,942	4,055,767	5,180,511	5,286,016	4,510,232	4,070,170	4,408,113
School Administrative Services	2,171,609	2,080,591	1,946,543	2,055,992	2,001,903	2,695,774	2,609,606	2,942,073	2,727,577	2,802,857
General & Business Administrative Services	1,062,092	916,905	880,399	770,084	782,126	938,972	877,920	916,877	1,194,416	1,091,227
Plant Operations & Maintenance	5,585,388	5,545,534	5,286,919	4,509,825	4,426,510	6,096,939	6,705,086	6,481,944	6,791,713	6,194,119
Central Services	769,672	686,429	709,002	517,561	517,561	660,822	652,229	652,395	635,437	659,107
Other Administrative Services	449,060	434,643	411,896	359,949	369,516	403,129	178,076	192,234	263,343	318,356
Pupil Transportation	3,956,581	4,113,937	4,399,307	2,949,555	2,937,411	4,423,837	3,812,409	3,881,230	4,430,665	4,120,537
Unallocated Benefits	27,612,586	23,862,884	17,019,824	26,833,248	25,368,348	6,104,476	6,157,966	5,461,160	6,573,247	7,043,369
Unallocated Compensated Absences	-	-	-	-	-	(109,274)	34,223	(182,436)	(1,028,827)	77,569
Unallocated Other Deletions & Retirements of Capital Assets	281,582	560,105	102,258	(1,212,204)	663,525	(17,173)	-	129,689	3,651,909	-
Unallocated Depreciation	1,527,815	1,562,443	2,022,111	1,335,705	1,434,140	1,423,939	1,380,963	1,527,325	1,465,904	2,022,862
Special Schools	-	-	-	-	-	89,403	413,181	402,094	382,280	396,240
Interest and Charges on Long-Term Debt	52,909	77,262	104,369	142,177	327,649	490,892	557,425	625,467	698,537	777,800
Amortization of Debt Issuance Costs	-	-	-	7,059	32,334	64,666	64,667	59,808	64,667	64,665
<b>Total Governmental Activities Expenses</b>	<b>77,188,946</b>	<b>73,144,348</b>	<b>67,736,747</b>	<b>65,270,802</b>	<b>64,973,354</b>	<b>54,251,570</b>	<b>55,282,041</b>	<b>53,352,964</b>	<b>56,356,688</b>	<b>56,197,317</b>
<b>Business-Type Activities:</b>										
Food Service/Community Education	1,026,437	1,050,833	1,127,798	1,054,239	1,136,325	1,178,194	1,117,869	1,087,997	1,011,984	1,063,677
<b>Total Business-Type Activities Expense</b>	<b>1,026,437</b>	<b>1,050,833</b>	<b>1,127,798</b>	<b>1,054,239</b>	<b>1,136,325</b>	<b>1,178,194</b>	<b>1,117,869</b>	<b>1,117,869</b>	<b>1,087,997</b>	<b>1,011,984</b>
<b>Total Government-Wide Expenses</b>	<b>\$ 78,215,383</b>	<b>\$ 74,195,181</b>	<b>\$ 68,787,580</b>	<b>\$ 66,398,600</b>	<b>\$ 66,027,593</b>	<b>\$ 55,387,895</b>	<b>\$ 56,460,235</b>	<b>\$ 54,470,833</b>	<b>\$ 57,444,685</b>	<b>\$ 57,209,301</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Regular Instruction	\$ 786,811	\$ 818,469	\$ 784,400	\$ 772,617	\$ 676,970	\$ 846,425	\$ 1,238,802	\$ 597,982	\$ 1,020,084	\$ 779,651
School Administrative Services	83,135	69,576	104,444	103,104	117,634	127,816	77,179	77,730	154,771	48,927
Unallocated Benefits	11,975,760	9,675,451	4,040,793	4,529,817	-	-	-	-	-	-
Charges for Services:										
Unallocated Benefits	10,499,548	10,062,740	10,159,309	10,284,412	9,625,976	284,407	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>23,345,254</b>	<b>20,626,236</b>	<b>15,088,946</b>	<b>15,689,950</b>	<b>10,420,580</b>	<b>1,258,648</b>	<b>1,315,981</b>	<b>675,712</b>	<b>1,174,855</b>	<b>828,578</b>
<b>Business-Type Activities:</b>										
Charges for Services:										
Food Service/Community Education	651,233	671,189	729,009	736,254	767,694	844,403	822,015	797,262	787,857	803,500
Operating Grants & Contributions	359,642	329,979	336,154	315,712	295,050	273,139	266,332	229,081	203,366	200,737
<b>Total Business-Type Activities Program Revenues</b>	<b>1,010,875</b>	<b>1,001,168</b>	<b>1,065,163</b>	<b>1,051,966</b>	<b>1,062,744</b>	<b>1,117,542</b>	<b>1,088,347</b>	<b>1,026,343</b>	<b>991,223</b>	<b>1,004,237</b>
<b>Total Government-Wide Program Revenues</b>	<b>\$ 24,356,129</b>	<b>\$ 21,627,404</b>	<b>\$ 16,154,109</b>	<b>\$ 16,741,916</b>	<b>\$ 11,483,324</b>	<b>\$ 2,376,190</b>	<b>\$ 2,404,328</b>	<b>\$ 1,702,055</b>	<b>\$ 2,166,078</b>	<b>\$ 1,832,815</b>



**SOUTHERN REGIONAL SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net (Expense)/Revenue:										
Governmental Activities	\$ (53,843,692)	\$ (52,518,112)	\$ (52,647,801)	\$ (49,580,852)	\$ (54,552,774)	\$ (52,992,922)	\$ (53,966,060)	\$ (52,677,252)	\$ (55,181,833)	\$ (55,368,739)
Business-Type Activities	(15,562)	(49,665)	14,330	(75,832)	8,505	(18,783)	(89,847)	(91,526)	(96,774)	(7,747)
<b>Total Government-Wide Net Expense</b>	<b>\$ (53,859,254)</b>	<b>\$ (52,567,777)</b>	<b>\$ (52,633,471)</b>	<b>\$ (49,656,684)</b>	<b>\$ (54,544,269)</b>	<b>\$ (53,011,705)</b>	<b>\$ (54,055,907)</b>	<b>\$ (52,768,778)</b>	<b>\$ (55,278,607)</b>	<b>\$ (55,376,486)</b>
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 43,890,411	\$ 42,545,911	\$ 40,578,741	\$ 39,748,572	\$ 38,969,188	\$ 38,205,086	\$ 36,735,660	\$ 37,110,642	\$ 36,610,642	\$ 34,866,771
Taxes Levied for Debt Service	1,622,557	1,693,882	1,718,374	1,999,925	2,081,700	2,172,874	2,259,647	2,349,491	2,439,263	2,321,479
Federal & State Aid Not Restricted	2,490,675	2,736,972	2,368,375	2,271,711	5,669,425	4,515,607	6,460,768	5,904,076	7,684,721	7,748,012
Tuition Received	6,385,287	7,193,290	7,557,267	7,549,689	7,358,075	7,223,807	7,797,202	8,546,745	7,861,382	9,459,071
Transportation Fees	1,052,188	971,960	938,127	978,794	936,940	743,064	638,431	1,054,288	777,852	698,431
Investment Earnings	6,101	3,567	2,191	2,318	1,247	7,138	6,935	15,003	7,413	5,807
Adjustment of Prior Year Capital Assets	-	-	-	-	(59,333)	(39,473)	3,624,604	-	-	-
Unallocated Insurance Refund Proceeds	-	-	-	83,344	-	-	-	-	-	-
Transfer	-	-	(2,000)	-	(15,536)	-	-	-	-	-
Miscellaneous Income	81,831	65,815	126,615	170,859	393,431	434,881	358,570	474,109	677,425	926,785
<b>Total Governmental Activities</b>	<b>\$ 55,529,050</b>	<b>\$ 55,213,397</b>	<b>\$ 53,287,690</b>	<b>\$ 52,811,212</b>	<b>\$ 55,335,137</b>	<b>\$ 53,262,984</b>	<b>\$ 57,881,817</b>	<b>\$ 55,454,354</b>	<b>\$ 56,058,698</b>	<b>\$ 56,026,356</b>
Business-Type Activities:										
Investment Earnings	223	244	335	458	44	2,249	-	1,905	8,583	16,638
Revaluation of Capital Assets	-	-	-	-	(29,403)	-	-	-	-	-
Guaranteed Profit	-	42,224	6,523	4,761	33,873	-	-	-	-	-
Transfer	-	-	2,000	-	15,536	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>223</b>	<b>42,468</b>	<b>8,858</b>	<b>5,219</b>	<b>20,050</b>	<b>2,249</b>	<b>-</b>	<b>1,905</b>	<b>8,583</b>	<b>16,638</b>
<b>Total Government-Wide</b>	<b>\$ 55,529,273</b>	<b>\$ 55,255,865</b>	<b>\$ 53,296,548</b>	<b>\$ 52,816,431</b>	<b>\$ 55,355,187</b>	<b>\$ 53,265,233</b>	<b>\$ 57,881,817</b>	<b>\$ 55,456,259</b>	<b>\$ 56,067,281</b>	<b>\$ 56,042,994</b>
Change in Net Position:										
Governmental Activities	\$ 1,685,358	\$ 2,695,285	\$ 639,889	\$ 3,230,360	\$ 782,363	\$ 270,062	\$ 3,915,757	\$ 2,777,102	\$ 876,865	\$ 657,617
Business-Type Activities	(15,339)	(7,197)	23,188	(70,613)	28,555	(16,534)	(89,847)	(89,621)	(88,191)	8,891
<b>Total Government-Wide</b>	<b>\$ 1,670,019</b>	<b>\$ 2,688,088</b>	<b>\$ 663,077</b>	<b>\$ 3,159,747</b>	<b>\$ 810,918</b>	<b>\$ 253,528</b>	<b>\$ 3,825,910</b>	<b>\$ 2,687,481</b>	<b>\$ 788,674</b>	<b>\$ 666,508</b>

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
FISCAL YEAR ENDING JUNE 30,										
<b>General Fund:</b>										
Restricted	\$ 8,449,262	\$ 9,278,889	\$ 6,259,328	\$ 4,299,332	\$ 5,994,275	\$ 5,176,587	\$ 7,380,221	\$ 9,699,507	\$ 8,696,138	\$ 5,640,967
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	572,043	430,164	-	-	-	-	-	-	-	-
Unreserved	1,343,788	1,102,947	1,679,874	2,131,005	2,520,396	3,098,703	1,474,225	1,822,521	1,136,077	1,602,706
<b>Total General Fund</b>	<b>\$ 10,365,093</b>	<b>\$ 10,812,000</b>	<b>\$ 7,939,202</b>	<b>\$ 6,430,337</b>	<b>\$ 8,514,671</b>	<b>\$ 8,275,290</b>	<b>\$ 8,854,446</b>	<b>#####</b>	<b>\$ 9,832,215</b>	<b>\$ 7,243,673</b>
<b>All Other Governmental Funds:</b>										
Restricted:										
Capital Projects Fund	\$ 4,559,999	\$ 121,775	\$ 15,900	\$ 1,230,305	\$ -	\$ -	\$ -	\$ -	\$ 203	\$ 24,710
Debt Service Fund	15	14	24,500	112,544	1	406	13	151	178	59
Unreserved, Reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	(4,859)	(4,859)
Capital Projects Fund	-	-	-	-	-	-	327,858	327,858	327,655	522,971
<b>Total All Other Governmental Funds</b>	<b>\$ 4,560,014</b>	<b>\$ 121,789</b>	<b>\$ 40,400</b>	<b>\$ 1,342,849</b>	<b>\$ 1</b>	<b>\$ 406</b>	<b>\$ 327,871</b>	<b>\$ 328,009</b>	<b>\$ 323,177</b>	<b>\$ 542,881</b>

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

	FISCAL YEAR ENDING JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues:</b>										
Tax Levy	\$ 45,512,968	\$ 44,239,793	\$ 42,297,115	\$ 41,748,497	\$ 41,050,888	\$ 40,377,960	\$ 38,995,307	\$ 39,460,133	\$ 39,049,905	\$ 37,188,250
Tuition Charges	6,385,287	7,195,290	7,557,267	7,549,689	7,358,075	7,223,807	7,797,202	8,546,745	7,861,382	9,459,071
Transportation Fees	1,052,188	971,960	938,127	978,794	936,940	743,064	638,431	1,054,288	777,852	698,431
Interest Earnings	6,002	3,468	2,120	2,103	1,203	7,138	6,935	16,118	7,413	5,807
Miscellaneous	81,831	65,815	126,615	170,859	393,431	434,881	358,570	472,994	677,425	926,785
State Sources	7,844,497	7,316,222	6,397,356	6,775,706	5,562,022	4,504,761	6,473,361	5,914,126	8,145,088	7,883,263
Federal Sources	907,926	907,128	900,656	907,543	902,007	985,087	1,303,388	665,662	714,488	693,327
<b>Total Revenue</b>	<b>61,790,699</b>	<b>60,699,676</b>	<b>58,219,256</b>	<b>58,133,191</b>	<b>56,204,566</b>	<b>54,276,698</b>	<b>55,573,194</b>	<b>56,130,066</b>	<b>57,233,553</b>	<b>56,854,934</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	19,182,801	18,489,286	19,091,978	15,030,411	14,372,685	17,101,417	17,959,348	16,704,092	16,698,931	17,349,638
Special Education Instruction	6,801,483	7,049,052	7,990,020	5,446,454	5,307,101	6,606,706	5,936,106	6,568,260	5,330,143	5,704,436
Basic Skills/Remedial Instruction	84,706	133,320	149,866	88,855	88,240	193,948	213,258	160,116	78,422	73,379
Other Instruction	1,513,911	1,505,355	1,466,934	1,450,913	1,397,295	1,409,541	1,642,053	1,615,605	1,483,444	1,555,701
<b>Support Services:</b>										
Tuition	149,919	318,069	511,071	767,233	600,243	493,045	801,509	704,799	844,710	1,537,342
Student & Instruction Related Services	5,986,832	5,808,533	5,644,050	4,182,942	4,085,767	5,180,511	5,286,016	4,510,232	4,070,170	4,408,113
School Administrative Services	2,171,609	2,080,591	1,946,543	2,055,092	2,001,903	2,695,774	2,609,606	2,942,073	2,727,577	2,802,857
General & Business Administration Services	1,062,092	916,905	880,399	770,084	782,126	938,972	877,920	916,877	1,194,416	1,091,227
Plant Operations & Maintenance	5,555,641	5,677,472	5,411,015	4,639,831	4,513,592	6,096,939	6,705,086	6,481,944	6,791,713	6,194,119
Pupil Transportation	3,956,581	4,113,937	4,399,507	2,949,555	2,937,411	4,423,837	3,812,409	3,881,230	4,430,665	4,120,537
Other Support Services	1,218,732	1,121,072	1,120,898	913,453	887,077	1,063,951	830,305	844,629	898,780	977,463
Unallocated Benefits	8,605,750	7,542,305	6,842,199	17,803,557	16,132,166	5,898,308	6,157,966	5,461,160	6,573,247	7,043,369
Special Schools	-	-	-	-	-	3,559	413,181	402,094	382,280	396,240
Capital Outlay	1,075,286	1,271,217	1,244,935	882,083	1,434,300	817,942	2,736,326	897,619	920,954	2,369,372
Debt Service:										
Principal	1,565,000	1,625,000	1,680,000	1,755,000	1,645,000	1,660,000	1,680,000	1,700,000	1,715,000	1,680,000
Interest & Other Charges	57,563	93,375	126,425	139,214	442,812	513,025	579,825	649,550	724,262	807,700
<b>Total Expenditures</b>	<b>58,987,906</b>	<b>57,745,489</b>	<b>58,505,840</b>	<b>58,874,677</b>	<b>56,597,718</b>	<b>55,097,475</b>	<b>58,240,914</b>	<b>54,440,280</b>	<b>54,864,714</b>	<b>58,111,493</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>2,802,793</b>	<b>2,954,187</b>	<b>(286,584)</b>	<b>(741,486)</b>	<b>(393,152)</b>	<b>(820,777)</b>	<b>(2,667,720)</b>	<b>1,689,786</b>	<b>2,368,839</b>	<b>(1,256,559)</b>
<b>Other Financing Sources/(Uses):</b>										
Proceeds from Capital Leases	-	-	495,000	-	647,664	-	-	-	-	-
Transfers in	3,300,000	413,730	780,928	2,868,000	5,707	5,649	1,168,691	1,115	7,413	380,763
Transfers Out	(3,300,000)	(413,730)	(782,928)	(1,434,000)	(21,243)	(91,493)	(1,168,691)	(1,115)	(7,413)	(380,763)
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>-</b>	<b>493,000</b>	<b>1,434,000</b>	<b>632,128</b>	<b>(85,844)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 2,802,793</b>	<b>\$ 2,954,187</b>	<b>\$ 2,954,187</b>	<b>\$ 206,416</b>	<b>\$ 692,514</b>	<b>\$ 238,976</b>	<b>\$ (906,621)</b>	<b>\$ (2,667,720)</b>	<b>\$ 1,689,786</b>	<b>\$ 2,368,839</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>2.88%</b>	<b>3.14%</b>	<b>3.26%</b>	<b>3.38%</b>	<b>3.93%</b>	<b>4.17%</b>	<b>4.24%</b>	<b>4.59%</b>	<b>4.74%</b>	<b>4.67%</b>

Source: District records

**SOUTHERN 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	ADULT SCHOOL FEES	MISCELLANEOUS	TOTAL
2016	\$ 6,002	\$ -	\$ 81,374	\$ 87,376
2015	3,378	-	65,808	69,186
2014	3,378	-	65,808	69,186
2013	-	-	126,608	126,608
2012	16,404	-	147,623	164,027
2011	9,348	-	365,583	374,931
2010	69,314	-	344,144	413,458
2009	61,989	132,098	157,992	352,079
2008	63,153	113,053	296,788	472,994
2007	218,940	-	707,845	926,785
	115,526		46,883	162,409

Source: District records

**SOUTHERN REGIONAL SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

**BARNEGAT LIGHT**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	COMMERCIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS:		NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE
						TAX EXEMPT PROPERTY			
2016	\$ 33,406,600	\$ 928,665,600	\$ 37,204,437	\$ 1,156,800	\$ 1,000,433,437	\$ 129,937,700	\$	870,495,737	0.1830
2015	33,984,208	925,762,300	37,315,700	1,156,800	998,219,008	129,954,000		868,265,008	0.2000
2014	37,240,700	919,616,400	37,246,200	1,156,800	995,260,100	129,954,000		865,306,100	0.2000
2013	31,333,800	926,010,800	37,501,200	1,156,800	996,002,600	129,954,000		866,048,600	0.2890
2012	32,457,400	923,358,200	40,433,400	1,156,800	997,405,800	130,734,400		866,671,400	0.2350
2011	32,457,400	923,358,200	40,433,400	1,156,800	997,405,800	130,734,400		866,671,400	0.2610
2010	34,515,700	920,968,900	39,078,400	1,156,800	995,719,800	139,734,400		855,985,400	0.2590
2009	33,914,600	999,574,100	44,462,400	1,156,800	1,079,107,900	135,023,400		944,084,500	0.2680
2008	34,576,200	991,695,500	44,492,500	1,156,800	1,071,921,000	134,992,300		936,928,700	0.2670
2007	40,850,500	976,830,300	43,455,900	1,156,800	1,062,293,500	137,831,400		924,462,100	0.2730

**BEACH HAVEN**

2016	\$ 72,703,300	\$ 1,495,079,300	\$ 104,787,941	\$ 11,888,900	\$ 1,684,459,441	\$ 50,361,200	\$	1,634,098,241	0.3010
2015	71,052,100	1,484,137,800	104,037,792	11,888,900	1,671,116,592	51,801,708		1,619,314,884	0.3810
2014	74,759,100	1,468,222,600	104,037,792	11,888,900	1,658,908,392	51,675,508		1,607,232,884	0.3810
2013	55,884,100	1,480,412,700	104,652,392	13,936,500	1,654,885,692	52,226,208		1,602,659,484	0.3510
2012	49,565,400	1,487,564,200	105,254,692	13,936,500	1,656,320,792	52,226,208		1,604,094,584	0.3600
2011	51,021,700	1,477,800,300	107,161,192	13,888,100	1,649,871,292	52,226,208		1,597,645,084	0.3460
2010	49,278,900	1,473,932,200	107,087,692	13,888,100	1,644,186,892	52,216,508		1,591,970,384	0.3390
2009	49,142,700	1,468,876,900	107,072,492	13,888,100	1,638,980,192	52,216,508		1,586,763,684	0.3400
2008	49,992,200	1,460,757,300	107,327,192	13,888,100	1,631,964,792	52,216,508		1,579,748,284	0.2810
2007	55,679,700	1,444,938,500	108,759,692	13,888,100	1,623,265,992	50,619,908		1,572,646,084	0.3360

**SOUTHERN REGIONAL SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

**HARVEY CEDARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	COMMERCIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS: TAX EXEMPT PROPERTY	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE
2016	\$ 27,826,900	\$ 1,196,388,500	\$ 14,228,550	\$ -	\$ 1,238,443,950	\$ 43,090,400	\$ 1,195,353,550	0.2780
2015	18,457,500	1,262,792,400	14,062,600	-	1,295,312,500	43,819,900	1,251,492,600	0.3300
2014	20,466,200	1,199,702,200	14,340,500	-	1,234,508,900	43,819,900	1,190,689,000	0.3300
2013	14,521,800	1,206,769,000	14,340,500	-	1,235,631,300	43,819,900	1,191,811,400	0.3020
2012	18,826,600	1,202,153,700	14,184,500	-	1,235,164,800	43,819,900	1,191,344,900	0.2990
2011	16,734,300	1,205,071,100	14,088,400	-	1,235,893,800	42,537,700	1,193,356,100	0.2160
2010	21,113,700	1,194,429,000	14,646,100	-	1,230,188,800	42,537,700	1,187,651,100	0.2650
2009	31,720,100	1,326,448,600	14,316,900	-	1,372,485,600	45,456,800	1,327,028,800	0.2080
2008	26,646,700	1,326,570,400	14,316,900	-	1,367,534,000	45,456,800	1,322,077,200	0.2120
2007	31,069,300	1,316,938,800	14,316,900	-	1,362,325,000	46,156,800	1,316,168,200	0.2150

**LONG BEACH TOWNSHIP**

2016	\$ 246,475,000	\$ 7,383,362,865	\$ 145,412,322	\$ 4,953,200	\$ 7,780,203,387	\$ 93,033,700	\$ 7,687,169,687	0.2650
2015	259,653,500	7,294,716,515	141,317,600	5,015,200	7,700,702,815	93,032,400	7,607,670,415	0.3160
2014	275,901,100	7,186,784,875	145,320,900	5,015,200	7,613,022,075	92,443,600	7,520,578,475	0.3160
2013	169,665,200	7,250,730,665	151,950,700	5,015,200	7,577,361,765	94,179,600	7,483,182,165	0.3070
2012	176,536,165	7,228,634,700	155,483,300	5,015,200	7,565,669,365	92,331,300	7,473,338,065	0.2860
2011	187,947,900	7,183,352,800	156,909,400	5,015,200	7,533,225,300	93,793,400	7,439,431,900	0.2780
2010	164,934,200	7,178,093,700	158,656,500	5,015,200	7,506,699,600	93,788,800	7,412,910,800	0.2560
2009	175,406,200	7,112,752,800	162,314,800	5,015,200	7,455,489,000	94,311,000	7,361,178,000	0.2510
2008	206,968,200	7,015,508,900	158,503,300	7,718,900	7,388,699,300	94,644,700	7,294,054,600	0.2580
2007	246,077,300	6,868,844,500	157,261,400	8,736,200	7,280,919,400	93,353,100	7,187,566,300	0.2570

**SOUTHERN REGIONAL SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

**SHIP BOTTOM BOROUGH**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	COMMERCIAL	APARTMENT	TOTAL ASSESSED VALUE	LESS:		NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE
						TAX EXEMPT PROPERTY			
2016	\$ 33,876,200	\$ 983,853,300	\$ 115,437,726	\$ 2,659,900	\$ 1,135,827,126	\$ 54,215,000	\$ 1,081,612,126	0.2180	
2015	41,059,900	961,920,500	114,620,700	2,659,900	1,120,261,000	52,352,100	1,067,908,900	0.2470	
2014	35,066,700	950,796,400	115,001,600	2,639,900	1,103,504,600	51,821,300	1,051,683,300	0.2470	
2013	23,964,400	961,839,400	115,859,800	2,639,900	1,104,303,500	52,097,600	1,052,205,900	0.2600	
2012	21,665,100	970,377,500	121,454,600	2,659,900	1,116,157,100	52,444,000	1,063,713,100	0.2530	
2011	22,186,600	964,525,300	121,715,700	2,659,900	1,111,087,500	51,210,800	1,059,876,700	0.2690	
2010	24,532,400	958,281,800	122,299,000	2,659,900	1,107,773,100	50,657,100	1,057,116,000	0.2560	
2009	22,560,300	951,354,650	122,914,300	2,659,900	1,099,489,150	50,053,500	1,049,435,650	0.2870	
2008	23,365,200	943,318,000	120,331,700	2,659,900	1,089,674,800	49,822,100	1,039,852,700	0.2870	
2007	26,689,500	918,975,200	118,167,100	4,259,700	1,068,091,500	50,292,700	1,017,798,800	0.2880	

**STAFFORD TOWNSHIP**

2016	\$ 82,398,900	\$ 3,264,430,450	\$ 496,908,050	\$ 5,301,000	\$ 3,849,038,400	\$ 381,450,901	\$ 3,467,587,499	0.2360
2015	81,794,000	3,207,651,650	501,336,900	5,301,000	3,796,083,550	381,306,101	3,414,777,449	0.9510
2014	83,046,000	3,072,774,600	503,958,200	5,289,100	3,665,067,900	380,220,251	3,284,847,649	0.9510
2013	85,750,100	3,000,279,200	504,026,100	5,289,100	3,595,344,500	386,615,851	3,208,728,649	0.9700
2012	119,809,000	3,787,904,100	459,327,500	4,965,400	4,372,006,000	384,506,851	3,987,499,149	0.9550
2011	124,154,700	3,779,863,900	455,476,000	4,965,400	4,364,460,000	381,729,751	3,982,730,249	0.8120
2010	131,655,800	3,761,987,100	456,964,400	4,965,400	4,355,572,700	368,266,900	3,987,305,800	0.7850
2009	144,474,100	3,736,655,000	452,992,500	4,965,400	4,339,087,000	365,410,600	3,973,676,400	0.7690
2008	158,577,700	3,703,660,100	414,723,900	4,965,400	4,281,927,100	283,626,900	3,998,300,200	0.7770
2007	164,068,700	3,671,707,400	402,267,300	4,965,400	4,243,008,800	278,042,500	3,964,966,300	0.7700

**SOUTHERN REGIONAL SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
 LAST TEN FISCAL YEARS**

**SURF CITY**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	COMMERCIAL	TOTAL ASSESSED VALUE	LESS:			PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE
					TAX EXEMPT PROPERTY					
2016	\$ 27,681,500	\$ 1,460,346,700	\$ 78,219,977	\$ 1,566,248,177	\$ 50,197,700	\$ -	\$ -	\$ 1,516,050,477	0.2550	
2015	27,429,100	1,448,886,900	80,490,500	1,556,806,500	50,197,700	-	-	1,506,608,800		
2014	26,178,900	1,441,394,000	79,948,100	1,547,521,000	50,197,700	-	-	1,497,323,300	0.2740	
2013	15,529,600	1,451,038,000	79,932,600	1,546,500,200	49,753,200	-	-	1,496,747,000	0.2800	
2012	16,987,400	1,443,657,500	80,412,000	1,541,056,900	49,746,000	-	-	1,491,310,900	0.2790	
2011	16,776,800	1,437,439,400	80,408,800	1,534,625,000	49,746,000	-	-	1,484,879,000	0.2740	
2010	18,820,400	1,426,680,200	80,440,400	1,525,941,000	40,746,000	-	-	1,485,195,000	0.3110	
2009	14,539,300	1,424,538,400	80,649,900	1,519,727,600	48,520,100	-	-	1,471,207,500	0.2740	
2008	13,625,900	1,410,648,800	81,718,900	1,505,993,600	48,496,400	-	-	1,457,497,200	0.2900	
2007	20,634,500	1,388,038,500	81,718,900	1,490,391,900	46,036,000	-	-	1,444,355,900	0.2980	



**SOUTHERN REGIONAL SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		TOTAL DIRECT	OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL		TOWNSHIP OF BARNEGAT LIGHT	OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	
2016	0.0440	0.1830	0.2270	0.2220	0.3620	0.0390	0.0120	0.8620
2015	0.0380	0.1620	0.2000	0.2220	0.3570	0.0390	0.0130	0.8310
2014	0.0450	0.2440	0.2890	0.2050	0.3570	0.0400	0.0130	0.8150
2013	0.0430	0.1920	0.2350	0.1850	0.3410	0.0400	0.0130	0.8680
2012	0.0430	0.2180	0.2610	0.1750	0.3330	0.0380	0.0140	0.7950
2011	0.0410	0.2180	0.2590	0.1650	0.3060	0.0350	0.0140	0.7810
2010	0.0410	0.2270	0.2680	0.1450	0.2790	0.0330	0.0130	0.7290
2009	0.0430	0.2240	0.2670	0.1350	0.2940	0.0350	0.0140	0.7460
2008	0.0400	0.2330	0.2730	0.1340	0.2720	0.0330	0.0130	0.7190
2007	0.0490	0.2510	0.3000	0.1470	0.3160	0.0340	0.0120	0.7820

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		TOTAL DIRECT	OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL		BOROUGH OF BEACH HAVEN	OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	
2016	0.1080	0.3010	0.4090	0.4340	0.4290	N/A	0.0140	1.2860
2015	0.1020	0.2790	0.3810	0.4510	0.4220	N/A	0.0150	1.2690
2014	0.1010	0.2500	0.3510	0.4260	0.4090	N/A	0.0140	1.2300
2013	0.0900	0.2700	0.3600	0.3460	0.3880	N/A	0.0150	1.1000
2012	0.0890	0.2570	0.3460	0.3710	0.3670	N/A	0.0150	1.1130
2011	0.0850	0.2540	0.3390	0.3510	0.3480	N/A	0.0160	1.0610
2010	0.0820	0.2580	0.3400	0.3380	0.3370	N/A	0.0160	1.0300
2009	0.0160	0.2650	0.2810	0.3310	0.3310	N/A	0.0160	1.0180
2008	0.0770	0.2590	0.3360	0.3230	0.3250	N/A	0.0160	0.9450
2007	0.0770	0.2340	0.3110	0.3080	0.3140	N/A	0.0120	0.9700

Source: Municipal Tax Collector

**SOUTHERN REGIONAL SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			TOTAL DIRECT	BOROUGH OF HARVEY CEDARS				OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	SCHOOL		OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	COUNTY LIBRARY	COUNTY OPEN SPACE			
2016	0.0440	0.2780	0.3220	0.3220	0.2510	0.3660	0.0400	0.0120	0.0400	0.0120	0.9910	
2015	0.0380	0.2920	0.3300	0.3300	0.2510	0.3570	0.0390	0.0120	0.0390	0.0120	0.9890	
2014	0.0440	0.2580	0.3020	0.3020	0.2440	0.3490	0.0390	0.0120	0.0390	0.0120	0.9460	
2013	0.0420	0.2570	0.2990	0.2990	0.2430	0.3370	0.0390	0.0130	0.0390	0.0130	0.9340	
2012	0.0410	0.1750	0.2160	0.2160	0.2240	0.3190	0.0370	0.0130	0.0370	0.0130	0.8920	
2011	0.0430	0.2220	0.2650	0.2650	0.2200	0.3200	0.0370	0.0400	0.0370	0.0400	0.8330	
2010	0.0380	0.1700	0.2080	0.2080	0.2030	0.2600	0.0310	0.0120	0.0310	0.0120	0.7710	
2009	0.0390	0.1730	0.2120	0.2120	0.1930	0.3050	0.0310	0.0120	0.0310	0.0120	0.7490	
2008	0.0370	0.1780	0.2150	0.2150	0.1860	0.2530	0.0300	0.0120	0.0300	0.0120	0.6930	
2007	0.0490	0.2260	0.2750	0.2750	0.1970	0.3130	0.0330	0.0120	0.0330	0.0120	0.7700	

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			TOTAL DIRECT	TOWNSHIP OF LONG BEACH				OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	SCHOOL		OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	COUNTY LIBRARY	COUNTY OPEN SPACE			
2016	0.0470	0.2650	0.3120	0.3120	0.2320	0.3870	0.0420	0.0130	0.0420	0.0130	0.9860	
2015	0.0410	0.2750	0.3160	0.3160	0.2320	0.3820	0.0410	0.0140	0.0410	0.0140	0.9850	
2014	0.0460	0.2610	0.3070	0.3070	0.2280	0.3710	0.0410	0.0140	0.0410	0.0140	0.9700	
2013	0.0450	0.2410	0.2860	0.2860	0.2240	0.3580	0.0420	0.0140	0.0420	0.0140	0.9450	
2012	0.0440	0.2340	0.2780	0.2780	0.2210	0.3400	0.0390	0.0140	0.0390	0.0140	0.9000	
2011	0.0420	0.2140	0.2560	0.2560	0.2200	0.3120	0.0360	0.0140	0.0360	0.0140	0.8600	
2010	0.0440	0.2070	0.2510	0.2510	0.2120	0.2990	0.0350	0.0140	0.0350	0.0140	0.8160	
2009	0.0450	0.2130	0.2580	0.2580	0.2010	0.3010	0.0350	0.0140	0.0350	0.0140	0.8020	
2008	0.0440	0.2130	0.2570	0.2570	0.2030	0.3070	0.0370	0.0150	0.0370	0.0150	0.8200	
2007	0.0450	0.2100	0.2550	0.2550	0.2000	0.2850	0.0300	0.0110	0.0300	0.0110	0.7830	

Source: Municipal Tax Collector

**SOUTHERN REGIONAL SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES					TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	BOROUGH OF SHIP BOTTOM		OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	
				0.0470	0.2180	0.2650	0.3930	0.0430	
2016	0.0410	0.2060	0.2470	0.3930	0.0420	0.0130	1.1070		
2015	0.0480	0.2120	0.2600	0.3740	0.0430	0.0140	1.0800		
2014	0.0470	0.2060	0.2530	0.3630	0.0430	0.0140	1.0660		
2013	0.0460	0.2230	0.2690	0.3420	0.0410	0.0150	1.0520		
2012	0.0450	0.2110	0.2560	0.3200	0.0380	0.0150	1.0050		
2011	0.0480	0.2390	0.2870	0.3050	0.0390	0.0150	0.9770		
2010	0.0480	0.2390	0.2870	0.3050	0.0390	0.0150	0.9400		
2009	0.0460	0.2420	0.2880	0.2790	0.0380	0.0150	0.9710		
2008	0.0460	0.2380	0.2840	0.2520	0.0320	0.0110	0.9340		
2007							0.8790		

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES					TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	TOWNSHIP OF STAFFORD		OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	
				0.7520	0.2360	0.9880	0.3770	0.0410	
2016	0.7280	0.2230	0.9510	0.8600	0.0390	0.0120	2.3290		
2015	0.7340	0.2360	0.9700	0.8740	0.0410	0.0130	2.2470		
2014	0.7170	0.2380	0.9550	0.8740	0.0400	0.0150	2.2830		
2013	0.5980	0.2140	0.8120	0.7170	0.0360	0.0130	2.2600		
2012	0.5840	0.2010	0.7850	0.6740	0.0360	0.0140	2.0500		
2011	0.5750	0.1940	0.7690	0.6450	0.0360	0.0140	1.8730		
2010	0.5800	0.1970	0.7770	0.6190	0.0360	0.0140	1.8590		
2009	0.5800	0.1900	0.7700	0.5710	0.0350	0.0150	1.8150		
2008	0.5800	0.1900	0.7700	0.5710	0.0350	0.0150	1.7060		
2007				0.5710	0.0350	0.0140	1.6940		

Source: Municipal Tax Collector

**SOUTHERN REGIONAL SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		BOROUGH OF			OVERLAPPING RATES			TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	SURF CITY	OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE		
2016	0.0460	0.2550	0.3010	0.2670	0.3810	0.0410	0.0130	1.0030	
2015	0.0400	0.2340	0.2740	0.2600	0.3740	0.0410	0.0130	0.9620	
2014	0.0460	0.2340	0.2800	0.2520	0.3700	0.0420	0.0130	0.9510	
2013	0.0440	0.2350	0.2790	0.2440	0.3520	0.0410	0.0130	0.9300	
2012	0.0430	0.2310	0.2740	0.2300	0.3300	0.0380	0.0140	0.8910	
2011	0.0430	0.2680	0.3110	0.2280	0.3190	0.0370	0.0140	0.8720	
2010	0.0450	0.2290	0.2740	0.2280	0.3030	0.0360	0.0140	0.8920	
2009	0.0450	0.2450	0.2900	0.2310	0.3050	0.0360	0.0140	0.8600	
2008	0.0430	0.2550	0.2980	0.2210	0.3010	0.0360	0.0150	0.8630	
2007	0.0440	0.2190	0.2630	0.1920	0.2780	0.0300	0.0100	0.8080	

Source: Municipal Tax Collector

**SOUTHERN REGIONAL SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS PRIOR**

BARNEGAT LIGHT

NOT AVAILABLE

BEACH HAVEN

NOT AVAILABLE

HARVEY CEDARS

NOT AVAILABLE

LONG BEACH TOWNSHIP

NOT AVAILABLE

SHIP BOTTOM

NOT AVAILABLE

STAFFORD TOWNSHIP

NOT AVAILABLE

SURF CITY

NOT AVAILABLE

**SOUTHERN REGIONAL SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
BARNEGAT LIGHT**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2016	N/A	N/A	N/A	N/A
2015	\$ 8,321,350	\$ 8,132,461	97.73%	N/A
2014	9,033,394	8,989,255	99.51%	36,215
2013	8,226,786	8,185,742	99.50%	N/A
2012	N/A	N/A	N/A	N/A
2011	7,691,749	7,605,666	98.88%	86,083
2010	7,808,938	7,698,120	98.58%	110,818
2009	8,068,395	7,929,413	98.28%	138,982
2008	7,994,939	7,939,196	99.30%	55,743
2007	7,523,088	7,460,699	99.17%	62,389

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
BEACH HAVEN**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2016	N/A	N/A	N/A	N/A
2015	\$ 21,318,735	\$ 21,040,566	98.70%	N/A
2014	20,006,549	19,795,398	98.94%	197,163
2013	19,035,870	18,797,241	98.75%	N/A
2012	18,236,966	17,880,659	98.05%	N/A
2011	17,769,146	17,539,408	98.71%	3,707
2010	17,371,218	17,155,285	98.76%	215,933
2009	16,945,235	16,690,516	98.50%	254,719
2008	16,729,717	16,436,206	98.86%	293,511
2007	16,225,611	16,040,926	99.20%	184,685

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
HARVEY CEDARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2016	N/A	N/A	N/A	N/A
2015	\$ 12,285,859	\$ 12,207,906	99.37%	N/A
2014	11,712,952	11,650,950	99.47%	\$ 52,154
2013	11,529,197	11,469,162	99.48%	N/A
2012	10,034,847	9,958,405	99.24%	N/A
2011	10,201,237	10,144,931	99.45%	N/A
2010	10,560,989	10,499,611	99.42%	61,378
2009	9,850,287	9,774,194	99.23%	76,093
2008	9,773,856	9,735,222	99.60%	38,634
2007	9,527,362	9,484,922	99.55%	42,440

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
LONG BEACH TOWNSHIP**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2016	N/A	N/A	N/A	N/A
2015	\$ 76,436,267	\$ 74,569,931	97.56%	N/A
2014	73,776,617	73,107,882	99.09%	\$ 620,519
2013	70,332,995	69,735,972	99.15%	N/A
2012	67,798,996	67,025,265	98.86%	N/A
2011	65,387,159	64,624,595	98.83%	N/A
2010	63,104,502	62,495,084	99.03%	609,418
2009	60,760,102	60,272,524	99.20%	487,578
2008	60,086,834	59,819,055	99.55%	267,779
2007	60,225,117	59,869,587	99.41%	355,530

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
SHIP BOTTOM**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2016	N/A	N/A	N/A	N/A
2015	\$ 12,236,660	\$ 11,915,533	97.38%	N/A
2014	12,040,990	11,596,059	96.30%	\$ 403,195
2013	11,557,481	11,200,295	96.91%	N/A
2012	11,429,990	11,070,639	96.86%	N/A
2011	10,679,937	10,770,357	100.85%	N/A
2010	10,712,758	10,417,951	97.25%	294,807
2009	10,705,745	10,402,999	97.17%	302,746
2008	10,341,359	10,049,886	97.18%	291,473
2007	10,096,701	9,882,274	97.88%	214,427

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
STAFFORD TOWNSHIP**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2016	N/A	N/A	N/A	N/A
2015	\$ 15,045,539	\$ 14,818,997	98.49%	N/A
2014	14,916,049	14,719,626	98.68%	\$ 187,096
2013	14,412,179	14,222,065	98.68%	N/A
2012	13,725,871	13,366,369	97.38%	N/A
2011	13,869,047	13,994,357	100.90%	N/A
2010	13,929,801	13,681,809	98.22%	247,992
2009	13,038,937	12,846,008	98.52%	192,929
2008	13,271,872	13,098,924	98.70%	172,948
2007	13,078,123	12,882,453	98.50%	195,670

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



**SOUTHERN REGIONAL SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
SURF CITY**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2016	N/A	N/A	N/A	N/A
2015	\$ 15,045,539	\$ 14,818,997	98.49%	N/A
2014	14,916,049	14,719,626	98.68%	\$ 187,096
2013	14,412,179	14,222,065	98.68%	N/A
2012	13,725,871	13,366,369	97.38%	N/A
2011	13,869,047	13,994,357	100.90%	N/A
2010	13,929,801	13,681,809	98.22%	247,992
2009	13,038,937	12,846,008	98.52%	192,929
2008	13,271,872	13,098,924	98.70%	172,948
2007	13,078,123	12,882,453	98.50%	195,670

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES		TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2016	\$ 1,520,000	\$ 963,995	\$ 2,483,995	N/A	72.18
2015	3,085,000	1,261,761	4,346,761	N/A	126.12
2014	4,710,000	243,424	4,953,424	0.4500%	134.45
2013	4,635,000	405,770	5,040,770	0.5600%	134.46
2012	8,145,000	560,582	8,705,582	0.7800%	146.22
2011	9,760,000	-	9,760,000	0.7700%	254.90
2010	11,420,000	-	11,420,000	0.8900%	286.25
2009	13,100,000	-	13,100,000	1.0800%	316.59
2008	14,800,000	-	14,800,000	0.9500%	367.18
2007	16,515,000	-	16,515,000	1.0300%	418.27

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2016	\$ 1,520,000	\$ 963,995	\$ 1,520,000	0.0171%	44.17
2015	3,085,000	1,261,761	3,085,000	0.0171%	89.84
2014	4,710,000	243,424	4,710,000	0.0274%	136.66
2013	6,390,000	405,770	6,390,000	0.0345%	134.46
2012	8,145,000	560,582	8,145,000	0.0534%	134.46
2011	9,760,000	-	9,760,000	0.0534%	146.22
2010	9,760,000	-	9,760,000	0.0534%	254.90
2009	11,420,000	-	11,420,000	0.1985%	286.25
2008	14,800,000	-	14,800,000	0.2056%	316.59
2007	16,515,000	-	16,515,000	0.2360%	367.18

**SOUTHERN REGIONAL SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2016**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Barnegat Light	\$ 3,642,746	100.00%	\$ 3,642,746
Beach Haven	14,918,929	100.00%	14,918,929
Harvey Cedars	3,543,202	100.00%	3,543,202
Long Beach Township	9,142,094	100.00%	9,142,094
Borough of Ship Bottom	330,000	100.00%	330,000
Stafford Township	67,179,253	100.00%	67,179,253
Stafford Township School District	11,144,000	100.00%	11,144,000
Surf City	1,668,787	100.00%	1,668,787
Ocean County General Obligation Debt	451,253,286	20.88%	94,221,686
Subtotal, Overlapping Debt			205,790,697
Southern Regional School District Direct Debt	1,520,000	100.00%	1,520,000
Total Direct & Overlapping Debt			<u>\$ 207,310,697</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Ocean County Board of Taxation.

**SOUTHERN REGIONAL SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Dollars in Thousands)**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt Limit	\$ 713,798,531	\$ 698,284,296	\$ 740,128,043	\$ 717,396,739	\$ 844,395,384	\$ 854,804,437	\$ 861,823,690	\$ 816,338,575	\$ 725,577,032	\$ 725,577,032
Total Net Debt Applicable to Limit	1,520,000	4,346,761	4,710,000	6,390,000	8,145,000	9,760,000	11,420,000	13,100,000	14,800,000	16,515,000
Legal Debt Margin	\$ 712,278,531	\$ 693,937,535	\$ 735,418,043	\$ 711,006,739	\$ 836,250,384	\$ 845,044,437	\$ 850,403,690	\$ 803,238,575	\$ 710,777,032	\$ 709,062,032
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.21%	0.62%	0.64%	0.89%	0.96%	1.14%	1.33%	1.60%	2.04%	2.28%

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized Valuation Basis
2016	\$ 18,247,131,015
2015	18,088,468,610
2014	17,199,290,216
	<u>\$53,534,889,841</u>
Average Equalized Valuation of Taxable Property	<u>\$ 17,844,963,280</u>
Debt Limit (4 % of Average Equalization Value)	\$ 713,798,531
Net Bonded School Debt	<u>1,520,000</u>
Legal Debt Margin	<u>\$ 712,278,531</u>

**Source:** Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**SOUTHERN REGIONAL SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION	PERSONAL INCOME*	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
<b>BARNEGAT LIGHT BOROUGH</b>				
2016	576	N/A	N/A	6.8%
2015	580	N/A	N/A	5.3%
2014	575	25,519,075	44,381	5.3%
2013	573	24,394,329	42,573	5.0%
2012	570	24,224,430	42,499	5.0%
2011	574	25,926,341	44,933	7.4%
2010	846	34,554,870	39,677	7.3%
2009	839	34,554,870	40,201	6.9%
2008	834	32,566,624	38,816	9.2%
2007	832	41,113,730	36,742	3.9%
<b>BEACH HAVEN BOROUGH</b>				
2016	1,172	N/A	N/A	7.4%
2015	1,180	N/A	N/A	7.8%
2014	1,177	52,236,437	44,381	6.4%
2013	1,177	50,108,421	42,573	6.4%
2012	1,175	49,936,325	42,499	15.9%
2011	1,174	61,895,142	52,498	15.6%
2010	1,403	57,301,326	39,677	14.9%
2009	1,391	57,301,326	40,201	9.2%
2008	1,379	54,031,872	38,816	8.8%
2007	1,365	67,899,202	36,742	4.5%
<b>HARVEY CEDARS BOROUGH</b>				
2016	341	N/A	N/A	9.7%
2015	344	N/A	N/A	7.9%
2014	343	15,222,683	44,381	8.7%
2013	341	14,517,393	42,573	8.70%
2012	340	14,449,660	42,499	
2011	341	25,263,975	74,525	0%
2010	398	16,215,465	39,677	0%
2009	394	16,215,465	40,201	0%
2008	392	15,293,504	38,816	0%
2007	389	19,301,296	36,742	0%
<b>LONG BEACH TOWNSHIP</b>				
2016	3,027	N/A	N/A	6.6%
2015	3,060	N/A	N/A	7.3%
2014	3,062	135,894,622	44,381	4.5%
2013	3,068	130,613,964	42,573	4.5%
2012	3,062	130,131,938	42,499	11.6%
2011	3,054	193,219,320	63,020	11.4%
2010	3,578	146,143,410	39,677	10.9%
2009	3,552	146,143,410	40,201	9.2%
2008	3,530	137,680,352	38,816	6.3%
2007	3,493	173,711,664	36,742	4.5%

**SOUTHERN REGIONAL SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION	PERSONAL INCOME*	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
<b>SHIP BOTTOM BOROUGH</b>				
2016	1,135	N/A	N/A	6.6%
2015	1,148	N/A	N/A	6.9%
2014	1,159	51,437,579	44,381	6.4%
2013	1,158	49,299,534	42,573	6.4%
2012	1,157	49,171,343	42,499	15.6%
2011	1,155	47,732,256	41,184	15.3%
2010	1,462	59,715,390	39,677	14.7%
2009	1,451	59,715,390	40,201	9.2%
2008	1,440	55,895,040	38,816	8.6%
2007	1,426	70,853,482	36,742	4.5%
<b>STAFFORD TOWNSHIP</b>				
2016	26,959	N/A	N/A	5.9%
2015	26,809	N/A	N/A	7.1%
2014	26,936	1,195,446,616	44,381	8.1%
2013	26,949	1,147,299,777	42,573	8.1%
2012	* 26,643	1,132,300,857	42,499	10.3%
2011	26,592	845,013,850	31,690	9.4%
2010	26,818	1,095,381,210	39,677	9.5%
2009	26,491	1,095,381,210	40,201	9.2%
2008	26,260	1,019,308,160	38,816	5.3%
2007	26,076	1,294,073,116	36,742	4.5%
<b>SURF CITY BOROUGH</b>				
2016	1,204	N/A	N/A	6.0%
2015	1,216	N/A	N/A	7.1%
2014	1,212	53,789,772	44,381	9.2%
2013	1,207	51,385,611	42,573	9.2%
2012	1,206	51,253,794	42,499	10.9%
2011	1,206	51,681,847	42,677	10.7%
2010	1,567	64,821,015	39,677	10.2%
2009	1,559	64,821,015	40,201	9.2%
2008	1,549	60,125,984	38,816	5.9%
2007	1,540	76,269,662	36,742	4.5%

2011 - Data by Municipality  
2002-2010 - Data by County

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

NOT AVAILABLE

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

Function/Program	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:										
Regular	178	178	180	180	180	180	185	186	189	187
Special Education	70	72	72	72	72	72	72	70	71	72
Support Services:										
Student & Instruction Related Services	51	52	52	52	52	52	52	52	52	53
School Administrative Services	29	29	29	29	29	29	30	31	31	31
General & Business Administrative Services	12	12	12	12	12	12	12	12	12	12
Plant Operations & Maintenance	41	41	42	42	42	42	42	42	40	40
Pupil Transportation	64	64	62	62	62	64	64	65	65	63
Business & Other Support Services	8	8	8	8	8	8	8	8	8	8
<b>Total</b>	<b>453</b>	<b>456</b>	<b>457</b>	<b>457</b>	<b>457</b>	<b>459</b>	<b>465</b>	<b>466</b>	<b>468</b>	<b>466</b>

Source: District Personnel Records

**SOUTHERN REGIONAL SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	PUPIL COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						MIDDLE SCHOOL	SENIOR HIGH SCHOOL				
2016	2,877	\$ 56,290,057	\$ 19,566	5.45%	229	N/A	N/A	2,862	2,695	-2.09%	94.16%
2015	2,951	54,755,897	18,555	0.28%	232	N/A	N/A	2,923	2,759	-2.47%	94.39%
2014	2,997	55,454,480	18,503	-1.77%	234	13:1	14:1	2,997	2,830	0.63%	94.43%
2013	2,978	56,098,380	18,838	6.83%	234	N/A	N/A	2,978	2,802	0.21%	94.09%
2012	3,010	53,075,606	17,633	0.37%	234	N/A	N/A	2,972	2,807	1.30%	94.45%
2011	3,013	52,924,450	17,568	-1.95%	234	N/A	N/A	2,934	2,810	-1.91%	95.77%
2010	3,019	54,090,730	17,917	12.13%	257	N/A	N/A	2,991	2,800	-0.66%	93.61%
2009	3,260	52,090,730	15,979	-6.16%	256	N/A	N/A	3,011	2,832	-0.86%	94.06%
2008	3,066	52,205,629	17,027	6.95%	260	11:8	14:30	3,037	2,852	-6.50%	93.91%
2007	3,468	55,211,602	15,920	11.10%	259	11:6	14:25	3,248	3,059	-6.93%	94.18%

**Sources:** District records

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**SOUTHERN REGIONAL SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Middle School (1971, 86):										
Square Feet	119,703	119,703	119,703	119,703	119,703	119,703	119,703	119,703	119,703	119,703
Capacity (Students)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	889	990	990	994	981	1,018	1,023	1,023	1,023	1,017
Junior High School: (1950, 56, 65):										
Square Feet	188,811	188,811	188,811	188,811	188,811	188,811	188,811	188,811	188,811	188,811
Capacity (Students)	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,085	1,058	1,058	1,080	1,090	1,015	1,029	1,029	1,029	1,038
Senior High School: (1997, 98):										
Square Feet	123,295	123,295	123,295	123,295	123,295	123,295	123,295	123,295	123,295	123,295
Capacity (Students)	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Enrollment	888	949	949	904	902	960	1,014	1,014	1,014	1,413
Other Buildings:										
Administration Building (1993):										
Square Feet	11,475	11,475	11,475	11,475	11,475	11,475	11,475	11,475	11,475	11,475
Transportation/Maintenance (1996):										
Square Feet	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260	7,260
Bus Garage (1965):										
Square Feet	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250
Technology Building (1965):										
Square Feet	1,664	1,664	1,664	1,664	1,664	1,664	1,664	1,664	1,664	1,664
Maintenance Building (1965, 80):										
Square Feet	2,470	2,470	2,470	2,470	2,470	2,470	2,470	2,470	2,470	2,470
World Language Office (1975):										
Square Feet	648	648	648	648	648	648	648	648	648	648

Number of Schools at June 30, 2016:

- Middle School = 1
- Junior High School = 1
- Senior High School = 1
- Other = 5

**Source:** District Facilities Office



**SOUTHERN REGIONAL SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

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

* School Facilities Project Numbers	MIDDLE SCHOOL 4950-060-04-1000	HIGH SCHOOL	ADULT SCHOOL	TOTAL
2016	\$ 425,078	\$ 996,302	\$ -	\$ 1,421,380
2015	424,030	993,896	-	1,417,926
2014	435,777	1,019,676	-	1,455,453
2013	429,485	1,038,574	-	1,468,059
2012	375,157	900,971	-	1,276,128
2011	464,934	1,213,528	-	1,678,462
2010	466,857	1,193,076	69,164	1,729,097
2009	563,161	1,432,112	83,431	2,078,704
2008	636,606	1,792,045	110,042	2,538,693
2007	516,922	1,321,023	76,581	1,914,526

**INSURANCE SCHEDULE  
JUNE 30, 2016**

	COVERAGE	DEDUCTIBLE
<b>School Package Policy (School Alliance Insurance Fund):</b>		
Property - Blanket Buildings and Contents	\$ 250,000,000	\$ 1,000
General Liability	250,000,000	1,000
Flood Insurance Coverage	10,000,000	-
Earthquake Coverage	25,000,000	-
Pollution Coverage	1,000,000	-
 Umbrella Liability	 10,000,000	
 School Leaders Liability	 15,000,000	 10,000
 Source: District records		
 School Leaders Liability	 2,000,000	 10,000 25,000
 Source: District records		

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**SINGLE AUDIT SECTION**

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EXHIBIT K-1

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

Honorable President and Members  
of the Board of Education  
Southern Regional School District  
County of Ocean  
Manahawkin, New Jersey 08050

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Southern Regional School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Southern Regional School District’s basic financial statements, and have issued our report thereon dated December 1, 2016.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt  
Certified Public Accountant  
Public School Accountant, No. 1148

Toms River, New Jersey  
December 1, 2016



EXHIBIT K-2

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

Honorable President and Members  
of the Board of Education  
Southern Regional School District  
County of Ocean  
Manahawkin, New Jersey 08050

**Report on Compliance for Each Major Federal and State Program**

We have audited Southern Regional School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2016. Southern Regional School District’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of Southern Regional School 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 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*; the New Jersey State Aid/Grant Compliance Supplement; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08 require that we plan and perform the audit to

obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Southern Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal and State Program**

In our opinion, Southern Regional School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of Southern Regional School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southern Regional School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southern Regional School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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.



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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt  
Certified Public Accountant  
Public School Accountant, No. 1148

Toms River, New Jersey  
December 1, 2016

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**SOUTHERN REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	PASS-THROUGH NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2015	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED TO SUB-RECIPIENT ADJUSTMENT	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2016	UNEARNED REVENUE AT JUNE 30, 2016	DUE TO GRANTOR AT JUNE 30, 2016
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:</b>												
Child Nutrition Cluster:												
Noncash Assistance:												
Food Distribution Program	10.550	16161NJ304N1099	N/A	84,168	7/1/15-6/30/16	\$ -	\$ 84,168	\$ (82,552)	\$ -	\$ -	\$ 1,616	\$ -
Cash Assistance:												
National School Breakfast Program	10.553	16161NJ304N1099	15-010-3350-100-028	29,596	7/1/14-6/30/15	(2,696)	2,696	-	-	-	-	-
National School Breakfast Program	10.553	16161NJ304N1099	16-010-3350-100-028	36,784	7/1/15-6/30/16	-	34,741	(36,784)	-	(2,043)	-	-
Subtotal for CFDA #10.553						(2,696)	37,437	(36,784)	-	(2,043)	-	-
National School Lunch Program	10.555	16161NJ304N1099	15-010-3350-100-023	215,629	7/1/14-6/30/15	(15,679)	15,679	-	-	-	-	-
National School Lunch Program	10.555	16161NJ304N1099	16-010-3350-100-023	224,107	7/1/15-6/30/16	-	212,990	(224,107)	-	(11,117)	-	-
Healthy Hunger-Free Kids Act	10.555	16161NJ304N1099	15-010-3350-100-023	9,266	7/1/14-6/30/15	(660)	660	-	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	16161NJ304N1099	16-010-3350-100-023	8,989	7/1/15-6/30/16	-	8,548	(8,989)	-	(441)	-	-
Subtotal for CFDA #10.555						(16,339)	237,877	(233,096)	-	(11,558)	-	-
Total Child Nutrition Cluster						(19,035)	359,482	(352,432)	-	(13,601)	1,616	-
Total U.S. Department of Agriculture						(19,035)	359,482	(352,432)	-	(13,601)	1,616	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED- THROUGH STATE DEPARTMENT OF EDUCATION:</b>												
Medical Cluster:												
Medical Assistance Program (SEM):	93.778	1605NJ5MAP	16-054-7540-100-211	66,174	7/1/15-6/30/16	-	66,174	(66,174)	-	-	-	-
Total U.S. Department of Labor												
Total U.S. Department of Education Passed- Through State Department of Education:												
Special Education Cluster												
I.D.E.A. Part B - Basic	84.027	H027A150100	15-034-5065-100-016	603,215	7/1/14-6/30/15	(4,363)	4,363	-	-	-	-	-
I.D.E.A. Part B - Basic	84.027	H027A150100	16-034-5065-100-016	612,139	7/1/15-6/30/16	-	312,804	(601,091)	(10,962)	(299,249)	-	-
Total Special Education Cluster						(4,363)	317,167	(601,091)	(10,962)	(299,249)	-	-
Other Programs:												
Title I - Basic	84.010	S010A150030	16-034-5064-100-194	184,058	7/1/15-6/30/16	-	124,882	(154,473)	-	(29,591)	-	-
Title I - Basic	84.010	S010A150030	15-034-5064-100-194	177,232	7/1/14-6/30/15	(21,215)	21,215	-	-	-	-	-
Subtotal for CFDA #84.010						(21,215)	146,097	(154,473)	-	(29,591)	-	-
Title II - Part A - Improving Teacher Quality:	84.367	S367A150029	16-034-5063-100-290	72,825	7/1/15-6/30/16	-	5,057	(72,689)	(1,865)	2,004	(67,493)	-
Title II - Part A - Improving Teacher Quality:	84.367	S367A150029	15-034-5063-100-290	73,862	7/1/14-6/30/15	(52,780)	52,780	-	-	-	-	-
Subtotal for CFDA #84.367						(52,780)	57,837	(72,689)	(1,865)	2,004	(67,493)	-
Total Other Programs						(73,995)	203,934	(227,162)	(1,865)	2,004	(97,084)	-
Total U.S. Department of Education						(78,358)	521,101	(828,253)	(12,827)	2,004	(396,333)	-
Total Federal Financial Assistance						\$ (97,393)	\$ 946,757	\$ (1,246,859)	\$ (12,827)	\$ 2,004	\$ (409,934)	\$ 1,616

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2016	DUE TO GRANTOR JUNE 30, 2016	MEMO	
				JUNE 30, 2015	JUNE 30, 2016							BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
<b>State Department of Education:</b>													
<b>General Fund:</b>													
Categorical Special Education Aid	16-495-034-5120-089	\$ 1,444,854	7/1/15-6/30/16	\$ -	\$ 1,444,854	\$ -	(1,444,854)	\$ -	\$ -	\$ -	\$ -	\$ 128,265	\$ 1,444,854
Categorical Security Aid	16-495-034-5120-084	200,138	7/1/15-6/30/16	-	200,138	-	(200,138)	-	-	-	-	17,767	200,138
Categorical Transportation Aid	16-495-034-5120-014	263,093	7/1/15-6/30/16	-	263,093	-	(263,093)	-	-	-	-	23,356	263,093
PARCC Readiness Aid	16-495-034-5120-098	25,970	7/1/15-6/30/16	-	25,970	-	(25,970)	-	-	-	-	2,305	25,970
Per Pupil Growth Aid	16-495-034-5120-097	25,970	7/1/15-6/30/16	-	25,970	-	(25,970)	-	-	-	-	2,305	25,970
Extraordinary Aid	15-495-034-5120-473	507,831	7/1/14-6/30/15	(507,831)	507,831	-	-	-	-	-	-	-	-
Extraordinary Aid	16-495-034-5120-044	423,637	7/1/15-6/30/16	-	423,637	-	(423,637)	-	(423,637)	-	-	-	423,637
Nonpublic Transportation Aid	15-495-034-5120-015	10,285	7/1/14-6/30/15	(10,285)	10,285	-	-	-	-	-	-	-	-
Nonpublic Transportation Aid	16-495-034-5120-015	13,435	7/1/15-6/30/16	-	13,435	-	(13,435)	-	(13,435)	-	-	-	13,435
On-Behalf TPAF Pension Contributions (Nonbudgeted)	16-495-034-5094-004	1,736,259	7/1/15-6/30/16	-	1,736,259	-	(1,736,259)	-	-	-	-	-	1,736,259
On-Behalf TPAF Post-Retirement Medical (Nonbudgeted)	16-495-034-5094-001	2,067,406	7/1/15-6/30/16	-	2,067,406	-	(2,067,406)	-	-	-	-	-	2,067,406
Reimbursed TPAF Social Security Contribution	15-495-034-5094-002	1,616,878	7/1/14-6/30/15	(78,261)	78,261	-	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	16-495-034-5094-002	1,588,137	7/1/15-6/30/16	-	1,508,765	-	(1,588,137)	-	(79,372)	-	-	-	1,588,137
Total General Fund				(596,377)	7,868,832	-	(7,788,899)	-	(516,444)	-	-	173,998	7,788,899
<b>Special Revenue Fund:</b>													
New Jersey Nonpublic Aid:													
Textbook Entitlement	15-100-034-5120-064	3,336	7/1/14-6/30/15	6	-	-	-	(6)	-	-	-	-	-
Textbook Entitlement	16-100-034-5120-064	3,426	7/1/5-6/30/16	-	3,426	-	(3,426)	-	-	-	-	-	3,426
Technology Aid	15-100-034-5120-373	1,792	7/1/14-6/30/15	17	-	-	-	(17)	-	-	-	-	-
Technology Aid	16-100-034-5120-373	1,560	7/1/5-6/30/16	-	1,560	-	(1,060)	-	-	500	-	-	1,060
Nursing Services	15-100-034-5120-070	5,312	7/1/14-6/30/15	49	-	-	-	(49)	-	-	-	-	-
Nursing Services	16-100-034-5120-070	5,400	7/1/15-6/30/16	-	5,400	-	(5,400)	-	-	-	-	-	5,400
Chapter 192 Auxiliary Services	16-100-034-5120-067	10,998	7/1/15-6/30/16	-	10,998	-	(4,230)	-	-	-	6,768	-	4,230
Chapter 193 Handicapped	16-100-034-5120-066	20,007	7/1/15-6/30/16	-	20,007	-	(13,628)	-	-	-	6,379	-	13,628
Total Special Revenue Fund				72	41,391	-	(27,744)	-	(72)	-	13,647	-	27,744
<b>Capital Projects Fund:</b>													
SDA Grant Cluster:													
Middle School Window Project	4950-060-14-G2ZV	275,760	Until Complete	(205,177)	-	-	(7,997)	-	-	(213,174)	-	-	7,997
High School Renovation	4950-050-14-1001-G04	2,992,350	Until Complete	-	-	-	(25,538)	-	-	(25,538)	-	-	25,538
Total Capital Projects Fund				(205,177)	-	-	(33,535)	-	-	(238,712)	-	-	33,535
<b>Enterprise Fund:</b>													
State School Lunch Program	15-100-010-3350-023	7,163	7/1/14-6/30/15	(512)	512	-	-	-	-	-	-	-	-
State School Lunch Program	16-100-010-3350-023	7,163	7/1/15-6/30/16	-	6,867	-	(7,210)	-	(343)	-	-	-	7,210
Total Enterprise Fund				(512)	7,379	-	(7,210)	-	(343)	-	-	-	7,210
Total State Financial Assistance				\$ (801,994)	\$ 7,917,602		(7,857,388)		\$ (72)	\$ (755,499)	\$ 13,647	\$ 173,998	\$ 7,857,388
Less: Awards Not Subject to Major Program Determination:													
On-Behalf TPAF Pension Contributions (Nonbudgeted)	16-495-034-5094-004	1,736,259	7/1/15-6/30/16				1,736,259						
On-Behalf TPAF Post-Retirement Medical (Nonbudgeted)	16-495-034-5094-001	2,067,406	7/1/15-6/30/16				2,067,406						
Total State Financial Assistance Subject to Major Program Determination							\$ (4,053,723)						

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

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO SCHEDULES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Note 1: General**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Southern Regional School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**Note 2. Summary of Significant Accounting Policies**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Of the federal and state expenditures presented in the schedules of expenditures of federal awards and state financial assistance, the Southern Regional School District did not provide any federal or state awards to sub recipients.

Noncash assistance is reported in the schedule of expenditures of federal awards as the entitlement value, as determined by the United States Department of Agriculture, of the food commodities received and disbursed during the year ended June 30, 2016. Unearned revenue represents the value of commodities left in the ending inventory of the District as of June 30, 2016.

Southern Regional School District has not elected to use the 10% de minimis cost rate allowed by the Uniform Guidance.

**Note 3: Relationship to Basic Financial Statements**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A.18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant

**SOUTHERN REGIONAL SCHOOL DISTRICT  
NOTES TO SCHEDULES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Note 3: Relationship to Basic Financial Statements (continued)**

accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(5,681) for the General fund and \$672 for the Special Revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s basic financial statements on a GAAP basis as presented as follows:

	<b>Federal</b>	<b>State</b>	<b>Total</b>
General Fund	\$ 66,174	\$ 7,783,218	\$ 7,849,392
Special Revenue Fund	841,752	27,744	869,496
Capital Projects Fund	-	33,535	33,535
Food Service Fund	352,432	7,210	359,642
	<u>\$ 1,260,358</u>	<u>\$ 7,851,707</u>	<u>\$ 9,112,065</u>
Total Financial Assistance	<u>\$ 1,260,358</u>	<u>\$ 7,851,707</u>	<u>\$ 9,112,065</u>

**Note 4: Relationship to Federal and State Financial Reports**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**Note 5. Federal and State Loans Outstanding**

The Southern Regional School District had loan balances of \$495,000 in Community Disaster Loan outstanding at June 30, 2016.

**Note 6: Other**

Revenues and expenditures reported under the Food Distribution Program represents current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2016.

**SOUTHERN REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	None Reported

**Federal Awards**

Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of the Uniform Guidance?	No

**Identification of major programs:**

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.027	H027A150100	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**SOUTHERN REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**Section I – Summary of Auditor’s Results (continued):**

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance With New Jersey OMB Circular Letter 15-08?	No

**Identification of major programs:**

<b>State Grant/Project Number(s)</b>	<b>Name of State Program</b>
495-034-5120-084	Security Aid
495-034-5120-089	Special Educational Categorical Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness



**SOUTHERN REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2016**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

No Current Year Findings

**Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs**

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular Letter 15-08, as applicable.

No Current Year Findings

**SOUTHERN REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
For the Fiscal Year Ended June 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, as applicable.

No Prior Year Findings