

SOUTHERN REGIONAL SCHOOL DISTRICT

Manahawkin, New Jersey
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SOUTHERN REGIONAL SCHOOL DISTRICT

MANAHAWKIN, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by

**Southern Regional School District
Finance Department**

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INTRODUCTORY SECTION

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SOUTHERN REGIONAL HIGH SCHOOL DISTRICT OF OCEAN COUNTY

November 27, 2017

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

Dear Board Members/Citizens:

The Comprehensive Annual Financial Report (CAFR) of the Southern Regional School District for the fiscal year ended June 30, 2017, 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 School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the district as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

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

Introductory Section:

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

Financial Section:

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

Statistical Section:

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

Single Audit Section:

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

REPORTING ENTITY AND ITS SERVICES

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

The School District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular and vocational as well as special education for children with special needs. The School District’s enrollment, as of October 15th, for the current and past nine fiscal years are detailed below.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	2,872	-0.17%
2015-2016	2,877	-2.51%
2014-2015	2,951	-1.53%
2013-2014	2,997	0.64%
2012-2013	2,978	-1.06%
2011-2012	3,010	-0.10%
2010-2011	3,013	-0.20%
2009-2010	3,019	-7.39%
2008-2009	3,260	6.33%
2007-2008	3,066	-3.30%

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 stabilized in recent years with most of the development being seasonal residences replacing existing seasonal residences. The area was impacted by Super Storm Sandy and the resulting coastal flooding. The effects of the storm had an impact on the district’s tax ratable base, especially within Stafford Township, in the short-term which impacted the overall tax rate experienced by residents to support the regional school district. The ratable base has begun to recover from this impact as realized by the growing ratable assessments in each town.

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.

INTERNAL ACCOUNTING CONTROLS

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

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

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

BUDGETARY CONTROLS

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

ACCOUNTING SYSTEM AND REPORTS

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

OTHER INFORMATION

INDEPENDENT AUDIT

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

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. The State of NJ has identified the Southern Regional School District to be a High Performing School District for every year that the NJ QSAC monitoring program has been in existence.

ACKNOWLEDGEMENTS

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

Respectfully Submitted,

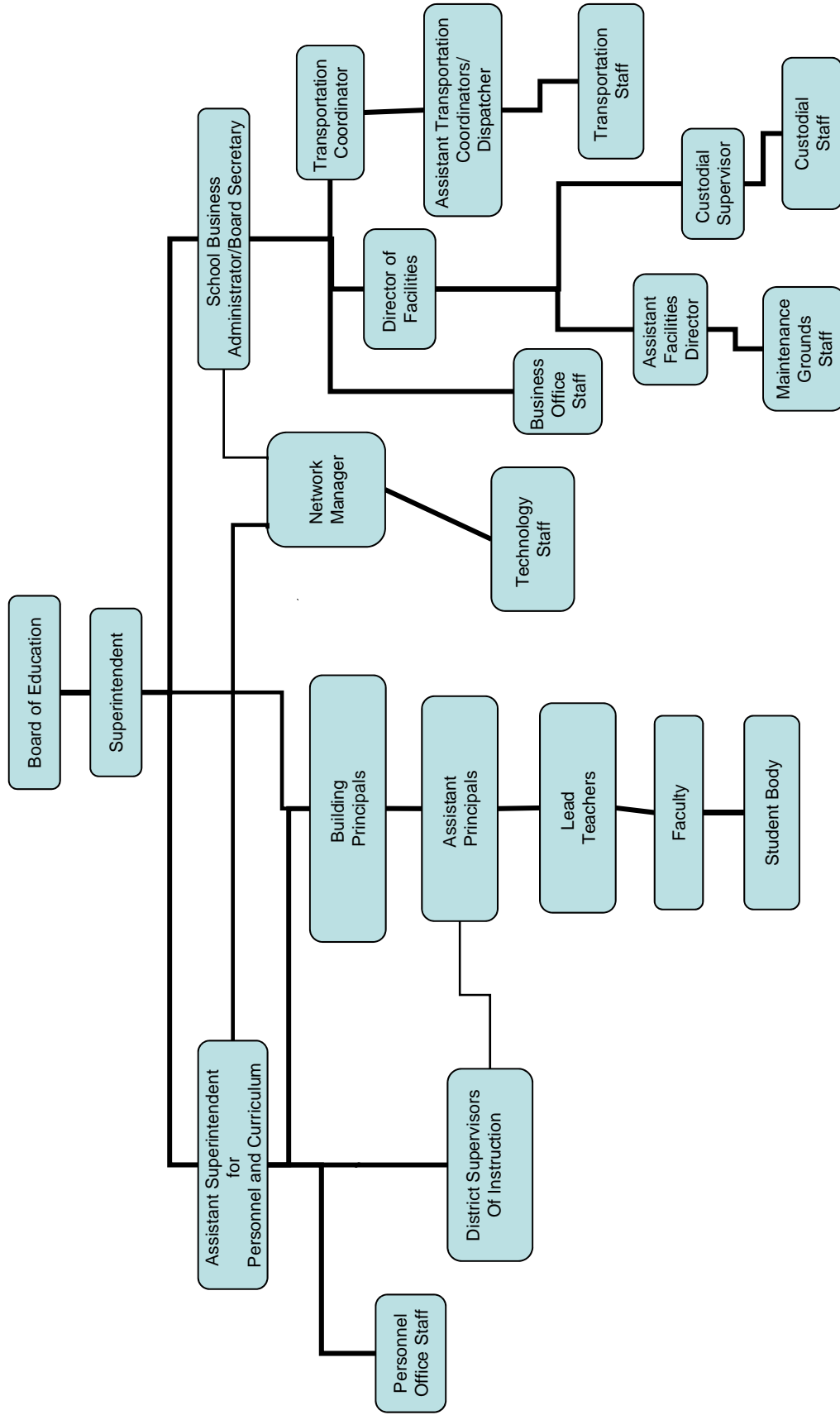
Craig Henry

Mr. Craig Henry
Superintendent

Steven Terhune

Mr. Steven Terhune
School Business Administrator/
Board Secretary

Southern Regional School District Organization Chart



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SOUTHERN REGIONAL SCHOOL DISTRICT
Manahawkin, New Jersey 08050

ROSTER OF OFFICIALS

JUNE 30, 2017

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Kevin C. Lyons, President	2019
Heather Tatur, Vice President	2017
Steven P. Berkheiser	2018
Scott R. McDonough	2019
Thomas W. Serpico	2017
Stuart D. Snyder, Esq.	2017
Scott J. Waters	2018
Keith Weidenhof	2018
Marilyn Wasilewski	2019
Kelly Zuzic	2017

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, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Southern Regional School District, County of Ocean, State of New Jersey, as of June 30, 2017, 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 schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

November 27, 2017
Toms River, New Jersey

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

As management of the Southern Regional School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities reflect the Food Service Fund and Community Education Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains two type of proprietary fund – the Enterprise Fund and Internal Service. The fund financial statements of the enterprise fund provides the same information as the government-wide financial statements, only in more detail.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis of the School District as a Whole

Table 1 on the following page provides a summary of the School Districts net position for the fiscal years 2017 compared to fiscal year 2016.

SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

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

Table 1
Summary of Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 20,060,070	\$ 17,339,751	\$ 2,720,319	15.7%
Capital Assets, Net	27,401,669	26,926,437	475,232	1.8%
Total Assets	<u>47,461,739</u>	<u>44,266,188</u>	<u>3,195,551</u>	7.2%
Deferred Outflow of Resources	<u>9,065,622</u>	<u>3,503,251</u>	<u>5,562,371</u>	158.8%
Current and other Liabilities	2,153,165	3,599,102	(1,445,937)	-40.2%
Noncurrent Liabilities	<u>33,840,012</u>	<u>27,439,555</u>	<u>6,400,457</u>	23.3%
Total Liabilities	<u>35,993,177</u>	<u>31,038,657</u>	<u>4,954,520</u>	16.0%
Deferred Inflow of Resources	<u>163,574</u>	<u>419,480</u>	<u>(255,906)</u>	-61.0%
Net Position:				
Net Investment in Capital Assets	27,655,007	24,162,667	3,492,340	14.5%
Restricted	17,414,101	17,791,192	(377,091)	-2.1%
Unrestricted (Deficit)	<u>(24,698,498)</u>	<u>(25,642,557)</u>	<u>944,059</u>	-3.7%
Total Net Position	<u>\$ 20,370,610</u>	<u>\$ 16,311,302</u>	<u>\$ 4,059,308</u>	24.9%

Table 2 on the following page shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

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

Table 2
Summary of Changes in Net Position

	June 30, <u>2017</u>	June 30, <u>2016</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 1,858,482	\$ 11,150,781	\$ (9,292,299)	-83.3%
Operating Grants & Contributions	1,148,752	1,229,588	(80,836)	-6.6%
General Revenues:				
Property Taxes	46,499,897	45,512,968	986,929	2.2%
Federal & State Aid	8,968,178	7,882,477	1,085,701	13.8%
Tuition	6,506,479	6,385,287	121,192	1.9%
Other General Revenues	1,048,063	1,140,343	(92,280)	-8.1%
Total Revenues	<u>66,029,851</u>	<u>73,301,444</u>	<u>(7,271,593)</u>	-9.9%
Function/Program Expenditures:				
Instruction	27,399,015	27,582,901	(183,886)	-0.7%
Tuition	394,945	149,919	245,026	163.4%
Student & Instruction Related Services	5,763,742	5,986,832	(223,090)	-3.7%
General Administrative Services	992,498	1,062,092	(69,594)	-6.6%
School Administrative Services	2,140,788	2,171,609	(30,821)	-1.4%
Central Services	775,974	769,672	6,302	0.8%
Other Administrative Services	425,441	449,060	(23,619)	-5.3%
Plant Operations & Maintenance	6,172,943	5,866,970	305,973	5.2%
Pupil Transportation	4,034,950	3,956,581	78,369	2.0%
Unallocated Benefits	11,344,211	21,028,628	(9,684,417)	-46.1%
Interest & Other Charges	48,890	52,909	(4,019)	-7.6%
Unallocated Depreciation	1,514,415	1,527,815	(13,400)	-0.9%
Food Service/Community Education	962,731	1,026,437	(63,706)	-6.2%
Total Expenditures	<u>61,970,543</u>	<u>71,631,425</u>	<u>(9,660,882)</u>	-13.5%
Change In Net Position	4,059,308	1,670,019	2,389,289	143.1%
Net Position - Beginning	<u>16,311,302</u>	<u>14,641,283</u>	<u>1,670,019</u>	11.4%
Net Position - Ending	<u>\$ 20,370,610</u>	<u>\$ 16,311,302</u>	<u>\$ 4,059,308</u>	24.9%

Governmental Activities

During the fiscal year 2017, the net position of governmental activities increased by \$4,088,194 or 25.3%. The primary reason for the increase was an increase in Federal and State aid received and unallocated benefits costing the District less than anticipated.

**SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)**

Governmental Activities (continued)

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$20,263,405, with an unrestricted deficit balance of \$24,764,769. The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last two state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

**Table 3
GASB 68 Effect on Unrestricted Net Position**

Unrestricted Net Position (With GASB 68)	\$ (24,764,769)
Plus: PERS Pension Liability	29,377,340
Less: Deferred Outflows Related to Pensions	(9,065,622)
Plus: Deferred Inflows Related to Pensions	163,574
Unrestricted Net Position (Without GASB 68)	<u>\$ (4,289,477)</u>

Business-Type Activities

During the fiscal year 2017, the net position of business-type activities decreased by \$28,886 or 21.2%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$107,205.

General Fund Budgeting Highlights

Final budgeted revenues was \$54,486,029, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$557,832.

Final budgeted appropriations was \$55,909,008, which was an increase of \$68,309 from the original budget. The increase is primarily due to prior year reserve for encumbrances, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted expenditures, the School District's budget appropriations exceeded actual expenditures by \$4,167,349.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$15,670,796 at June 30, 2017, an increase of \$5,126,024 from the prior year.

SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$19,363,048, an increase of \$4,437,941 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$5,127,088 to \$15,492,181 at June 30, 2017, compared to a decrease of \$446,907 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- The self-insurance fund was discontinued at the end of the prior year and the proceeds were transferred to the District's general fund following the monitoring period to allow for closeout of any insurance claims.
- The District made changed providers for its employee medical and prescription insurance coverage, which resulted in lower costs than were budgeted for the school year.
- The District received more State and Federal Aid than was anticipated in the budget process.

Special revenue fund – There was no change in the fund balance for the special revenue fund.

Capital projects fund - During the current fiscal year, the fund balance of the School District's capital projects fund decreased by \$689,147 to \$3,870,852 at June 30, 2017, compared to an increase of \$4,438,224 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the capital projects fund is as follows:

- The District continues to implement its capital improvement plans which result in Fund changes depending on the phasing of planned projects.

Debt service fund - There was no change in the fund balance for the debt service fund.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund decreased by \$22,462 to \$117,466 at June 30, 2017, compared to a decrease of \$10,256 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- The food service fund continues to face challenges for student participation that began to decline as the nutrition standards changed at the Federal level. The reduced participation is impacting the fixed costs within the program. The nutrition standards have also led to an increase in the cost of food to meet the new standards.

Community education fund - During the current fiscal year, the net position of the School District's community education fund decreased by \$6,424 to (\$10,261) at June 30, 2017, compared to a decrease of \$5,083 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position is as follows:

- The Community Education Fund has faced a reduction in class enrollment from Community members. As a result several classes ceased to run in the 2016-2017 school year leading to a decreased ability to cover fixed costs.

SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Self-insurance fund - During the current fiscal year, the net position of the School District's self-insurance fund decreased by \$582,995 to \$0 at June 30, 2017, compared to a decrease of \$1,028,307 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position is as follows:

- The self-insurance fund was discontinued at the end of the prior year and the proceeds were transferred to the District's general fund following the monitoring period to allow for closeout of any insurance claims.

Workers compensation fund - During the current fiscal year, the net position of the School District's workers compensation fund increased by \$65 to \$164 at June 30, 2017, compared to a decrease of \$321 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position is as follows:

- Interest earned on cash balances.

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2017, totaled \$27,401,669 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles and machinery and equipment. There was a net increase in the School District's investment in capital assets for the current fiscal year in the amount of \$475,232. This increase is primarily due to ongoing construction projects. Table 4 shows fiscal 2017 balances compared to 2016.

Table 4
Summary of Capital Assets

<u>Capital Asset</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 2,525,711	\$ 2,525,711	\$ -	0.0%
Construction in Progress	1,869,586	721,008	1,148,578	159.3%
Building and Improvements	41,955,936	41,955,936	-	0.0%
Vehicles	6,681,298	6,442,062	239,236	3.7%
Machinery and Equipment	9,670,979	11,014,882	(1,343,903)	-12.2%
Capital Assets, Gross	62,703,510	62,659,599	43,911	0.1%
Accumulated Depreciation	(35,301,841)	(35,733,162)	431,321	-1.2%
Capital Assets, Net	<u>\$ 27,401,669</u>	<u>\$ 26,926,437</u>	<u>\$ 475,232</u>	1.8%

Depreciation expense for the year was \$1,516,796. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited) (Continued)

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had no bonded debt outstanding, which is a decrease of \$1,520,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Factors on the School District's Future

Overall, the School District has a strong financial position to address normal course of business fluctuations in its day-to-day financial operations. The School District has also continued its Capital Projects planning and funding process to properly maintain the facilities and grounds entrusted to it by the taxpayers. During the 2016-2017 school year the School District retired the remaining long-term bonds and do not anticipate a need to issuing any new bonded debt.

The School District faces an uncertain impact on two areas outside of its control. The first area is the short-term and long-term obligations under the Pension Funds managed by the State of NJ. Any changes in the plans or statutes could have a positive or negative impact on the financial operations of the school district. The second area is State Aid provided to the district by the State of NJ. It is anticipated that the State of NJ will alter the funding levels received by the school district in the near term. Based on the impact realized by the school district in the 2017-2018 school year the district anticipates that these changes will likely have a positive impact on the financial position of the school district.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Steven Terhune, School Business Administrator/Board Secretary at Southern Regional School District, 105 Cedar Bridge Road, Manahawkin, NJ 08050. Please also visit our website at www.srsd.net.

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, 2017

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 5,406,943	\$ 26,109	\$ 5,433,052
Receivables, Net (Note 4)	2,643,644	28,080	2,671,724
Inventory	-	12,952	12,952
Restricted Cash & Cash Equivalents (Note 3)	11,942,342	-	11,942,342
Capital Assets (Note 5):			
Non-Depreciable	4,395,297	-	4,395,297
Depreciable	22,965,438	40,934	23,006,372
Total Assets	47,353,664	108,075	47,461,739
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows Related to Pensions (Note 8)	9,065,622	-	9,065,622
Total Deferred Outflow of Resources	9,065,622	-	9,065,622
Total Assets and Deferred Outflow of Resources	56,419,286	108,075	56,527,361
LIABILITIES			
Accounts Payable	241,467	-	241,467
Accrued Interest Payable	31,838	-	31,838
Unearned Revenue	268,218	870	269,088
Accrued Liability for Insurance Claims	120,032	-	120,032
Due to Other Governments	887,435	-	887,435
Long-Term Obligations (Note 7):			
Due Within One Year	603,305	-	603,305
Due Beyond One Year	33,840,012	-	33,840,012
Total Liabilities	35,992,307	870	35,993,177
DEFERRED OUTFLOW OF RESOURCES			
Deferred Inflows Related to Pensions (Note 8)	163,574	-	163,574
Total Deferred Inflow of Resources	163,574	-	163,574
Total Liabilities and Deferred Outflow of Resources	36,155,881	870	36,156,751
NET POSITION			
Net Investment in Capital Assets	27,614,073	40,934	27,655,007
Restricted For:			
Capital Projects	11,196,316	-	11,196,316
Debt Service	15	-	15
Maintenance Reserve	2,729,862	-	2,729,862
Tuition Reserve	1,600,000	-	1,600,000
Excess Surplus	1,887,908	-	1,887,908
Unrestricted	(24,764,769)	66,271	(24,698,498)
Total Net Position	\$ 20,263,405	\$ 107,205	\$ 20,370,610

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, 2017**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular Instruction	\$ 18,731,677	\$ -	\$ 761,213	\$ (17,970,464)	\$ -	\$ (17,970,464)
Special Education Instruction	6,982,113	-	-	(6,982,113)	-	(6,982,113)
Other Instruction	1,685,225	-	-	(1,685,225)	-	(1,685,225)
Support Services & Undistributed Costs:						
Tuition				(394,945)		(394,945)
Student & Instruction Related Services				(5,763,742)		(5,763,742)
General Administrative Services				(992,498)		(992,498)
School Administrative Services			71,968	(2,068,820)		(2,068,820)
Central Services				(775,974)		(775,974)
Other Administrative Services				(425,441)		(425,441)
Plant Operations & Maintenance				(6,172,945)		(6,172,945)
Pupil Transportation				(4,034,950)		(4,034,950)
Unallocated Benefits		1,240,437		(10,103,774)		(10,103,774)
Interest and Charges on Long-Term Debt				(48,890)		(48,890)
Unallocated Depreciation				(1,514,415)		(1,514,415)
Total Governmental Activities	61,007,812	1,240,437	833,181	(58,934,194)	-	(58,934,194)
Business-Type Activities:						
Food Service/Community Education	962,731	618,045	315,571	-	(29,115)	(29,115)
Total Business-Type Activities	962,731	618,045	315,571	-	(29,115)	(29,115)
Total Primary Government	\$ 61,970,543	\$ 1,858,482	\$ 1,148,752	(58,934,194)	(29,115)	(58,963,309)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				44,960,904		44,960,904
Property Taxes, Levied for Debt Service				1,538,993		1,538,993
Federal & State Aid Restricted				459,431		459,431
Federal & State Aid Not Restricted				8,508,747		8,508,747
Tuition Received				6,506,479		6,506,479
Transportation Fees				924,054		924,054
Investment Earnings				19,625	229	19,854
Miscellaneous Income				104,155		104,155
Total General Revenues				63,022,388	229	63,022,617
Change In Net Position				4,088,194	(28,886)	4,059,308
Net Position - Beginning				16,175,211	136,091	16,311,302
Net Position - Ending				\$ 20,263,405	\$ 107,205	\$ 20,370,610

B. Fund Financial Statements

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Governmental Funds

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**SOUTHERN REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
Cash & Cash Equivalents	\$ 2,111,937	\$ -	\$ 2,183,055	\$ 15	\$ 4,295,007
Cash on Hand with Fiscal Agent	1,188,525	-	-	-	1,188,525
Intergovernmental Accounts Receivable:					
State	495,732	-	698,143	-	1,193,875
Federal	-	151,678	-	-	151,678
Other	1,258,946	22,804	-	-	1,281,750
Interfunds Receivable	12,599	-	1,104,733	-	1,117,332
Restricted Cash & Cash Equivalents:					
Capital Reserve Account	7,325,464	-	-	-	7,325,464
Maintenance Reserve Account	2,729,862	-	-	-	2,729,862
Tuition Reserve Account	1,600,000	-	-	-	1,600,000
Premium Stabilization Account	287,016	-	-	-	287,016
Total Assets	\$ 17,010,081	\$ 174,482	\$ 3,985,931	\$ 15	\$ 21,170,509
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Overdraft	\$ -	\$ 114,746	\$ -	\$ -	\$ 114,746
Accounts Payable	99,169	2,111	115,079	-	216,359
Payable to State & Federal Government	-	25,108	-	-	25,108
Interfund Payables	1,104,733	12,504	-	-	1,117,237
Unearned Revenue	248,205	20,013	-	-	268,218
Accrued Liability for Insurance Claims	65,793	-	-	-	65,793
Total Liabilities	1,517,900	174,482	115,079	-	1,807,461
Fund Balances:					
Restricted for:					
Capital Reserve Account	7,325,464	-	-	-	7,325,464
Maintenance Reserve Account	2,729,862	-	-	-	2,729,862
Tuition Reserve Account	1,600,000	-	-	-	1,600,000
Excess Surplus	1,887,908	-	-	-	1,887,908
Debt Service Fund	-	-	-	15	15
Committed to:					
Capital Projects	-	-	3,870,852	-	3,870,852
Assigned for:					
Designated for Subsequent Year's Expenditures	406,653	-	-	-	406,653
Other Purposes	198,278	-	-	-	198,278
Unassigned	1,344,016	-	-	-	1,344,016
Total Fund Balances	15,492,181	-	3,870,852	15	19,363,048
Total Liabilities & Fund Balances	\$ 17,010,081	174,482	\$ 3,985,931	\$ 15	

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 \$62,252,662 and the accumulated depreciation is \$34,891,927.	27,360,735
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and therefore are not reported in the funds.	8,902,048
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 and liabilities of the internal service funds are included with governmental activities.	164
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(31,838)
Accrued pension contributions for the June 30, 2017 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(887,435)
Long-term liabilities, including net pension liability, compensated absences payable, community disaster loans payable and capital leases payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(34,443,317)
Net position of Governmental Activities	\$ 20,263,405

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, 2017**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 44,960,904	\$ -	\$ -	\$ 1,538,993	\$ 46,499,897
Tuition Charges	6,506,479	-	-	-	6,506,479
Transportation Fees	924,054	-	-	-	924,054
Interest on Investments	19,163	-	390	7	19,560
Miscellaneous	104,155	-	-	-	104,155
Total Local Sources	<u>52,514,755</u>	<u>-</u>	<u>390</u>	<u>1,539,000</u>	<u>54,054,145</u>
State Sources	8,460,700	17,128	459,431	-	8,937,259
Federal Sources	48,047	816,053	-	-	864,100
Total Revenues	<u>61,023,502</u>	<u>833,181</u>	<u>459,821</u>	<u>1,539,000</u>	<u>63,855,504</u>
Expenditures:					
Current Expense:					
Regular Instruction	17,970,464	761,213	-	-	18,731,677
Special Education Instruction	6,982,113	-	-	-	6,982,113
Other Instruction	1,685,225	-	-	-	1,685,225
Support Services:					
Tuition	394,945	-	-	-	394,945
Student & Instruction Related Services	5,763,742	-	-	-	5,763,742
General Administrative Services	992,498	-	-	-	992,498
School Administrative Services	2,068,820	71,968	-	-	2,140,788
Central Services	775,974	-	-	-	775,974
Administrative Information Technology	425,441	-	-	-	425,441
Plant Operations & Maintenance	6,248,055	-	-	-	6,248,055
Student Transportation	4,034,950	-	-	-	4,034,950
Unallocated Benefits	9,268,577	-	-	-	9,268,577
Capital Outlay	840,918	-	1,148,578	-	1,989,496
Debt Service:					
Principal	230,264	-	-	1,520,000	1,750,264
Interest & Other Charges	38,250	-	-	19,000	57,250
Total Expenditures	<u>57,720,236</u>	<u>833,181</u>	<u>1,148,578</u>	<u>1,539,000</u>	<u>61,240,995</u>
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	<u>3,303,266</u>	<u>-</u>	<u>(688,757)</u>	<u>-</u>	<u>2,614,509</u>
Other Financing Sources/(Uses):					
Transfers In From/(Out To) Other Funds	1,823,822	-	(390)	-	1,823,432
Total Other Financing Sources/(Uses)	<u>1,823,822</u>	<u>-</u>	<u>(390)</u>	<u>-</u>	<u>1,823,432</u>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	5,127,088	-	(689,147)	-	4,437,941
Fund Balances July 1	10,365,093	-	4,559,999	15	14,925,107
Fund Balances June 30	<u>\$ 15,492,181</u>	<u>\$ -</u>	<u>\$ 3,870,852</u>	<u>\$ 15</u>	<u>\$ 19,363,048</u>

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 FISCAL YEAR ENDED JUNE 30, 2017**

Total Net Changes in Fund Balances - Governmental Funds (B-2)	\$	4,437,941
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		(1,514,415)
Adjustment		(12,695)
Capital Outlays		<u>1,989,496</u>
		462,386
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		
		(2,009,375)
Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		1,838,071
Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:		
Amortization of Premium on Bonds		12,202
Amortization of Loss on Bond Refunding		<u>(9,488)</u>
		2,714
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.		
		(582,930)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+).		
		5,646
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>(66,259)</u>
Change in Net Position of Governmental Activities	<u>\$</u>	<u>4,088,194</u>

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Proprietary Funds

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SOUTHERN REGIONAL SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS	TOTAL
Current Assets:			
Cash & Cash Equivalents	\$ 26,109	\$ 38,157	\$ 64,266
Accounts Receivable:			
State	121	-	121
Federal	4,957	-	4,957
Other	23,002	16,246	39,248
Inventories	12,952	-	12,952
Total Current Assets	67,141	54,403	121,544
Capital Assets:			
Equipment	450,848	-	450,848
Less: Accumulated Depreciation	(409,914)	-	(409,914)
Total Capital Assets	40,934	-	40,934
Total Assets	108,075	54,403	162,478
LIABILITIES			
Unearned Revenue	870	-	870
Accrued Liability for Insurance			
Claims	-	54,239	54,239
Total Liabilities	870	54,239	55,109
NET POSITION			
Net Investment in Capital Assets	40,934	-	40,934
Unrestricted Net Position	66,271	164	66,435
Total Net Position	\$ 107,205	\$ 164	\$ 107,369

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, 2017**

	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUNDS</u>	GOVERNMENTAL ACTIVITIES - INTERNAL <u>SERVICE FUNDS</u>	TOTAL
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 227,060	\$ -	\$ 227,060
Daily Sales Non-Reimbursable Programs:			
School Lunch Program	378,105	-	378,105
Community Recreation Fees	12,880	-	12,880
Internal Service Funds Provided	-	1,240,437	1,240,437
	<u>618,045</u>	<u>1,240,437</u>	<u>1,858,482</u>
Total Operating Revenue	618,045	1,240,437	1,858,482
Operating Expenses:			
Cost of Sales - Reimbursable	239,102	-	239,102
Cost of Sales - Non-Reimbursable	153,060	-	153,060
Salaries	332,778	-	332,778
Payroll Tax Expense & Other			
Employee Benefits	82,734	-	82,734
Purchased Property Services	112,383	-	112,383
Cleaning, Repair & Maintenance Services	16,969	-	16,969
General Supplies	469	-	469
Insurance	10,821	-	10,821
Depreciation	1,601	-	1,601
Insurance Claims	-	-	-
Miscellaneous Expense	12,419	-	12,419
	<u>962,336</u>	<u>-</u>	<u>962,336</u>
Total Operating Expenses	962,336	-	962,336
Operating Income/(Loss)	<u>(344,291)</u>	<u>1,240,437</u>	<u>896,146</u>
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	6,178	-	6,178
Federal Sources:			
National School Lunch Program	202,633	-	202,633
Health Hunger Free Kids Act	7,949	-	7,949
National School Breakfast Program	29,518	-	29,518
Food Distribution Program	69,293	-	69,293
Interest Income	229	65	294
Disposal of Fixed Asset	(395)	-	(395)
Transfer to General Fund	-	(1,823,432)	(1,823,432)
	<u>315,405</u>	<u>(1,823,367)</u>	<u>(1,507,962)</u>
Total Nonoperating Revenues/(Expenses)	315,405	(1,823,367)	(1,507,962)
Net Income/(Loss)	(28,886)	(582,930)	(611,816)
Net Position - July 1	136,091	583,094	719,185
Net Position - June 30	<u>\$ 107,205</u>	<u>\$ 164</u>	<u>\$ 107,369</u>

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, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS	TOTAL
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 617,299	\$ 1,224,191	\$ 1,841,490
Payments to Employees	(332,778)	-	(332,778)
Payments for Employee Benefits	(81,112)	-	(81,112)
Payments to Suppliers	(473,498)	(1,249,026)	(1,722,524)
Net Cash Provided/(Used) by Operating Activities	(270,089)	(24,835)	(294,924)
Cash Flows From Noncapital Financing Activities:			
Cash Received From State Reimbursements	6,399	-	6,399
Cash Received From Federal Reimbursements	248,743	-	248,743
Net Cash Provided by Noncapital Financing Activities	255,142	-	255,142
Cash Flows From Capital & Related Financing Activities:			
Acquisition of Capital Assets	(14,842)	-	(14,842)
Net Cash Used by Capital & Related Financing Activities	(14,842)	-	(14,842)
Cash Flows From Investing Activities:			
Transfer to General Fund	-	(1,823,432)	(1,823,432)
Interest	229	65	294
Net Cash Provided from Investing Activities	229	(1,823,367)	(1,823,138)
Net Increase/(Decrease) in Cash & Cash Equivalents	(29,560)	(1,848,202)	(1,877,762)
Balances - Beginning of Year	55,669	1,886,359	1,942,028
Balances - Ending of Year	\$ 26,109	\$ 38,157	\$ 64,266

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

Operating Income/(Loss)	\$ (344,291)	\$ 1,240,437	\$ 896,146
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	1,601	-	1,601
Food Distribution Program	69,293	-	69,293
Change in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	1,622	(16,246)	(14,624)
(Increase)/Decrease in Inventory	2,432	-	2,432
Increase/(Decrease) in Unearned Revenues	(746)		(746)
Increase/(Decrease) in Accrued Liabilities for Insurance Claims	-	(1,249,026)	(1,249,026)
Total Adjustments	74,202	(1,265,272)	(1,191,070)
Net Cash Provided/(Used) by Operating Activities	\$ (270,089)	\$ (24,835)	\$ (294,924)

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, 2017**

ASSETS	PRIVATE PURPOSE		AGENCY FUNDS		TOTAL
	SCHOLARSHIP TRUST FUND	UNEMPLOYMENT TRUST	STUDENT ACTIVITIES	PAYROLL	
Cash & Cash Equivalents	\$ 115,296	\$ 15,330	\$ 498,068	\$ 532,523	\$ 1,161,217
Total Assets	115,296	15,330	498,068	532,523	1,161,217
LIABILITIES					
Accounts Payable	-	5,629	-	-	5,629
Interfund Payable	-	-	-	95	95
Due to Student Groups	-	-	498,068	-	498,068
Payroll Deductions & Withholdings	-	-	-	532,428	532,428
Total Liabilities	-	5,629	498,068	532,523	1,036,220
NET POSITION					
Held in Trust for:					
Scholarships	115,296	-	-	-	115,296
Unemployment Claims	-	9,701	-	-	9,701
Total Net Position	\$ 115,296	\$ 9,701	\$ -	\$ -	\$ 124,997

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, 2017**

ADDITIONS	PRIVATE PURPOSE		TOTAL
	SCHOLARSHIP FUND	UNEMPLOYMENT TRUST	
Contributions:			
Scholarship Donations & Contributions	\$ 88,731	\$ -	\$ 88,731
Total Contributions	88,731	-	88,731
Investment Earnings:			
Interest - Checking	210	51	261
Net Investment Earnings	210	51	261
Total Additions	88,941	51	88,992
DEDUCTIONS			
Quarterly Contribution Reports	-	39,359	39,359
Scholarships Awarded	100,837	-	100,837
Total Deductions	100,837	39,359	140,196
Change in Net Position	(11,896)	(39,308)	(51,204)
Net Position - Beginning of the Year	127,192	49,009	176,201
Net Position - End of the Year	\$ 115,296	\$ 9,701	\$ 124,997

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

SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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SOUTHERN REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Southern Regional School District (hereafter referred to as the “School District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Reporting Entity

The Southern Regional School District is a Type II School District located in the County of Ocean, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades seven through twelve at its two schools. The School District has an approximate enrollment at June 30, 2017 of 2,872 students.

The primary criterion for including activities within the School 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 School District holds the corporate powers of the organization;
- ◆ the School District appoints a voting majority of the organization’s board
- ◆ the School District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the School District
- ◆ there is a fiscal dependency by the organization on the School District.

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

Component Units

GASB Statement No.14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB 61, *The Financial Reporting Entity: Omnis – an Amendment of GASB Statements No. 14 and No. 34*. The School District had no component units as of for the year ended June 30, 2017.

SOUTHERN REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The School 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 School District accompanied by a total column. Fiduciary activities of the School 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 School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the 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 School District are reported in three categories: 1) charges for services, 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 property taxes.

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.

B. 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. The School 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 School 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

SOUTHERN REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

B. Governmental Fund Financial Statements (continued)

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 School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. 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 asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The School District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the School 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.

As required by the New Jersey Department of Education the School 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.

SOUTHERN REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

B. Governmental Fund Financial Statements (continued)

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.

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 proprietary funds, and local appropriations that are restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from New Jersey School Development Authority grants, temporary notes, capital leases, or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for the accumulation of financial resources that are restricted, committed, or assigned to an expenditure for the payment of general long-term debt principal, interest and related costs of governmental funds.

C. 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 would be combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized 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.

SOUTHERN REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

C. Proprietary Fund Financial Statements (continued)

The School District reports the following major proprietary funds:

Food Service Fund – The food service fund accounts for the financial transactions related to the food service operations of the School District.

Community Education Fund – The community education fund accounts for the financial transactions related to the community education operations of the School District.

Self-Insurance Fund – The self-insurance fund accounts for the financial transactions related to the self-insurance operations of the School District. This fund was closed during the year due to the School District no longer being self-insured for health and prescription insurance.

Worker's Compensation Fund – The worker's compensation fund accounts for the financial transactions related to the worker's compensation program of the School District.

D. Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The School District's fiduciary funds include Agency and Private-Purpose Trust Funds. Private Purpose Trust and Agency Funds are used to account for and report assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, and other governments. Private Purpose Trust and 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.

The School District reports the following 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 School District currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the School 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 (payroll and student activity funds) are assets held by a governmental entity either as trustee or as an agent for other parties and cannot be used to finance the governmental entities own operating programs.

SOUTHERN REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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 School 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 one or more June state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the general fund budgetary comparison schedules and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the School 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.

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.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Encumbrances (continued)

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

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

Cash, Cash Equivalents and Investments

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 considered cash equivalents and stated at cost.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB). 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.

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 Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. 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.

For purposes of the statement of cash flows, the School District considers all highly liquid investments (including restricted assets) with a maturity when purchased of twelve months or less and all local government investment pools to be cash equivalents

Tuition Receivable/Payable

Tuition rates were established by the receiving School District based on estimated costs. The charges are subject to adjustment when the actual costs are determined.

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.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the School District and that are due within one year. As previously mentioned, these amounts are eliminated in the governmental and business-type columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as Internal Balances in the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. All reported capital assets except land and construction in progress are depreciated. 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. The School District does not possess any infrastructure. The School District has established a threshold of \$2,000 for capitalization of depreciable assets.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	5-12 Years
Vehicles	5-10 Years	4-6 Years

Compensated Absences

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

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Unearned Revenue

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

Accrued Liabilities and Long-Term Obligations

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

Accounting Estimates

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

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Deferred Outflows and Deferred Inflows of Resources

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

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

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

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.

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.

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 of the Public Employees' Retirement System (PERS) and Teacher's Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances in the governmental funds financial statements are classified into the following five categories, as defined below:

- 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.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

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

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – This component of net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – This component of 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) YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2017:

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. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School 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*. The adoption of this Statement had no impact on the School 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. The adoption of this Statement had no impact on the School District's financial statements.

Recently Issued Accounting Pronouncements

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

Statement No. 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 School District's financial statements.

SOUTHERN REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (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 have a material impact on the School 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 have a material impact on the School 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 School District's financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, *Fiduciary Activities*. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 85, *Omnibus 2017*. This Statement provides guidance that addresses several different accounting and financial reporting issues identified during the implementation and application of other GASB pronouncements. The guidance in Statement No. 85 is effective for periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Principles (continued)

Statement No. 86, *Accounting for Certain Debt Extinguishment*. Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Statement No. 86 is effective for reporting periods beginning after June 15, 2017. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management does not expect this Statement to have a material impact on the School District's financial statements.

Note 2. Deposits and Investments

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board's deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity fund or other funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2017, the School District's bank balance of \$19,562,465 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 18,361,910
Uninsured and Uncollateralized	<u>1,200,555</u>
	<u>\$ 19,562,465</u>

Investments

The School District had no investments at June 30, 2017.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 3. Reserve Accounts

Capital Reserve

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 4,819,400
Increased by:	
Interest Earnings	6,064
Deposits approved by Board on June 14, 2017	<u>2,500,000</u>
Ending Balance, June 30, 2017	<u><u>\$ 7,325,464</u></u>

Maintenance Reserve

The School District established a maintenance reserve account on June 5, 2012 for the accumulation of funds for use as required maintenance of a facility in subsequent fiscal years.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the School District's approved Maintenance Plan (M-1). A School District may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. The balance in the account cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 3. Reserve Accounts (continued)

Maintenance Reserve (continued)

Beginning Balance, July 1, 2016	\$ 2,029,862
Increased by:	
Deposits approved by Board on June 14, 2017	<u>700,000</u>
Ending Balance, June 30, 2017	<u>\$ 2,729,862</u>

Tuition Reserve

A tuition reserve account was established 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, 2017. Of this balance, \$800,000 is the 2016-2017 reserve amount and \$800,000 is the 2017-2018 reserve amount.

The activity of the tuition reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 1,600,000
Increased by:	
Deposits approved by Board on June 14, 2017	800,000
Decreased by:	
Budget Withdrawals	<u>(800,000)</u>
Ending Balance, June 30, 2017	<u>\$ 1,600,000</u>

Note 4. Accounts Receivable

Accounts receivable at June 30, 2017 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state and federal programs, the current fiscal year guarantee of federal funds and the budgetary control of New Jersey governmental entities. Accounts receivable in the School District's governmental and business-type activities as of June 30, 2017, consisted of the following:

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 4. Accounts Receivable (continued)

Description	Governmental Funds			Internal Service Fund		Proprietary Funds	
	General	Special	Capital	Worker's	Total	Food Service	Total
	Fund	Revenue	Projects	Comp	Governmental	Fund	Business-Type
	Fund	Fund	Fund	Fund	Activities	Fund	Activities
State Awards	\$ 495,732	\$ -	\$ 698,143	\$ -	\$ 1,193,875	\$ 121	\$ 121
Federal Awards	-	151,678	-	-	151,678	4,957	4,957
Other	1,259,041	22,804	-	16,246	1,298,091	23,002	23,002
Total	\$ 1,754,773	\$ 174,482	\$ 698,143	\$ 16,246	\$ 2,643,644	\$ 28,080	\$ 28,080

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance July 1, <u>2016</u>	Additions	Retirements and Transfers	Balance June 30, <u>2017</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,525,711	\$ -	\$ -	\$ 2,525,711
Construction in Progress	721,008	1,148,578	-	1,869,586
Total Capital Assets not being depreciated	3,246,719	1,148,578	-	4,395,297
Capital Assets being depreciated:				
Buildings and Improvements	41,955,936	-	-	41,955,936
Vehicles	6,442,062	268,854	(29,618)	6,681,298
Machinery and Equipment	10,570,981	572,064	(1,922,914)	9,220,131
Total Capital Assets being depreciated	58,968,979	840,918	(1,952,532)	57,857,365
Less: Accumulated Depreciation:	(35,317,349)	(1,514,415)	1,939,837	(34,891,927)
Total Capital Assets being depreciated, net	23,651,630	(673,497)	(12,695)	22,965,438
Total Governmental Activities Capital Assets, net	\$ 26,898,349	\$ 475,081	\$ (12,695)	\$ 27,360,735

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 5. Capital Assets (continued)

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	Balance June 30, <u>2017</u>
Business-Type Activities:				
Equipment	\$ 443,901	\$ 14,842	\$ (7,895)	\$ 450,848
Less: Accumulated Depreciation:				
Machinery and Equipment	(415,813)	(1,601)	7,500	(409,914)
Total Business-Type Activities Capital Assets, net	<u>\$ 28,088</u>	<u>\$ 13,241</u>	<u>\$ (395)</u>	<u>\$ 40,934</u>

Depreciation expense was not allocated among the various functions/programs of the School District.

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 12,599	\$ 1,104,733
Special Revenue Fund	-	12,504
Capital Projects Fund	1,104,733	-
Payroll Fund	-	95
	<u>\$ 1,117,332</u>	<u>\$ 1,117,332</u>

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

A summary of interfund transfers is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,823,822	\$ -
Capital Projects Fund	-	390
Internal Service Fund	-	1,823,432
	<u>\$ 1,823,822</u>	<u>\$ 1,823,822</u>

The purpose of the interfund transfers was to transfer interest earnings and to close out operations of the self-insurance fund.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2017 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance			Balance	Balance
	<u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Net Pension Liability	\$ 22,427,635	\$ 6,949,705	\$ -	\$ 29,377,340	\$ -
Compensated Absences	3,569,531	66,259	-	3,635,790	-
Capital Leases	1,253,258	-	318,071	935,187	328,305
Community Disaster Loan Payable	495,000	-	-	495,000	275,000
General Obligation Bonds	1,520,000	-	1,520,000	-	-
Unamortized Bond Premiums	12,202	-	12,202	-	-
	<u>\$ 29,277,626</u>	<u>\$ 7,015,964</u>	<u>\$ 1,850,273</u>	<u>\$ 34,443,317</u>	<u>\$ 603,305</u>

For governmental activities, the bonds payable were liquidated from the School District’s debt service fund. Compensated absences, capital leases, unamortized bond premiums and net pension liability are liquidated by the general fund.

Bonds Payable

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On June 9, 2012, the School District issued \$6,510,000 of Refunding Bonds. The Refunding Bonds were retired in full on March 1, 2017.

FEMA Community Disaster Loan (CDL) Payable

The School District applied for and received a CDL in response to the devastating effects on the property tax ratable base of the municipality due to Superstorm Sandy in October 2012. The School District was approved for \$5,000,000 total loan at an interest rate of 1.38%. The cumulative amount of principal and interest accrued through June 30, 2017 is \$495,000 and \$28,166, respectively. This loan was subject to FEMA review in April 2017 and may have been fully or partially cancelled based upon FEMA’s calculation of the revenue loss that the district experienced over the specified period.

FEMA has determined the School District must repay 100% of the loan. The district has not applied for an extension of the loan due date and has budgeted to repay \$275,000 in the budget for the year ended June 30, 2018.

Capital Lease Payable

On January 6, 2016, the School District entered into a lease purchase agreement in the amount of \$317,837 for the purchase of copiers. The lease obligation was issued at an interest rate of 4.95% and matures on August 28, 2019.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 7. Long-Term Obligations (continued)

Capital Lease Payable (continued)

On February 26, 2015, the School District entered into a lease purchase agreement in the amount of \$1,188,525 for the purchase of essential equipment. The lease obligation was issued at an interest rate of 1.33% and matures on August 15, 2019.

The future minimum lease payments for these leases is as follows:

Fiscal Year Ending <u>June 30,</u>	
2018	\$ 342,273
2019	346,289
2020	<u>269,762</u>
Total Minimum Lease Payments	958,324
Less: Amount Representing Interest	<u>(23,137)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 935,187</u></u>

Amortization of the leased equipment under capital assets is included with depreciation expense.

Bonds Authorized but not Issued

As of June 30, 2017, the School District had no bonds authorized but not issued.

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

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

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

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

Contributions - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2017, the School District reported a liability of \$29,377,340 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The School District's proportion measured as of June 30, 2016, was 0.0991903610%, which was a decrease of 0.0007189358% from its proportion measured as of June 30, 2015.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

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

For the year ended June 30, 2017, the School District recognized full accrual pension expense of \$2,890,516 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date. At June 30, 2017 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 546,329	\$ -
Changes of Assumptions	6,085,416	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,120,185	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	426,257	163,574
School District Contributions Subsequent to measurement date	887,435	
	\$ 9,065,622	\$ 163,574

\$887,435 was reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is due April 1, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2018	\$ 1,834,705
2019	1,834,703
2020	2,114,431
2021	1,722,747
2022	508,027
	\$ 8,014,613

SOUTHERN REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017

Note 8. Pension Plans (continued)

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

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
 Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	5.00	-
June 30, 2015	5.00	-
June 30, 2016	5.00	-

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.57, 5.72 and 6.44 years for the 2016, 2015, and 2014 amounts, respectively.

Actuarial Assumptions – The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following assumptions:

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

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

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate of 3.98% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

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

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 35,998,501</u>	<u>\$ 29,377,340</u>	<u>\$ 23,910,997</u>

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2017 and 2016:

	<u>06/30/17</u>	<u>06/30/16</u>
Collective Deferred Outflows of Resources	\$ 7,815,204,785	\$ 2,946,265,815
Collective Deferred Inflows of Resources	\$ -	\$ 360,920,604
Collective Net Pension Liability	\$ 29,617,131,759	\$ 22,447,996,119
School District's portion	0.09919%	0.09991%

B. Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

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

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

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

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. 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 2016, the State's pension contribution was less than the actuarial determined amount.

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

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2016 was \$170,595,322. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.2168592855%, which was an increase of 0.0012643743% from its proportion measured as of June 30, 2015.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

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

For the fiscal year ended June 30, 2017, the State of New Jersey recognized a pension expense in the amount of \$12,817,865 for the State's proportionate share of the TPAF pension expense attributable to the School District. This pension expense was based on the pension plans June 30, 2016 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 8. Pension Plans (continued)

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

	At 1% Decrease	At Current Discount Rate	At 1% Increase
	<u>(2.22%)</u>	<u>(3.22%)</u>	<u>(4.22%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	<u>\$ 203,728,938</u>	<u>\$ 170,595,322</u>	<u>\$ 143,537,448</u>

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

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- Employees enrolled in the Public Employees' Retirement System (PERS) or Teachers' Pension and Annuity Fund (TPAF) on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits;
- Employees enrolled in the Police and Firemen's Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established "maximum compensation" limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

SOUTHERN REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

Note 8. Pension Plans (continued)

C. Defined Contribution Plan (DCRP) (continued)

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2017, employee contributions totaled \$31,470, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$23,910.

Note 9. State Post-Retirement Medical 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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 (APB) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2017, the on-behalf payments for normal costs, post-retirement medical costs, and long-term disability were \$2,399,570, \$1,999,387 and \$1,866, respectively.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 11. Risk Management

The School 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.

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

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ 51	\$ 39,359	\$ 9,701
2015-2016	48,378	62	39,662	49,009
2014-2015	47,125	62	4,885	40,231

Property and Liability Insurance – The School 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.

Joint Insurance Pool – The School District also participates in the School Alliance Insurance Fund and, public entity risk pool. The Pool provides its members with the following coverage:

Property – Blanket Building & Grounds Environmental Impairment Liability School Board Legal Liability Employers Liability	General & Automobile Liability Workers’ Compensation Excess Liability Comprehensive Crime Coverage
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Note 12. Contingencies

State and Federal Grantor Agencies - The School 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 School 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, 2017 may be impaired. In the opinion of the School 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.

Litigation – The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the School Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the School District.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 12. Contingencies (continued)

Economic Dependency – The School 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 School District’s programs and activities.

Note 13. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. 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:

AXA Equitable
Lincoln Investment Planning
Met Life
Primerica
Prudential Financial
Vanguard

Note 14. Compensated Absences

The School 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.

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

The liability for vested compensated absences of the governmental fund types is recorded in the Statement of Net Position. At June 30, 2017, the liability for compensated absences reported on the government-wide Statement of Net Position was \$3,635,790.

Note 15. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the

SOUTHERN REGIONAL SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) YEAR ENDED JUNE 30, 2017

Note 15. Tax Abatements (continued)

county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 16. Commitments

The School District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as assigned to other purposes in the amount of \$198,278.

There was \$3,870,852 of contractual commitments at June 30, 2017 to vendors related to the ongoing construction projects in the capital projects fund that is reported as part of the fund balance restricted for capital projects.

Note 17. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 was \$1,887,908.

Note 18. Fund Balances

General Fund – Of the \$15,492,181 General Fund fund balance at June 30, 2017, \$7,325,464 has been restricted for the Capital Reserve Account; \$2,729,862 has been restricted for the Maintenance Reserve Account; \$1,600,000 has been restricted for the Tuition Reserve Account; \$1,887,908 has been restricted for current year excess surplus; \$406,653 has been assigned and included as anticipated revenue for the year ending June 30, 2018; \$198,278 has been assigned to other purposes; and \$1,344,016 has been unassigned.

Capital Projects Fund – Of the \$3,870,852 Capital Projects Fund fund balance at June 30, 2017, entire amount is restricted for future capital projects approved by the School District.

Debt Service Fund – Of the \$15 Debt Service Fund fund balance at June 30, 2017, the entire amount is restricted for future debt service payments.

SOUTHERN REGIONAL SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED JUNE 30, 2017**

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$24,764,769 at June 30, 2017. The primary causes of this deficit is the School District not recognizing the receivable for the last two state aid payments and the recording of the net pension liability for the Public Employee’s Retirement System (PERS) as of June 30, 2017. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

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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, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:						
Local Sources:						
Local Tax Levy	10-1210	\$ 44,960,904	\$ -	\$ 44,960,904	\$ 44,960,904	\$ -
Tuition	10-1300	6,499,587	-	6,499,587	6,506,479	6,892
Transportation Fees	10-1420	911,276	-	911,276	924,054	12,778
Interest Earnings	10-1XXX	-	-	-	13,099	13,099
Interest Earned on Capital Reserve Funds	10-1XXX	1,000	-	1,000	6,064	5,064
Unrestricted Miscellaneous Revenues	10-1XXX	120,000	-	120,000	104,155	(15,845)
Total Local Sources		52,492,767	-	52,492,767	52,514,755	21,988
State Sources:						
Categorical Special Education Aid	10-3132	1,413,531	-	1,413,531	1,413,531	-
Extraordinary Aid	10-3131	-	-	-	473,737	473,737
Categorical Transportation Aid	10-3121	299,208	-	299,208	299,208	-
Categorical Security Aid	10-3177	204,023	-	204,023	204,023	-
Non-Public Transportation Aid	10-3190	-	-	-	14,060	14,060
PARCC Readiness Aid	10-31XX	25,970	-	25,970	25,970	-
Per Pupil Growth Aid	10-31XX	25,970	-	25,970	25,970	-
Professional Learning Comm Aid	10-31XX	24,560	-	24,560	24,560	-
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	2,399,570	2,399,570
On-Behalf TPAF Post-Retirement Medical		-	-	-	1,999,387	1,999,387
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,866	1,866
Reimbursed TPAF Social Security		-	-	-	1,577,754	1,577,754
Total State Sources		1,993,262	-	1,993,262	8,459,636	6,466,374
Federal Sources:						
Medicaid Reimbursement	10-4200	-	-	-	48,047	48,047
Total Federal Sources		-	-	-	48,047	48,047
Total Revenues		54,486,029	-	54,486,029	61,022,438	6,536,409
Expenditures:						
Current Expense:						
Grades 6-8 Salaries of Teachers	11-130-100-101	4,636,827	-	4,636,827	4,446,063	190,764
Employee Benefits	11-130-100-270	1,587,235	-	1,587,235	889,929	697,306
Unused Sick Time	11-130-100-299	-	18,408	18,408	18,408	-
Grades 9-12 Salaries of Teachers	11-140-100-101	9,375,114	(499)	9,374,615	9,192,695	181,920
Employee Benefits	11-140-100-270	2,400,000	(280,681)	2,119,319	2,038,049	81,270
Unpaid Vacation	11-xxx-100-299	198,745	(18,408)	180,337	180,337	-
Home Instruction - Regular Programs:						
Salaries of Teachers	11-150-100-101	155,000	320	155,320	143,911	11,409
Other Salaries for Instruction	11-190-100-106	26,000	499	26,499	26,499	-
Purchased Technical Services	11-190-100-340	69,795	-	69,795	68,974	821
Other Purchased Services - (400-500 Series)	11-190-100-500	295,252	(86,913)	208,339	196,826	11,513
General Supplies	11-190-100-610	648,872	40,535	689,407	639,343	50,064
Textbooks	11-190-100-640	149,700	(19,646)	130,054	86,806	43,248
Other Objects	11-190-100-890	59,150	(151)	58,999	42,624	16,375
Total Regular Programs		19,601,690	(346,536)	19,255,154	17,970,464	1,284,690
Special Education:						
Learning/Language Disabilities:						
Salaries of Teachers	11-204-100-101	464,444	(1,696)	462,748	449,610	13,138
Other Salaries for Instruction	11-204-100-106	29,118	1,695	30,813	30,813	-
Employee Benefits	11-204-100-270	250,000	-	250,000	105,362	144,638
General Supplies	11-204-100-610	9,439	(3,500)	5,939	4,338	1,601
Textbooks	11-204-100-640	1,500	(1,500)	-	-	-
Other Objects	11-204-100-800	8,150	-	8,150	3,523	4,627
Total Learning/Language Disabilities		762,651	(5,001)	757,650	593,646	164,004

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Behavioral Disabilities:						
Salaries of Teachers	11-209-100-101	569,300	-	569,300	546,778	22,522
Other Salaries for Instruction	11-209-100-106	181,507	-	181,507	156,216	25,291
Employee Benefits	11-209-100-270	300,000	(73,959)	226,041	224,885	1,156
Other Purchased Services-(400-500)	11-209-100-500	400	-	400	-	400
General Supplies	11-209-100-610	9,900	-	9,900	5,527	4,373
Textbooks	11-209-100-640	500	-	500	462	38
Other Objects	11-209-100-800	1,000	-	1,000	876	124
Total Behavioral Disabilities		1,062,607	(73,959)	988,648	934,744	53,904
Resource Room/Resource Center:						
Salaries of Teachers	11-213-100-101	3,328,160	910	3,329,070	3,329,070	-
Other Salaries for Instruction	11-213-100-106	194,272	35,747	230,019	230,019	-
Employee Benefits	11-213-100-270	1,265,586	137,096	1,402,682	1,015,038	387,644
Unused Sick	11-213-100-299	190,220	(36,656)	153,564	117,309	36,255
Other Purchased Services-(400-500)	11-213-100-500	750	-	750	-	750
General Supplies	11-213-100-610	7,602	316	7,918	7,360	558
Textbooks	11-213-100-640	5,550	(251)	5,299	2,183	3,116
Other Objects	11-213-100-800	450	(316)	134	-	134
Total Resource Room/Resource Center		4,992,590	136,846	5,129,436	4,700,979	428,457
Autism:						
Salaries of Teachers	11-214-100-101	197,044	8,230	205,274	205,274	-
Other Salaries for Instruction	11-214-100-106	478,757	(8,231)	470,526	446,882	23,644
Purchased Professional - Educational Services	11-214-100-320	76,000	20,000	96,000	89,088	6,912
Other Purchased Services-(400-500)	11-214-100-500	1,650	-	1,650	509	1,141
General Supplies	11-214-100-610	12,350	-	12,350	10,991	1,359
Total Autism		765,801	19,999	785,800	752,744	33,056
Total Special Education		7,583,649	77,885	7,661,534	6,982,113	679,421
Other Instructional Programs:						
Basic Skills/Remedial - Instruction:						
Other Salaries for Instruction	11-230-100-106	75,695	-	75,695	62,466	13,229
General Supplies	11-230-100-610	2,400	10,666	13,066	11,105	1,961
Textbooks	11-230-100-640	2,600	-	2,600	360	2,240
Other Objects	11-230-100-800	200	-	200	32	168
Total Basic Skills/Remedial Instruction		80,895	10,666	91,561	73,963	17,598
Bilingual Education - Instruction:						
General Supplies	11-240-100-610	1,000	-	1,000	784	216
Textbooks	11-240-100-640	1,000	-	1,000	301	699
Total Bilingual Education - Instruction		2,000	-	2,000	1,085	915
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	294,672	490	295,162	295,162	-
Other Objects	11-401-100-800	79,390	9,210	88,600	39,392	49,208
Total School Sponsored Cocurricular Activities		374,062	9,700	383,762	334,554	49,208
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	888,958	171	889,129	883,393	5,736
Employee Benefits	11-402-100-270	37,465	(2,580)	34,885	31,176	3,709
Purchased Services - (300-500 Series)	11-402-100-500	2,000	(531)	1,469	1,428	41
Supplies and Materials	11-402-100-600	112,680	-	112,680	107,923	4,757
Other Objects	11-402-100-800	235,000	16,707	251,707	251,703	4
Total School Sponsored Athletics - Instruction		1,276,103	13,767	1,289,870	1,275,623	14,247

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Total Other Instruction		1,733,060	34,133	1,767,193	1,685,225	81,968
Total - Instruction		28,918,399	(234,518)	28,683,881	26,637,802	2,046,079
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEAs Within State - Special	11-000-100-562	40,000	54,500	94,500	94,305	195
Tuition to County Vocational School District - Regular	11-000-100-563	78,100	-	78,100	73,590	4,510
Tuition to County Special Services & Regular Day Schools	11-000-100-565	35,000	20,933	55,933	32,328	23,605
Tuition to Private Schools for the Handicapped - Within the State	11-000-100-566	299,655	(75,433)	224,222	159,074	65,148
Tuition - State Facilities	11-000-100-568	32,306	-	32,306	32,306	-
Tuition Other	11-000-100-569	31,000	-	31,000	3,342	27,658
Total Instruction		516,061	-	516,061	394,945	121,116
Attendance/Social Work:						
Salaries	11-000-211-100	129,053	2,332	131,385	131,193	192
Employee Benefits	11-000-211-270	63,503	-	63,503	42,147	21,356
Supplies and Materials	11-000-211-600	1,000	-	1,000	840	160
Total Attendance/Social Work		193,556	2,332	195,888	174,180	21,708
Health Services:						
Salaries	11-000-213-100	216,604	2,453	219,057	217,651	1,406
Employee Benefits	11-000-213-270	75,141	-	75,141	62,520	12,621
Purchased Professional & Technical Services	11-000-213-300	30,500	-	30,500	30,500	-
Other Purchased Services - (400-500 Series)	11-000-213-500	900	-	900	340	560
Supplies and Materials	11-000-213-600	10,000	-	10,000	9,793	207
Total Health Services		333,145	2,453	335,598	320,804	14,794
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	364,016	(7,061)	356,955	341,645	15,310
Employee Benefits	11-000-216-270	54,002	(793)	53,209	52,998	211
Purchased Professional & Educational Services	11-000-216-320	-	17,680	17,680	17,680	-
Supplies and Materials	11-000-216-600	1,500	-	1,500	807	693
Total Other Support Services - Students - Related - Services		419,518	9,826	429,344	413,130	16,214
Other Support Services Students - Extraordinary Services:						
Salaries	11-000-217-100	661,457	(22,312)	639,145	526,735	112,410
Employee Benefits	11-000-217-270	454,230	(51,394)	402,836	338,957	63,879
Total Other Support Services Students - Extraordinary Services		1,115,687	(73,706)	1,041,981	865,692	176,289
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	1,032,797	6,907	1,039,704	1,039,704	-
Salaries of Secretarial & Clerical Assistants	11-000-218-105	125,002	-	125,002	123,842	1,160
Other Salaries	11-000-218-110	25,000	(388)	24,612	23,937	675
Employee Benefits	11-000-218-270	401,742	(1,012)	400,730	369,239	31,491
Other Purchased Services - (400-500 Series)	11-000-218-500	700	-	700	-	700
Supplies and Materials	11-000-218-600	3,600	-	3,600	1,767	1,833
Other Objects	11-000-218-800	7,500	-	7,500	5,098	2,402
Total Other Support Services - Students - Regular		1,596,341	5,507	1,601,848	1,563,587	38,261

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	877,206	26,545	903,751	903,751	-
Salaries of Secretarial & Clerical Assistants	11-000-219-105	135,108	856	135,964	135,964	-
Other Salaries	11-000-219-110	20,000	388	20,388	20,388	-
Employee Benefits	11-000-219-270	211,957	60,675	272,632	153,748	118,884
Purchased Professional - Educational Services	11-000-219-320	28,776	175	28,951	10,595	18,356
Other Purchased Services - (400-500 Series)	11-000-219-592	7,000	(6,000)	1,000	258	742
Supplies and Materials	11-000-219-600	2,027	6,054	8,081	4,583	3,498
Other Objects	11-000-219-800	3,997	(54)	3,943	3,908	35
Total Other Support Services - Students - Special Services		1,286,071	88,639	1,374,710	1,233,195	141,515
Improvement of Instruction Services:						
Salary of Supervisor of						
Instruction	11-000-221-102	446,332	38,000	484,332	483,993	339
Salaries of Secretarial & Clerical Assistants	11-000-221-105	147,170	2,292	149,462	149,462	-
Employee Benefits	11-000-221-270	192,698	-	192,698	136,312	56,386
Unused Sick	11-000-221-299	73,027	(67,693)	5,334	-	5,334
Total Improvement of Instruction Services		859,227	(27,401)	831,826	769,767	62,059
Educational Media Services/School Library:						
Salaries of Teachers	11-000-222-100	301,860	-	301,860	301,124	736
Employee Benefits	11-000-222-270	106,531	5,131	111,662	86,763	24,899
Other Purchased Services - (400-500 Series)	11-000-222-500	200	-	200	178	22
Supplies and Materials	11-000-222-600	40,157	183	40,340	35,322	5,018
Total Educational Media Services/School Library		448,748	5,314	454,062	423,387	30,675
Support Services General Administration:						
Salaries	11-000-230-100	521,969	193	522,162	522,146	16
Employee Benefits	11-000-230-270	52,057	-	52,057	35,846	16,211
Legal Services	11-000-230-331	45,000	(193)	44,807	29,671	15,136
Audit Fees	11-000-230-332	33,150	-	33,150	32,200	950
Other Purchased Professional Services	11-000-230-339	36,000	21,030	57,030	41,614	15,416
Communications/Telephone	11-000-230-530	85,000	-	85,000	81,773	3,227
Other Purchased Services - (400-500)	11-000-230-590	168,397	100	168,497	155,917	12,580
General Supplies	11-000-230-610	9,000	-	9,000	571	8,429
Judgment Against the School District	11-000-230-820	75,000	-	75,000	56,743	18,257
Miscellaneous	11-000-230-890	17,000	-	17,000	12,226	4,774
BOE Membership Dues & Fees	11-000-230-895	24,300	-	24,300	23,791	509
Total Support Services General Administration		1,066,873	21,130	1,088,003	992,498	95,505
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	1,093,806	(27,240)	1,066,566	1,066,566	-
Salaries of Secretarial & Clerical Assistants	11-000-240-105	474,683	7,103	481,786	477,115	4,671
Employee Benefits	11-000-240-270	433,155	31,186	464,341	361,918	102,423
Unused Sick	11-000-240-299	75,840	15,506	91,346	91,346	-
Other Purchased Services - (400-500 Series)	11-000-240-500	200	-	200	-	200
Supplies and Materials	11-000-240-600	41,520	(6,000)	35,520	18,300	17,220
Other Objects	11-000-240-800	92,207	(15,556)	76,651	53,575	23,076
Total Support Services School Administration		2,211,411	4,999	2,216,410	2,068,820	147,590
Central Services:						
Salaries	11-000-251-100	540,876	-	540,876	531,021	9,855
Employee Benefits	11-000-251-270	167,467	2,879	170,346	169,678	668
Purchased Professional Services	11-000-251-330	24,500	(1,194)	23,306	17,245	6,061
Purchased Technical Services	11-000-251-340	11,500	4,940	16,440	10,868	5,572
Miscellaneous Purchased						
Services (400-500 Series)	11-000-251-592	15,200	495	15,695	14,528	1,167
General Supplies	11-000-251-610	5,000	6,525	11,525	11,251	274
Interest on Current Loans	11-000-251-831	11,309	-	11,309	11,309	-
Miscellaneous	11-000-251-890	3,000	7,549	10,549	10,074	475
Total Central Services		778,852	21,194	800,046	775,974	24,072

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Administrative Information Technology:						
Salaries	11-000-252-100	298,229	-	298,229	287,154	11,075
Employee Benefits	11-000-252-270	75,785	1,638	77,423	65,585	11,838
Purchased Technical Services	11-000-252-340	44,680	5,000	49,680	44,479	5,201
Other Purchased Services	11-000-252-500	6,000	-	6,000	3,775	2,225
Supplies and Materials	11-000-252-600	25,000	-	25,000	24,448	552
Total Administrative Information Technology		449,694	6,638	456,332	425,441	30,891
Operations and Maintenance of Plant Services:						
Health Benefits	11-000-260-270	1,091,370	(33,123)	1,058,247	753,305	304,942
Total Operations and Maintenance of Plant Services		1,091,370	(33,123)	1,058,247	753,305	304,942
Required Maintenance for School Facilities:						
Salaries	11-000-261-100	868,562	(8,100)	860,462	799,033	61,429
Cleaning, Repair & Maintenance Services	11-000-261-420	849,144	(6,858)	842,286	789,784	52,502
Supplies and Materials	11-000-261-610	256,400	7,979	264,379	261,268	3,111
Total Allowable Maintenance for School Facilities		1,974,106	(6,979)	1,967,127	1,850,085	117,042
Other Operation & Maintenance of Plant:						
Salaries	11-000-262-100	966,289	(1,397)	964,892	955,828	9,064
Salaries of Non-Instructional Aides	11-000-262-107	40,000	1,397	41,397	41,397	-
Cleaning, Repair & Maintenance Services	11-000-262-420	75,000	176	75,176	61,813	13,363
Other Purchased Property Service	11-000-262-490	190,000	-	190,000	188,488	1,512
Insurance	11-000-262-520	169,296	-	169,296	169,296	-
General Supplies	11-000-262-610	267,800	5,353	273,153	248,357	24,796
Energy (Natural Gas)	11-000-262-621	265,000	(65,450)	199,550	198,587	963
Energy (Electricity)	11-000-262-622	865,000	114,100	979,100	979,098	2
Other Objects	11-000-262-800	7,300	1,855	9,155	8,642	513
Total Other Operation & Maintenance of Plant		2,845,685	56,034	2,901,719	2,851,506	50,213
Care & Upkeep of Grounds:						
Salaries	11-000-263-100	285,346	(20,000)	265,346	264,756	590
Cleaning, Repair, & Maintenance Services	11-000-263-420	99,400	-	99,400	95,297	4,103
General Supplies	11-000-263-610	202,095	361	202,456	188,215	14,241
Total Care & Upkeep of Grounds		586,841	(19,639)	567,202	548,268	18,934
Security:						
Salaries	11-000-266-100	249,198	-	249,198	244,891	4,307
Total Security		249,198	-	249,198	244,891	4,307
Student Transportation Services:						
Salaries for Non Instructional Aides	11-000-270-107	99,669	2,323	101,992	101,992	-
Salaries for Pupil Transportation - (Between Home & School) - Regular	11-000-270-160	1,649,586	(823)	1,648,763	1,634,758	14,005
Salaries for Pupil Transportation - (Between Home & School) - Nonpublic	11-000-270-162	300,000	(1,500)	298,500	287,181	11,319
Employee Benefits	11-000-270-270	1,339,908	(21,799)	1,318,109	1,160,467	157,642
Unused Sick	11-000-270-299	6,275	-	6,275	-	6,275
Cleaning, Repair Services	11-000-270-420	121,800	(7,712)	114,088	104,521	9,567
Contracted Services (Between ESCs & CTSAs) - Vendors	11-000-270-518	225,000	-	225,000	207,941	17,059
Miscellaneous Purchased Services	11-000-270-593	94,000	-	94,000	94,000	-
General Supplies	11-000-270-610	706,000	-	706,000	434,584	271,416
Other Objects	11-000-270-800	9,600	-	9,600	9,506	94
Total Student Transportation Services		4,551,838	(29,511)	4,522,327	4,034,950	487,377

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	745,000	35,410	780,410	780,327	83
Other Retirement Contributions - PERS	11-000-291-241	935,952	(35,410)	900,542	893,172	7,370
Other Retirement Contributions - Regular	11-000-291-249	20,000	-	20,000	17,887	2,113
Workman's Compensation	11-000-291-260	559,000	-	559,000	513,432	45,568
Health Benefits	11-000-291-270	880,000	89,008	969,008	965,202	3,806
Tuition Reimbursement	11-000-291-280	90,000	-	90,000	53,200	36,800
Other Employee Benefits	11-000-291-290	-	66,780	66,780	66,780	-
Total Unallocated Benefits - Employee Benefits		3,229,952	155,788	3,385,740	3,290,000	95,740
Nonbudgeted:						
On-Behalf TPAF Pension Contributions		-	-	-	2,399,570	(2,399,570)
On-Behalf TPAF Post Retirement Medical		-	-	-	1,999,387	(1,999,387)
On-Behalf TPAF Long-Term Disability Insurance		-	-	-	1,866	(1,866)
Reimbursed TPAF Social Security		-	-	-	1,577,754	(1,577,754)
Total Undistributed Expenditures		25,804,174	189,495	25,993,669	29,973,002	(3,979,333)
Total Expenditures - Current Expense		54,722,573	(45,023)	54,677,550	56,610,804	(1,933,254)
Capital Outlay:						
Interest Deposit on Capital Reserve	10-604	1,000	(1,000)	-	-	-
Interest Deposit on Maintenance Reserve	10-606	1,000	(1,000)	-	-	-
Equipment:						
Undistributed Expenditures:						
Instructional Equipment	12-000-100-730	80,500	6,000	86,500	85,403	1,097
Support Services-Students-Reg	12-000-210-730	-	18,941	18,941	18,941	-
Support Services-Students-Special	12-000-219-730	-	12,233	12,233	12,233	-
Support Services-Instruct. Staff	12-000-262-730	-	13,818	13,818	13,818	-
School Administration	12-000-240-730	10,000	22,039	32,039	32,039	-
Custodial Services	12-000-262-730	32,921	550,555	583,476	568,094	15,382
Central Services	12-000-251-730	-	22,260	22,260	18,155	4,105
Required Maintenance for School Facilities	12-000-261-730	290,000	(290,000)	-	-	-
Care and Upkeep of Grounds	12-000-263-730	218,989	(218,989)	-	-	-
Student Transportation Equipment	12-000-270-732	185,202	(185,202)	-	-	-
Athletic Equipment	12-402-100-730	30,000	24,235	54,235	54,235	-
Noninstructional Services:						
School Buses - Regular	12-000-270-733	-	139,442	139,442	38,000	101,442
Total Equipment		849,612	113,332	962,944	840,918	122,026
Facilities Acquisition & Construction Services:						
Lease Purchase Agreements-Principal	12-000-400-721	230,264	-	230,264	230,264	-
Assessment for Debt Service on SDA Funding	12-000-400-896	38,250	-	38,250	38,250	-
Total Facilities Acquisition & Construction Services		268,514	-	268,514	268,514	-
Total Capital Outlay		1,118,126	113,332	1,231,458	1,109,432	122,026
Total Expenditures		55,840,699	68,309	55,909,008	57,720,236	(1,811,228)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(1,354,670)	(68,309)	(1,422,979)	3,302,202	4,725,181
Other Financing Sources/(Uses):						
Operating Transfers In/(Out):						
Transfer from Capital Projects Fund		-	-	-	390	390
Transfer from Self Insurance Fund		-	-	-	1,823,432	1,823,432
Total Other Financing Sources/(Uses)		-	-	-	1,823,822	1,823,822

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ACCOUNT NUMBERS	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Excess/(Deficiency) of Revenues & Other Financing Sources					
Over/(Under) Expenditures & Other Financing Uses	(1,354,670)	(68,309)	(1,422,979)	5,126,024	6,549,003
Fund Balances, July 1	10,544,772	-	10,544,772	10,544,772	-
Fund Balances, June 30	<u>\$ 9,190,102</u>	<u>\$ (68,309)</u>	<u>\$ 9,121,793</u>	<u>\$ 15,670,796</u>	<u>\$ 6,549,003</u>

RECAPITULATION OF BUDGET TRANSFERS

Rollover Encumbrances from Prior Year	\$ 69,782
Prior Year Encumbrances Cancelled	<u>(1,473)</u>
	<u>\$ 68,309</u>

RECAPITULATION OF FUND BALANCE

Restricted:	
Capital Reserve	\$ 7,325,464
Maintenance Reserve	2,729,862
Prior Year Tuition Reserve	800,000
Current Year Tuition Reserve	800,000
Excess Surplus	1,887,908
Assigned:	
Designated for Subsequent Year's Expenditures	406,653
Year-End Encumbrances	198,278
Unassigned Fund Balance	<u>1,522,631</u>
Subtotal	15,670,796
Reconciliation to Governmental Funds Statements (GAAP):	
Reconciliation of State Aid Payments For GAAP to Budgetary Basis & Other Adjustments	<u>(178,615)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 15,492,181</u>

**SOUTHERN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
REVENUES:					
State Sources	\$ -	42,235	\$ 42,235	\$ 17,128	\$ (25,107)
Federal Sources	-	881,892	881,892	824,146	(57,746)
Local Sources	-	-	-	-	-
Total Revenues	-	924,127	924,127	841,274	(82,853)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	-	210,582	210,582	181,747	28,835
Purchased Professional - Educational Services	-	616,726	616,726	576,520	40,206
General Supplies	-	10,152	10,152	8,042	2,110
Textbooks	-	2,997	2,997	2,997	-
Total Instruction	-	840,457	840,457	769,306	71,151
Support Services:					
Salaries for Other Professional Staff	-	9,971	9,971	4,807	5,164
Personal Services - Employee Benefits	-	44,965	44,965	43,947	1,018
Purchased Professional - Educational Services	-	21,576	21,576	16,056	5,520
Other Purchased Services	-	6,658	6,658	6,658	-
Supplies & Materials	-	500	500	500	-
Total Support Services	-	83,670	83,670	71,968	11,702
Total Expenditures	-	924,127	924,127	841,274	82,853
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2017**

**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)	\$ 61,022,438	\$ 841,274
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	-	(41,843)
Prior Year	-	33,750
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		
	179,679	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		
	<u>(178,615)</u>	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)		
	<u>\$ 61,023,502</u>	<u>\$ 833,181</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 57,720,236	\$ 841,274
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year	-	(41,843)
Prior Year	-	33,750
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)		
	<u>\$ 57,720,236</u>	<u>\$ 833,181</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2017	2016	2015	2014
District's proportion of the net pension liability	0.099190%	0.099909%	0.100280%	0.096105%
District's proportionate share of the net pension liability	\$ 29,377,340	\$ 22,427,635	\$ 18,775,162	\$ 18,775,162
District's covered payroll	\$ 6,587,503	\$ 7,630,036	\$ 7,630,036	unavailable
District's proportionate share of the net pension liability as a percentage of its covered payroll	445.96%	340.46%	246.07%	246.07%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	52.08%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 887,435	\$ 881,193	\$ 858,943	\$ 826,694
Contributions in relation to the contractually required contribution	<u>887,435</u>	<u>881,193</u>	<u>858,943</u>	<u>826,694</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	6,508,328	6,587,503	7,630,036	7,630,036
Contributions as a percentage of employee payroll	13.64%	13.38%	11.26%	10.83%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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

	2017	2016	2015	2014
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 170,595,322	\$ 136,265,190	\$ 107,510,677	\$ 107,510,677
District's covered payroll	\$ 22,322,273	\$ 23,452,825	\$ 22,556,801	\$ 21,660,777
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0000%	0.0000%	0.0000%	0.0000%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.76%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SOUTHERN REGIONAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 4.90 % as of June 30, 2015, to 3.98% as of June 30, 2016.

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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, 2017**

	TITLE I	TITLE IIA	TITLE III IMMIGRANT	I.D.E.A. PART B HANDICAPPED
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Federal Source	176,666	67,871	199	579,410
Total Revenues	\$ 176,666	\$ 67,871	\$ 199	\$ 579,410
Expenditures:				
Instruction:				
Salaries of Teachers	\$ 132,595	\$ 44,453	\$ 199	\$ 4,500
Purchased Professional Services	293	-	-	563,448
General Supplies	6,690	-	-	-
Textbooks	-	-	-	-
Total Instruction	139,578	44,453	199	567,948
Support Services:				
Salaries of Other Professional Staff	4,807	-	-	-
Personal Services - Employee Benefits	31,281	12,322	-	344
Purchased Professional Services	1,000	11,096	-	3,960
Other Purchased Services	-	-	-	6,658
Supplies & Materials	-	-	-	500
Total Support Services	37,088	23,418		11,462
Total Expenditures	\$ 176,666	\$ 67,871	\$ 199	\$ 579,410

**SOUTHERN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	NONPUBLIC				
	TEXTBOOK	NURSING	TECHNOLOGY	CHAPTER 192	CHAPTER 193
Revenues:					
State Sources	\$ 2,997	\$ 1,916	\$ 1,352	\$ 3,583	\$ 7,280
Federal Source	-	-	-	-	-
Total Revenues	\$ 2,997	\$ 1,916	\$ 1,352	\$ 3,583	\$ 7,280
Expenditures:					
Instruction:					
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased Professional Services	-	1,916	-	3,583	7,280
General Supplies	-	-	1,352	-	-
Textbooks	2,997	-	-	-	-
Total Instruction	2,997	1,916	1,352	3,583	7,280
Support Services:					
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Professional Services	-	-	-	-	-
Other Purchased Services	-	-	-	-	-
Supplies & Materials	-	-	-	-	-
Total Support Services	-	-	-	-	-
Total Expenditures	\$ 2,997	\$ 1,916	\$ 1,352	\$ 3,583	\$ 7,280

**SOUTHERN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	TOTAL
Revenues:	
State Sources	\$ 17,128
Federal Source	824,146
	824,146
Total Revenues	\$ 841,274
Expenditures:	
Instruction:	
Salaries of Teachers	\$ 181,747
Purchased Professional Services	576,520
General Supplies	8,042
Textbooks	2,997
	769,306
Total Instruction	769,306
Support Services:	
Salaries of Other Professional Staff	4,807
Personal Services - Employee Benefits	43,947
Purchased Professional Services	16,056
Other Purchased Services	6,658
Supplies & Materials	500
	71,968
Total Support Services	71,968
Total Expenditures	\$ 841,274

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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, 2017**

PROJECT TITLE/ISSUE	ORIGINAL DATE	APPROPRIATIONS	EXPENDITURES TO DATE		UNEXPENDED BALANCE JUNE 30, 2017
			PRIOR YEARS	CURRENT YEAR	
Emergency Generator Project	N/A	\$ 75,000	\$ 59,100	\$ -	\$ 15,900
Middle School Window Project	7/25/2014	689,400	532,934	-	156,466
High School Renovation	2/24/2016	7,480,875	63,844	1,148,578	6,268,453
Total		<u>\$ 8,245,275</u>	<u>\$ 655,878</u>	<u>\$ 1,148,578</u>	<u>\$ 6,440,819</u>

Reconciliation of Fund Balance, June 30, 2017

Unexpended Project Balances, June 30, 2017	\$ 6,440,819
Less:	
Unexpended State Aid - ROD Grants	<u>(2,569,967)</u>
Total Fund Balance (GAAP Basis) - June 30, 2017	<u>\$ 3,870,852</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, 2017**

Revenues & Other Financing Sources:

Expenditures & Other Financing Uses:

Purchased Professional & Technical Services	\$ 325,135
Construction Services	823,443
	1,148,578
Total Expenditures	1,148,578
Net Change in Fund Balance	(1,148,578)
Fund Balance - Beginning	7,589,397
	6,440,819
Fund Balance - Ending	\$ 6,440,819

**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, 2017**

	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 & 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
Additional Authorized Cost	\$0
Revised Authorized Cost	\$75,000
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, 2017**

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

ADDITIONAL PROJECT INFORMATION

Project Number	4950-060-14-G2ZV
Grant Date	7/25/2014
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, 2017**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
Transfer from Capital Reserve	\$ 3,300,000	\$ -	\$ 3,300,000	\$ -
State Sources - ROD Grant	2,992,350	-	2,992,350	-
Capital Leases	1,188,525	-	1,188,525	7,480,875
	<hr/>			
Total Reserve	7,480,875	-	7,480,875	7,480,875
	<hr/>			
Expenditures & Other Financing Uses:				
Professional & Technical Services	63,844	325,135	388,979	388,979
Construction Services	-	823,443	823,443	7,091,896
	<hr/>			
Total Expenditures & Other Financing Uses	63,844	1,148,578	1,212,422	7,480,875
	<hr/>			
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	\$ 7,417,031	\$ (1,148,578)	\$ 6,268,453	\$ -
	<hr/>			

ADDITIONAL PROJECT INFORMATION

Project Number	4950-050-14-1001-G04
Grant Date	2/24/2014
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	16%
Original Target Completion Date	Sept. 2017
Revised Target Completion Date	Sept. 2017

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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, 2017**

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	
Current Assets:			
Cash & Cash Equivalents	\$ 36,370	\$ -	\$ 36,370
Accounts Receivable:			
State	121	-	121
Federal	4,957	-	4,957
Other	23,002	-	23,002
Inventories	12,952	-	12,952
Total Current Assets	77,402	-	77,402
Noncurrent Assets:			
Equipment	450,848	-	450,848
Less: Accumulated Depreciation	(409,914)	-	(409,914)
Total Noncurrent Assets	40,934	-	40,934
Total Assets	118,336	-	118,336
LIABILITIES			
Cash Deficit	-	10,261	10,261
Unearned Revenues	870	-	870
Total Liabilities	870	10,261	11,131
NET POSITION			
Net Investment in Capital Assets	40,934	-	40,934
Unrestricted Net Position	76,532	(10,261)	66,271
Total Net Position	\$ 117,466	\$ (10,261)	\$ 107,205

**SOUTHERN REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		TOTAL
	FOOD SERVICE	COMMUNITY EDUCATION	
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 227,060	\$ -	\$ 227,060
Daily Sales Non-Reimbursable Programs:			
School Lunch Program	378,105	-	378,105
Community Recreation Fees	-	12,880	12,880
	<hr/>		
Total Operating Revenue	605,165	12,880	618,045
	<hr/>		
Operating Expenses:			
Cost of Sales - Reimbursable	239,102	-	239,102
Cost of Sales - Non-Reimbursable	153,060		153,060
Salaries	319,619	13,159	332,778
Payroll Tax Expense & Other Employee Benefits	82,734	-	82,734
Purchased Property Services	112,383	-	112,383
Cleaning, Repair & Maintenance Services	16,969	-	16,969
General Supplies	469	-	469
Insurance	10,821	-	10,821
Depreciation	1,601	-	1,601
Miscellaneous Expense	6,274	6,145	12,419
	<hr/>		
Total Operating Expenses	943,032	19,304	962,336
	<hr/>		
Operating Income/(Loss)	(337,867)	(6,424)	(344,291)
	<hr/>		
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	6,178	-	6,178
Federal Sources:			
National School Lunch Program	202,633	-	202,633
Healthy Hunger Free Kids Act	7,949	-	7,949
National School Breakfast Program	29,518	-	29,518
Food Distribution Program	69,293	-	69,293
Interest Income	229	-	229
Disposal of Fixed Asset	(395)	-	(395)
	<hr/>		
Total Nonoperating Revenues/(Expenses)	315,405	-	315,405
	<hr/>		
Net Income/(Loss)	(22,462)	(6,424)	(28,886)
Net Position - July 1	139,928	(3,837)	136,091
	<hr/>		
Net Position - June 30	\$ 117,466	\$ (10,261)	\$ 107,205
	<hr/>		

**SOUTHERN REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	COMMUNITY EDUCATION	TOTAL
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 604,419	\$ 12,880	\$ 617,299
Payments to Employees	(319,619)	(13,159)	(332,778)
Payments for Employee Benefits	(81,112)	-	(81,112)
Payments to Suppliers	(467,353)	(6,145)	(473,498)
Net Cash Provided/(Used) by Operating Activities	(263,665)	(6,424)	(270,089)
Cash Flows From Noncapital Financing Activities:			
Cash Received From State Reimbursements	6,399	-	6,399
Cash Received From Federal Reimbursements	248,743	-	248,743
Net Cash Provided by Noncapital Financing Activities	255,142	-	255,142
Cash Flows From Capital & Related Financing Activities:			
Acquisition of Capital Assets	(14,842)	-	(14,842)
Net Cash Used by Capital & Related Financing Activities	(14,842)	-	(14,842)
Cash Flows From Investing Activities:			
Interest	229	-	229
Net Cash Provided from Investing Activities	229	-	229
Net Increase/(Decrease) in Cash & Cash Equivalents	(23,136)	(6,424)	(29,560)
Balances - Beginning of Year	59,506	(3,837)	55,669
Balances - Ending of Year	\$ 36,370	\$ (10,261)	\$ 26,109

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

Operating Income/(Loss)	\$ (337,867)	\$ (6,424)	\$ (344,291)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Food Distribution Program	69,293	-	69,293
Depreciation Expense	1,601	-	1,601
Change in Assets & Liabilities:			
(Increase)/Decrease in Inventory	2,432	-	2,432
(Increase)/Decrease in Receivable	1,622	-	1,622
Increase/(Decrease) in Unearned Revenues	(746)	-	(746)
Total Adjustments	74,202	-	74,202
Net Cash Provided/(Used) by Operating Activities	\$ (263,665)	\$ (6,424)	\$ (270,089)

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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, 2017**

ASSETS	SELF INSURANCE FUND	WORKERS COMPENSATION RESERVE	TOTAL
Cash and Cash Equivalents	\$ -	\$ 38,157	\$ 38,157
Receivable	-	16,246	16,246
Total Current Assets	-	54,403	54,403
Total Assets	-	54,403	54,403
 LIABILITIES			
Accrued Liability for Insurance Claims	-	54,239	54,239
Total Liabilities	-	54,239	54,239
 NET POSITION			
Unrestricted Net Position	-	164	164
Total Net Position	\$ -	\$ 164	\$ 164

**SOUTHERN REGIONAL SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES &
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	SELF INSURANCE FUND	WORKERS COMPENSATION RESERVE	TOTAL
Operating Revenues:			
Charges for:			
Interfund Services Provided	\$ 1,240,437	\$ -	\$ 1,240,437
Total Operating Revenues	<u>1,240,437</u>	<u>-</u>	<u>1,240,437</u>
Total Additions	<u>1,240,437</u>	<u>-</u>	<u>1,240,437</u>
Operating Income/(Loss)	<u>1,240,437</u>	<u>-</u>	<u>1,240,437</u>
Nonoperating Revenues:			
Interest	<u>-</u>	<u>65</u>	<u>65</u>
Net Investment Earnings	<u>-</u>	<u>65</u>	<u>65</u>
Other Financing Sources & Uses:			
Transfer to General Fund	<u>(1,823,432)</u>	<u>-</u>	<u>(1,823,432)</u>
Total Other Financing Sources & Uses	<u>(1,823,432)</u>	<u>-</u>	<u>(1,823,432)</u>
Change in Net Position	(582,995)	65	(582,930)
Net Position - Beginning of Year	<u>582,995</u>	<u>99</u>	<u>583,094</u>
Net Position - End of Year	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ 164</u>

**SOUTHERN REGIONAL SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	SELF INSURANCE FUND	WORKERS COMPENSATION RESERVE	TOTAL
Cash Flows From Operating Activities:			
Cash Received from Customers	\$ 1,240,437	\$ (16,246)	\$ 1,224,191
Cash Paid to Suppliers	(1,240,437)	(8,589)	(1,249,026)
	<hr/>		
Net Cash Flows From Operating Activities	-	(24,835)	(24,835)
Cash Flows From Investing Activities:			
Transfer to General Fund	(1,823,432)	-	(1,823,432)
Interest	-	65	65
	<hr/>		
Net Cash Flows From Investing Activities	(1,823,432)	65	(1,823,367)
Net Change in Cash & Cash Equivalents	(1,823,432)	(24,770)	(1,848,202)
Cash Balance - Beginning of Year	1,823,432	62,927	1,886,359
	<hr/>		
Cash Balance - End of Year	\$ -	\$ 38,157	\$ 38,157
	<hr/> <hr/>		

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

Operating Income	\$ 1,240,437	\$ -	\$ 1,240,437
Adjustments to Reconcile Operating Income to Cash Flows From Operating Activities:			
(Increase)/Decrease in Interfund Receivable		(16,246)	(16,246)
Increase/(Decrease) in Accrued Liabilities for Insurance Claims	(1,240,437)	(8,589)	(1,249,026)
	<hr/>		
Total Adjustments	(1,240,437)	(24,835)	(1,265,272)
	<hr/>		
Net Cash Flows From Operating Activities	\$ -	\$ (24,835)	\$ (24,835)
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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, 2017**

ASSETS	PRIVATE PURPOSE		AGENCY FUNDS		TOTAL
	SCHOLARSHIP TRUST FUND	UNEMPLOYMENT FUND	STUDENT ACTIVITIES	PAYROLL	
Cash & Cash Equivalents	\$ 115,296	\$ 15,330	\$ 498,068	\$ 532,523	\$ 1,161,217
Total Assets	115,296	15,330	498,068	532,523	1,161,217
LIABILITIES					
Accounts Payable	-	5,629	-	-	5,629
Interfund Payable	-	-	-	95	95
Due to Student Groups	-	-	498,068	-	498,068
Payroll Deductions & Withholdings	-	-	-	532,428	532,428
Total Liabilities	-	5,629	498,068	532,523	1,036,220
NET POSITION					
Held in Trust for:					
Scholarships	115,296	-	-	-	115,296
Unemployment Claims	-	9,701	-	-	9,701
Total Net Position	\$ 115,296	\$ 9,701	\$ -	\$ -	\$ 124,997

**SOUTHERN REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ADDITIONS	PRIVATE PURPOSE		TOTAL
	SCHOLARSHIP FUND	UNEMPLOYMENT TRUST	
Local Sources:			
Contributions	\$ 88,731	\$ -	\$ 88,731
Total Contributions	88,731	-	88,731
Investment Earnings:			
Interest - Checking	210	51	261
Net Investment Earnings	210	51	261
Total Additions	88,941	51	88,992
DEDUCTIONS			
Contributions	-	39,359	39,359
Scholarships Awarded	100,837	-	100,837
Total Deductions	100,837	39,359	140,196
Change in Net Position	(11,896)	(39,308)	(51,204)
Net Position - Beginning of the Year	127,192	49,009	176,201
Net Position - End of the Year	\$ 115,296	\$ 9,701	\$ 124,997

**SOUTHERN REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF CHANGES OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2017	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2017
Middle School	\$ 122,576	\$ 382,533	\$ 382,710	\$ 122,399
High School	370,596	1,108,891	1,103,818	375,669
Total Assets	<u>\$ 493,172</u>	<u>\$ 1,491,424</u>	<u>\$ 1,486,528</u>	<u>\$ 498,068</u>
LIABILITIES				
Payable to Student Groups	\$ 493,172	\$ 1,491,424	\$ 1,486,528	\$ 498,068
Total Liabilities	<u>\$ 493,172</u>	<u>\$ 1,491,424</u>	<u>\$ 1,486,528</u>	<u>\$ 498,068</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ASSETS	BALANCE JULY 1, 2016	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2017
Cash & Cash Equivalents	\$ 315,712	\$ 37,272,279	\$ 37,055,468	\$ 532,523
Total Assets	<u>\$ 315,712</u>	<u>\$ 37,272,279</u>	<u>\$ 37,055,468</u>	<u>\$ 532,523</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 315,617	\$ 37,272,279	\$ 37,055,468	\$ 532,428
Interfund Payable	95	-	-	95
Total Liabilities	<u>\$ 315,712</u>	<u>\$ 37,272,279</u>	<u>\$ 37,055,468</u>	<u>\$ 532,523</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, 2017**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES DATE	ANNUAL MATURITIES AMOUNT	INTEREST RATE	BALANCE JULY 1, 2016	ISSUED	RETIRED	BALANCE JUNE 30, 2017
School District Refunding Bond	6/9/2012	\$ 6,510,000				\$ 1,520,000	-	\$ 1,520,000	-
Total						\$ 1,520,000	-	\$ 1,520,000	-

**SOUTHERN REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2016	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2017
Essential Equipment	1.33%	\$ 1,188,525	\$ 963,994	\$ 230,264	\$ 733,730
Copiers	4.95%	317,837	289,264	87,807	201,457
Total		\$	\$ 1,253,258	\$ 318,071	\$ 935,187

**SOUTHERN REGIONAL SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,538,993	\$ -	\$ 1,538,993	\$ 1,538,993	\$ -
Interest Earnings	-	-	-	7	7
Total Revenues	1,538,993	-	1,538,993	1,539,000	7
Expenditures					
Regular Debt Service:					
Interest	19,000	-	19,000	19,000	-
Redemption of Principal	1,520,000	-	1,520,000	1,520,000	-
Total Expenditures	1,539,000	-	1,539,000	1,539,000	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(7)	-	(7)	-	7
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(7)	-	(7)	-	7
Fund Balance, July 1	15	-	15	15	-
Fund Balance, June 30	\$ 8	\$ -	\$ 8	\$ 15	\$ 7

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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)

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 27,614,073	\$ 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
Restricted:										
Debt Service	15	(37,469)	(31,269)	(12,042)	112,544	-	(159,536)	(182,062)	(204,324)	(228,380)
Capital Projects	11,196,316	9,379,399	121,775	15,900	1,230,305	-	-	-	-	-
Other	6,217,770	8,449,262	9,278,889	6,259,328	4,299,332	5,994,275	5,085,909	-	-	-
Unrestricted	(24,764,769)	(25,750,560)	(18,250,930)	206,634	25,718	400,501	1,017,760	6,559,978	9,326,450	7,514,009
Total Governmental Activities										
Net Position	\$ 20,263,405	\$ 16,175,211	\$ 14,489,853	\$ 8,832,078	\$ 29,580,409	\$ 26,350,049	\$ 25,567,686	\$ 25,297,624	\$ 21,381,867	\$ 18,604,765
Business-Type Activities:										
Invested in Capital Assets,										
Net of Related Debt	\$ 40,934	\$ 28,088	\$ 27,920	\$ 29,866	\$ 31,812	\$ 41,860	\$ 89,398	\$ 105,298	\$ 128,032	\$ 149,215
Unrestricted	66,271	108,003	123,510	128,761	180,062	167,068	173,061	215,564	222,352	306,393
Total Business-Type Activities										
Net Position	\$ 107,205	\$ 136,091	\$ 151,430	\$ 158,627	\$ 211,874	\$ 208,928	\$ 262,459	\$ 320,862	\$ 350,384	\$ 455,608
Government-Wide:										
Invested in Capital Assets,										
Net of Related Debt	\$ 27,655,007	\$ 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
Restricted	17,414,101	17,791,192	9,369,395	6,263,186	5,642,181	5,994,275	5,994,275	4,926,373	(182,062)	(204,324)
Unrestricted	(24,698,498)	(25,642,557)	(18,127,420)	335,395	205,780	567,569	567,569	1,190,821	6,775,542	9,548,802
Total Government-Wide Net Position										
	\$ 20,370,610	\$ 16,311,302	\$ 14,641,283	\$ 30,320,705	\$ 29,792,283	\$ 26,558,977	\$ 26,558,977	\$ 25,830,145	\$ 25,618,486	\$ 21,732,251

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 18,731,677	\$ 19,182,801	\$ 18,489,286	\$ 19,091,978	\$ 15,030,411	\$ 14,372,685	\$ 17,101,417	\$ 16,704,092	\$ 16,704,092	\$ 16,698,931
Special Education	6,982,113	6,801,483	7,049,052	7,990,020	5,446,454	5,307,101	6,606,706	6,568,260	6,568,260	5,330,143
Other Special Education	1,685,225	1,598,617	1,638,675	1,616,800	1,539,768	1,485,535	1,603,489	1,775,721	1,775,721	1,561,866
Support Services:										
Tuition Charges	394,945	149,919	318,069	511,071	767,233	600,243	493,045	704,799	704,799	844,710
Student & Instruction Related Services	5,763,742	5,986,832	5,808,533	5,644,050	4,182,942	4,055,767	5,180,511	4,510,232	4,510,232	4,070,170
School Administrative Services	2,140,788	2,171,609	2,080,591	1,946,543	2,055,092	2,001,903	2,695,774	2,942,073	2,942,073	2,727,577
General & Business Administrative Services	992,498	1,062,092	916,905	880,399	770,084	782,126	938,972	916,877	916,877	1,194,416
Plant Operations & Maintenance	6,172,943	5,585,388	5,545,534	5,286,919	4,509,825	4,426,510	6,096,939	6,481,944	6,481,944	6,791,713
Central Services	775,974	769,672	686,429	709,002	553,504	517,561	660,822	652,395	652,395	635,437
Other Administrative Services	425,441	449,060	411,896	434,643	359,949	369,516	403,129	192,234	192,234	263,343
Pupil Transportation	4,034,950	3,956,581	4,113,937	4,399,507	2,937,411	2,937,411	4,423,837	3,881,230	3,881,230	4,430,665
Unallocated Benefits	11,344,211	15,636,826	14,187,433	12,979,031	22,303,431	25,368,348	5,995,202	5,278,724	5,278,724	5,544,420
Unallocated Other Deletions & Retirements of Capital Assets	-	281,582	560,105	102,258	(1,212,204)	663,525	(17,173)	129,689	129,689	3,651,909
Unallocated Depreciation	1,514,415	1,527,815	1,562,443	2,022,111	1,335,705	1,434,140	1,423,939	1,527,325	1,527,325	1,465,904
Special Schools	-	-	-	-	-	-	89,403	402,094	402,094	382,280
Interest and Charges on Long-Term Debt	48,890	52,909	77,262	104,369	142,177	327,649	490,892	625,467	625,467	698,537
Amortization of Debt Issuance Costs	-	-	-	-	7,059	323,334	64,666	59,808	59,808	64,667
Total Governmental Activities Expenses	61,007,812	65,213,186	63,468,897	63,695,954	60,740,985	64,973,354	54,251,570	53,352,964	53,352,964	56,356,688
Business-Type Activities:										
Food Service/Community Education	962,731	1,026,437	1,050,833	1,127,798	1,054,239	1,136,325	1,178,194	1,087,997	1,087,997	1,011,984
Total Business-Type Activities Expense	962,731	1,026,437	1,050,833	1,127,798	1,054,239	1,136,325	1,178,194	1,087,997	1,087,997	1,011,984
Total Government-Wide Expenses	\$ 61,970,543	\$ 66,239,623	\$ 64,519,730	\$ 64,746,787	\$ 61,868,783	\$ 66,027,593	\$ 55,387,895	\$ 54,470,833	\$ 54,470,833	\$ 57,444,685
Program Revenues:										
Governmental Activities:										
Regular Instruction	\$ 761,213	\$ 786,811	\$ 818,469	\$ 784,400	\$ 772,617	\$ 676,970	\$ 846,425	\$ 597,982	\$ 597,982	\$ 1,020,084
School Administrative Services	71,968	83,135	69,576	104,444	103,104	117,634	127,816	77,730	77,730	154,771
Charges for Services:										
Unallocated Benefits	1,240,437	10,499,548	10,062,740	10,159,309	10,284,412	9,625,976	284,407	-	-	-
Total Governmental Activities Program Revenues	2,073,618	11,369,494	10,950,785	11,048,153	11,160,133	10,420,580	1,258,648	675,712	675,712	1,174,855
Business-Type Activities:										
Charges for Services:										
Food Service/Community Education	618,045	651,233	671,189	729,009	736,254	767,694	844,403	797,262	797,262	787,857
Operating Grants & Contributions	315,571	359,642	329,979	336,154	315,712	295,050	273,139	229,081	229,081	203,366
Total Business Type Activities Program Revenues	933,616	1,010,875	1,001,168	1,065,163	1,051,966	1,062,744	1,117,542	1,026,343	1,026,343	991,223
Total Government-Wide Program Revenues	\$ 3,007,234	\$ 12,380,369	\$ 11,951,953	\$ 12,113,316	\$ 12,212,099	\$ 11,483,324	\$ 2,376,190	\$ 1,702,055	\$ 1,702,055	\$ 2,166,078

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (Expense)/Revenue:										
Governmental Activities	\$ (58,934,194)	\$ (53,843,692)	\$ (52,518,112)	\$ (52,647,801)	\$ (49,580,852)	\$ (54,552,774)	\$ (52,992,922)	\$ (52,677,252)	\$ (52,677,252)	\$ (55,181,833)
Business-Type Activities	(29,115)	(15,562)	(49,665)	14,330	(75,832)	8,505	(18,783)	(91,526)	(91,526)	(96,774)
Total Government-Wide Net Expense	\$ (58,963,309)	\$ (53,859,254)	\$ (52,567,777)	\$ (52,633,471)	\$ (49,656,684)	\$ (54,544,269)	\$ (53,011,705)	\$ (52,768,778)	\$ (52,768,778)	\$ (55,278,607)

General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 44,960,904	\$ 43,890,411	\$ 42,545,911	\$ 40,578,741	\$ 39,748,572	\$ 38,969,188	\$ 38,205,086	\$ 37,110,642	\$ 37,110,642	\$ 36,610,642
Taxes Levied for Debt Service	1,538,993	1,622,557	1,693,882	1,718,374	1,999,925	2,081,700	2,172,874	2,349,491	2,349,491	2,439,263
Federal & State Aid	8,968,178	2,490,675	2,736,972	2,768,375	2,271,711	5,669,425	4,515,607	5,904,076	5,904,076	7,684,721
Tuition Received	6,506,479	6,385,287	7,193,290	7,557,267	7,549,689	7,358,075	7,223,807	8,546,745	8,546,745	7,861,382
Transportation Fees	924,054	1,052,188	971,960	938,127	978,794	936,940	743,064	1,054,288	1,054,288	777,852
Investment Earnings	19,625	6,101	3,567	2,191	2,318	1,247	7,138	15,003	15,003	7,413
Adjustment of Prior Year Capital Assets	-	-	-	-	-	(59,333)	(39,473)	-	-	-
Unallocated Insurance Refund Proceeds	-	-	-	-	83,344	-	-	-	-	-
Transfer	-	-	-	(2,000)	-	(15,536)	-	-	-	-
Miscellaneous Income	104,155	81,831	65,815	126,615	170,859	393,431	434,881	474,109	474,109	677,425
Total Governmental Activities	63,022,388	55,529,050	55,213,397	53,287,690	52,811,212	55,335,137	53,262,984	55,454,354	55,454,354	56,058,698

Business-Type Activities:										
Investment Earnings	229	223	244	335	458	44	2,249	1,905	1,905	8,583
Revaluation of Capital Assets	-	-	-	-	-	(29,403)	-	-	-	-
Guaranteed Profit	-	-	42,224	6,523	4,761	33,873	-	-	-	-
Transfer	-	-	-	2,000	-	15,536	-	-	-	-
Total Business-Type Activities	229	223	42,468	8,858	5,219	20,050	2,249	1,905	1,905	8,583

Total Government-Wide	\$ 63,022,617	\$ 55,529,273	\$ 55,255,865	\$ 53,296,548	\$ 52,816,431	\$ 55,355,187	\$ 53,265,233	\$ 55,456,259	\$ 55,456,259	\$ 56,067,281
Change in Net Position:										
Governmental Activities	\$ 4,088,194	\$ 1,685,358	\$ 2,695,285	\$ 639,889	\$ 3,230,360	\$ 782,363	\$ 270,062	\$ 2,777,102	\$ 2,777,102	\$ 876,865
Business-Type Activities	(28,886)	(15,339)	(7,197)	23,188	(70,613)	28,555	(16,534)	(89,621)	(89,621)	(88,191)
Total Government-Wide	\$ 4,059,308	\$ 1,670,019	\$ 2,688,088	\$ 663,077	\$ 3,159,747	\$ 810,918	\$ 253,528	\$ 2,687,481	\$ 2,687,481	\$ 788,674

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

	FISCAL YEAR ENDING JUNE 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 13,543,234	\$ 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
Assigned	604,931	572,043	430,164	-	-	-	-	-	-	-
Unreserved	1,344,016	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
Total General Fund	\$ 15,492,181	\$ 10,365,093	\$ 10,812,000	\$ 7,939,202	\$ 6,430,337	\$ 8,514,671	\$ 8,275,290	\$ 8,854,446	\$ 11,522,027	\$ 9,832,215
All Other Governmental Funds:										
Restricted:										
Capital Projects Fund	\$ 3,870,852	\$ 4,559,999	\$ 121,775	\$ 15,900	\$ 1,230,305	\$ -	\$ -	\$ 327,858	\$ 327,858	\$ 327,858
Debt Service Fund	15	15	14	24,500	112,544	1	406	13	151	178
Unreserved, Reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	(4,859)
Total All Other Governmental Funds	\$ 3,870,867	\$ 4,560,014	\$ 121,789	\$ 40,401	\$ 1,342,850	\$ 2	\$ 407	\$ 327,871	\$ 328,009	\$ 323,177

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Tax Levy	\$ 46,499,897	\$ 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
Tuition Charges	6,506,479	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
Transportation Fees	924,054	1,052,188	971,960	938,127	978,794	936,940	743,064	638,431	1,054,288	777,852
Interest Earnings	19,560	6,002	3,468	2,120	2,103	1,203	7,138	6,935	16,118	7,413
Miscellaneous	104,155	81,831	65,815	126,615	170,859	393,431	434,881	358,570	472,994	677,425
State Sources	8,937,259	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
Federal Sources	864,100	907,926	907,128	900,656	907,543	902,007	985,087	1,303,388	665,662	714,488
Total Revenue	63,855,504	61,790,699	60,699,676	58,219,256	58,133,191	56,204,566	54,276,698	55,573,194	56,130,066	57,233,553
Expenditures:										
Instruction:										
Regular Instruction	18,731,677	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
Special Education Instruction	6,982,113	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
Other Instruction	1,685,225	1,598,617	1,638,675	1,616,800	1,539,768	1,485,535	1,603,489	1,855,311	1,775,721	1,561,866
Support Services:										
Tuition	394,945	149,919	318,069	511,071	767,233	600,243	493,045	801,509	704,799	844,710
Student & Instruction Related Services	5,763,742	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
School Administrative Services	2,140,788	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
General & Business Administration										
Services	992,498	1,062,092	916,905	880,399	770,084	782,126	938,972	877,920	916,877	1,194,416
Plant Operations & Maintenance	6,248,055	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
Pupil Transportation	4,034,950	3,956,581	4,113,937	4,399,507	2,949,555	2,937,411	4,423,837	3,812,409	4,430,665	4,430,665
Other Support Services	1,201,415	1,218,732	1,121,072	1,120,898	913,453	887,077	1,063,951	830,305	844,629	898,780
Unallocated Benefits	9,268,577	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
Special Schools										
Capital Outlay	1,989,496	1,075,286	1,271,217	1,244,935	882,083	1,434,300	817,942	2,736,326	402,094	382,280
Debt Service:										
Principal	1,750,264	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
Interest & Other Charges	57,250	57,563	93,375	126,425	139,214	442,812	513,025	579,825	649,550	724,262
Total Expenditures	61,240,995	58,987,906	57,745,489	58,505,840	58,874,677	56,597,718	55,097,475	58,240,914	54,440,280	54,864,714
Excess (Deficiency) of Revenues Over/(Under) Expenditures	2,614,509	2,802,793	2,954,187	(286,584)	(741,486)	(393,152)	(820,777)	(2,667,720)	1,689,786	2,368,839
Other Financing Sources/(Uses):										
Proceeds from Capital Leases	-	-	-	495,000	-	647,664	-	-	-	-
Transfers In	1,823,432	3,300,000	413,730	780,928	2,868,000	5,707	5,649	1,168,691	1,115	7,413
Transfers Out	-	(3,300,000)	(413,730)	(782,928)	(1,434,000)	(21,243)	(91,493)	(1,168,691)	(1,115)	(7,413)
Total Other Financing Sources/(Uses)	1,823,432	-	-	493,000	1,434,000	632,128	(85,844)	-	-	-
Net Change in Fund Balances	\$ 4,437,941	\$ 2,802,793	\$ 2,954,187	\$ 2,954,187	\$ 206,416	\$ 692,514	\$ 238,976	\$ (906,621)	\$ (2,667,720)	\$ 1,689,786
Debt Service as a Percentage of Noncapital Expenditures	3.15%	2.88%	3.14%	3.26%	3.38%	3.93%	4.17%	4.24%	4.59%	4.74%

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
2017	\$ 19,163	\$ -	\$ 104,155	\$ 123,318
2016	6,002	-	81,374	69,186
2015	3,378	-	65,808	69,186
2014	-	-	126,608	126,608
2013	16,404	-	147,623	164,027
2012	9,348	-	365,583	374,931
2011	69,314	-	344,144	413,458
2010	61,989	132,098	157,992	352,079
2009	63,153	113,053	296,788	472,994
2008	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:		TOTAL DIRECT SCHOOL TAX RATE
						TAX EXEMPT PROPERTY	NET VALUATION TAXABLE	
2017	\$ 33,681,500	\$ 929,111,400	\$ 36,664,300	\$ 1,156,800	1,000,614,000	\$ 130,119,700	870,494,300	0.2490
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

BEACH HAVEN

2017	\$ 71,041,500	\$ 1,850,883,300	\$ 131,104,600	\$ 15,022,900	\$ 2,068,052,300	\$ 60,685,600	\$ 2,007,366,700	0.3060
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

**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
2017	\$ 33,832,500	\$ 1,193,289,400	\$ 14,959,100	\$ -	\$ 1,242,081,000	\$ 43,090,400	1,198,990,600	0.2660
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

LONG BEACH TOWNSHIP

2017	\$ 231,570,900	\$ 7,472,986,765	\$ 140,232,400	\$ 4,951,800	\$ 7,849,741,865	\$ 95,011,800	7,754,730,065	0.2360
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

**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	TOTAL TAX		
2017	\$ 35,815,000	\$ 1,156,328,700	\$ 116,839,700	\$ 3,149,400	\$ 1,312,132,800	\$ 70,971,307		1,241,161,493	0.2520
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

STAFFORD TOWNSHIP

2017	\$ 77,666,700	\$ 3,316,100,000	\$ 494,529,500	\$ 5,301,000	3,893,597,200	\$ 390,037,828		3,503,559,372	0.9910
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

**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				
2017	\$ 18,006,800	\$ 1,485,102,800	\$ 76,553,120	\$ 1,579,662,720	\$ 50,404,100	\$ -	-	1,529,258,620	0.3120
2016	27,681,500	1,460,346,700	78,219,977	1,566,248,177	50,197,700	-	-	1,516,050,477	0.3010
2015	27,429,100	1,448,886,900	80,490,500	1,556,806,500	50,197,700	-	-	1,506,608,800	0.2740
2014	26,178,900	1,441,394,000	79,948,100	1,547,521,000	50,197,700	-	-	1,497,323,300	0.2800
2013	15,529,600	1,451,038,000	79,932,600	1,546,500,200	49,753,200	-	-	1,496,747,000	0.2790
2012	16,987,400	1,443,657,500	80,412,000	1,541,056,900	49,746,000	-	-	1,491,310,900	0.2740
2011	16,776,800	1,437,439,400	80,408,800	1,534,625,000	49,746,000	-	-	1,484,879,000	0.3110
2010	18,820,400	1,426,680,200	80,440,400	1,525,941,000	40,746,000	-	-	1,485,195,000	0.2740
2009	14,539,300	1,424,538,400	80,649,900	1,519,727,600	48,520,100	-	-	1,471,207,500	0.2900
2008	13,625,900	1,410,648,800	81,718,900	1,505,993,600	48,496,400	-	-	1,457,497,200	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	TOTAL DIRECT	TOWNSHIP OF BARNEGAT LIGHT	OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	COUNTY LIBRARY		
2017	0.0460	0.2030	0.2490	0.2270	0.3570	0.0390	0.0130	0.0390	0.0130	0.8850
2016	0.0440	0.1830	0.2270	0.2220	0.3620	0.0390	0.0120	0.0390	0.0120	0.8620
2015	0.0380	0.1620	0.2000	0.2220	0.3570	0.0390	0.0130	0.0390	0.0130	0.8310
2014	0.0450	0.2440	0.2890	0.2050	0.3570	0.0400	0.0130	0.0400	0.0130	0.8150
2013	0.0430	0.1920	0.2350	0.1850	0.3410	0.0400	0.0130	0.0400	0.0130	0.8680
2012	0.0430	0.2180	0.2610	0.1750	0.3330	0.0380	0.0140	0.0380	0.0140	0.7950
2011	0.0410	0.2180	0.2590	0.1650	0.3060	0.0350	0.0140	0.0350	0.0140	0.7810
2010	0.0410	0.2270	0.2680	0.1450	0.2790	0.0330	0.0130	0.0330	0.0130	0.7290
2009	0.0430	0.2240	0.2670	0.1350	0.2940	0.0350	0.0140	0.0350	0.0140	0.7460
2008	0.0400	0.2330	0.2730	0.1340	0.2720	0.0330	0.0130	0.0330	0.0130	0.7190

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		TOTAL DIRECT		OVERLAPPING RATES					TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	BOROUGH OF BEACH HAVEN	OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	COUNTY LIBRARY		
2017	0.0880	0.2180	0.3060	0.4060	0.3520	N/A	0.0120	N/A	0.0120	1.0760
2016	0.1080	0.3010	0.4090	0.4340	0.4290	N/A	0.0140	N/A	0.0140	1.2860
2015	0.1020	0.2790	0.3810	0.4510	0.4220	N/A	0.0150	N/A	0.0150	1.2690
2014	0.1010	0.2500	0.3510	0.4260	0.4090	N/A	0.0140	N/A	0.0140	1.2300
2013	0.0900	0.2700	0.3600	0.3460	0.3880	N/A	0.0150	N/A	0.0150	1.1000
2012	0.0890	0.2570	0.3460	0.3710	0.3670	N/A	0.0150	N/A	0.0150	1.1130
2011	0.0850	0.2540	0.3390	0.3510	0.3480	N/A	0.0160	N/A	0.0160	1.0610
2010	0.0820	0.2580	0.3400	0.3380	0.3370	N/A	0.0160	N/A	0.0160	1.0300
2009	0.0160	0.2650	0.2810	0.3310	0.3310	N/A	0.0160	N/A	0.0160	1.0180
2008	0.0770	0.2590	0.3360	0.3230	0.3250	N/A	0.0160	N/A	0.0160	0.9450

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	HARVEY CEDARS	OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	COUNTY LIBRARY	COUNTY OPEN SPACE	TOTAL DIRECT AND OVERLAPPING TAX RATE		
2017	0.0460	0.2360	0.2820	0.2660	0.3550	0.0380	0.0130	0.9540				0.9540
2016	0.0440	0.2780	0.3220	0.2510	0.3660	0.0400	0.0120	0.9910				0.9910
2015	0.0380	0.2920	0.3300	0.2510	0.3570	0.0390	0.0120	0.9890				0.9890
2014	0.0440	0.2580	0.3020	0.2440	0.3490	0.0390	0.0120	0.9460				0.9460
2013	0.0420	0.2570	0.2990	0.2430	0.3370	0.0390	0.0130	0.9340				0.9340
2012	0.0410	0.1750	0.2160	0.2240	0.3190	0.0370	0.0130	0.8920				0.8920
2011	0.0430	0.2220	0.2650	0.2200	0.3200	0.0370	0.0400	0.8330				0.8330
2010	0.0380	0.1700	0.2080	0.2030	0.2600	0.0310	0.0120	0.7710				0.7710
2009	0.0390	0.1730	0.2120	0.1930	0.3050	0.0310	0.0120	0.7490				0.7490
2008	0.0370	0.1780	0.2150	0.1860	0.2530	0.0300	0.0120	0.6930				0.6930

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			TOWNSHIP OF				OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	LONG BEACH	OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	COUNTY LIBRARY	COUNTY OPEN SPACE	TOTAL DIRECT AND OVERLAPPING TAX RATE		
2017	0.0480	0.2610	0.3090	0.2360	0.3790	0.0410	0.0130	0.9780				0.9780
2016	0.0470	0.2650	0.3120	0.2320	0.3870	0.0420	0.0130	0.9860				0.9860
2015	0.0410	0.2750	0.3160	0.2320	0.3820	0.0410	0.0140	0.9850				0.9850
2014	0.0460	0.2610	0.3070	0.2280	0.3710	0.0410	0.0140	0.9700				0.9700
2013	0.0450	0.2410	0.2860	0.2240	0.3580	0.0420	0.0140	0.9450				0.9450
2012	0.0440	0.2340	0.2780	0.2210	0.3400	0.0390	0.0140	0.9000				0.9000
2011	0.0420	0.2140	0.2560	0.2200	0.3120	0.0360	0.0140	0.8600				0.8600
2010	0.0440	0.2070	0.2510	0.2120	0.2990	0.0350	0.0140	0.8160				0.8160
2009	0.0450	0.2130	0.2580	0.2010	0.3010	0.0350	0.0140	0.8020				0.8020
2008	0.0440	0.2130	0.2570	0.2030	0.3070	0.0370	0.0150	0.8200				0.8200

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	OVERLAPPING RATES				TOTAL DIRECT AND OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL			BOROUGH OF SHIP BOTTOM	OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	
2017	0.0440	0.2080	0.752	0.2520	0.3400	0.3490	0.0380	0.0120	0.9910
2016	0.0470	0.2180	0.752	0.2650	0.3930	0.3930	0.0430	0.0130	1.1070
2015	0.0410	0.2060	0.752	0.2470	0.3930	0.3850	0.0420	0.0130	1.0800
2014	0.0480	0.2120	0.752	0.2600	0.3740	0.3880	0.0430	0.0140	1.0660
2013	0.0470	0.2060	0.752	0.2530	0.3630	0.3720	0.0430	0.0140	1.0520
2012	0.0460	0.2230	0.752	0.2690	0.3420	0.3540	0.0410	0.0150	1.0050
2011	0.0450	0.2110	0.752	0.2560	0.3200	0.3350	0.0380	0.0150	0.9770
2010	0.0480	0.2390	0.752	0.2870	0.3050	0.3250	0.0390	0.0150	0.9400
2009	0.0480	0.2390	0.752	0.2870	0.3050	0.3250	0.0390	0.0150	0.9710
2008	0.0460	0.2420	0.752	0.2880	0.2790	0.3150	0.0380	0.0150	0.9340

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 STAFFORD	OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	
2017	0.752	0.239	0.752	0.9910	0.9110	0.3820	0.0410	0.0130	2.3530
2016	0.7520	0.2360	0.752	0.9880	0.8950	0.3770	0.0410	0.0130	2.3290
2015	0.7280	0.2230	0.752	0.9510	0.8600	0.3610	0.0390	0.0120	2.2470
2014	0.7340	0.2360	0.752	0.9700	0.8740	0.3600	0.0410	0.0130	2.2830
2013	0.7170	0.2380	0.752	0.9550	0.8740	0.3480	0.0400	0.0150	2.2600
2012	0.5980	0.2140	0.752	0.8120	0.7170	0.3160	0.0360	0.0130	2.0500
2011	0.5840	0.2010	0.752	0.7850	0.6740	0.3270	0.0360	0.0140	1.8730
2010	0.5750	0.1940	0.752	0.7690	0.6450	0.3690	0.0360	0.0140	1.8590
2009	0.5800	0.1970	0.752	0.7770	0.6190	0.3670	0.0360	0.0140	1.8150
2008	0.5800	0.1900	0.752	0.7700	0.5710	0.2940	0.0350	0.0140	1.7060

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		
2017	0.0490	0.2630	0.3120	0.2720	0.3880	0.0420	0.0140	1.0280	
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	

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	
2017	N/A	N/A	N/A	N/A
2016	\$ 8,721,211	\$ 8,582,055	98.40%	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

**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	
2017	N/A	N/A	N/A	N/A
2016	\$ 22,743,351	\$ 22,099,484	97.17%	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

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	
2017	N/A	N/A	N/A	N/A
2016	\$ 12,509,229	\$ 12,258,529	98.00%	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

**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	
2017	N/A	N/A	N/A	N/A
2016	\$ 77,331,817	\$ 76,585,103	99.03%	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

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	
2017	N/A	N/A	N/A	N/A
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

**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	
2017	N/A	N/A	N/A	N/A
2016	92,109,888	89,902,074	97.60%	
2015	\$ 86,552,131	\$ 85,762,956	99.09%	N/A
2014	84,224,610	83,415,651	99.04%	\$ 187,096
2013	81,195,429	80,583,706	99.25%	N/A
2012	83,741,041	82,562,340	98.59%	N/A
2011	82,767,985	81,776,195	98.80%	N/A
2010	80,894,390	79,963,449	98.85%	247,992
2009	78,367,591	77,567,446	98.98%	192,929
2008	76,310,697	75,574,451	99.04%	172,948

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	
2017	N/A	N/A	N/A	N/A
2016	\$ 15,982,599	\$ 15,643,774	97.88%	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

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			
2017	\$ -	\$ 935,187	935,187	N/A	27.68
2016	1,520,000	1,253,258	2,773,258	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

**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			
2017	\$ -	\$ 958,324	-	0.0051%	27.68
2016	1,520,000	1,253,258	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

**SOUTHERN REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Barnegat Light	\$ 3,181,868	100.00%	\$ 3,181,868
Beach Haven	15,789,090	100.00%	15,789,090
Harvey Cedars	999,895	100.00%	999,895
Long Beach Township	26,296,699	100.00%	26,296,699
Borough of Ship Bottom	8,529,427	100.00%	8,529,427
Stafford Township	62,836,978	100.00%	62,836,978
Stafford Township School District	8,559,000	100.00%	8,559,000
Surf City	1,740,516	100.00%	1,740,516
Ocean County General Obligation Debt	391,912,000	20.88%	81,831,226
Subtotal, Overlapping Debt			209,764,699
Southern Regional School District Direct Debt	-	100.00%	-
Total Direct & Overlapping Debt			<u>\$ 209,764,699</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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt Limit	\$ 751,746,477	\$ 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
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
Legal Debt Margin	\$ 751,746,477	\$ 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
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%
Legal Debt Margin Calculation for Fiscal Year 2017										
		Equalized Valuation Basis								
Average Equalized Valuation of Taxable Property		2017								
		\$ 20,045,386,144								
		2016								
		18,247,131,015								
		2015								
		18,088,468,610								
		<u>\$ 56,380,985,769</u>								
		<u>\$ 18,793,661,923</u>								
Debt Limit (4 % of Average Equalization Value)	\$ 751,746,477									
Net Bonded School Debt	-									
Legal Debt Margin	\$ 751,746,477									

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
BARNEGAT LIGHT BOROUGH				
2017	587	N/A	N/A	4.5%
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%
BEACH HAVEN BOROUGH				
2017	1,173	N/A	N/A	7.8%
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%
HARVEY CEDARS BOROUGH				
2017	340	N/A	N/A	5.8%
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%
LONG BEACH TOWNSHIP				
2017	3,050	N/A	N/A	6.2%
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%

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

YEAR	POPULATION	PERSONAL INCOME*	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
SHIP BOTTOM BOROUGH				
2017	1,139	N/A	N/A	6.0%
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%
STAFFORD TOWNSHIP				
2017	27,153	N/A	N/A	5.3%
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%
SURF CITY BOROUGH				
2017	1,178	N/A	N/A	5.8%
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%

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Regular	175	178	178	180	180	180	180	185	186	189
Special Education	68	70	72	72	72	72	72	72	70	71
Support Services:										
Student & Instruction Related Services	49	51	52	52	52	52	52	52	52	52
School Administrative Services	29	29	29	29	29	29	29	30	31	31
General & Business Administrative Services	12	12	12	12	12	12	12	12	12	12
Plant Operations & Maintenance	41	41	41	42	42	42	42	42	42	40
Pupil Transportation	64	64	64	62	62	62	64	64	65	65
Business & Other Support Services	8	8	8	8	8	8	8	8	8	8
Total	446	453	456	457	457	457	457	465	466	468

Source: District Personnel Records

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

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO		AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						MIDDLE SCHOOL	SENIOR HIGH SCHOOL				
2017	2,872	\$ 59,433,481	\$ 20,694	3.64%	229	N/A	N/A	2,843	2,671	-0.66%	93.95%
2016	2,877	57,443,985	19,967	7.61%	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%

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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	939	889	990	990	994	981	1,018	1,023	1,023	1,023
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	1,000	1,085	1,058	1,058	1,080	1,090	1,015	1,029	1,029	1,029
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	905	888	949	949	904	902	960	1,014	1,014	1,014
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, 2017:
 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
2017	553,360	1,296,725	-	1,850,085
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

**INSURANCE SCHEDULE
JUNE 30, 2017**

	COVERAGE	DEDUCTIBLE
School Package Policy (School Alliance Insurance Fund):		
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

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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 activities, the 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, 2017, and the related notes to the financial statements, which collectively comprise the Southern Regional School District's basic financial statements, and have issued our report thereon dated November 27, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

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

November 27, 2017
Toms River, New Jersey



HOLMAN | FRENIA
ALLISON, P.C.

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EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 the 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 School District's major federal and state programs for the fiscal year ended June 30, 2017. The 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of

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

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

Opinion on Each Major Federal and State Program

In our opinion, the 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, 2017.

Report on Internal Control Over Compliance

Management of the 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 the 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 the School District's internal control over compliance.

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

November 27, 2017
Toms River, New Jersey

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SOUTHERN REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS-THROUGH IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED TO SUB-RECIPIENT	ADJUSTMENT	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2017	UNEARNED REVENUE AT JUNE 30, 2017	DUE TO GRANTOR AT JUNE 30, 2017
U.S. DEPARTMENT OF AGRICULTURE:													
Passed Through New Jersey Department of Agriculture													
Child Nutrition Cluster													
Food Distribution Program (Noncash Assistance)	10.555	171N304N1099	Unavailable	\$ 68,547	7/1/16-6/30/17	\$ 1,616	\$ 68,547	\$ (69,293)	\$ -	\$ -	\$ -	\$ 870	\$ -
National School Lunch Program	10.555	171N304N1099	100-010-3350-026	202,633	7/1/16-6/30/17	-	198,524	(202,633)	-	-	(4,109)	-	-
National School Lunch Program	10.555	16161N304N1099	100-010-3350-026	224,107	7/1/15-6/30/16	(11,117)	11,117	-	-	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	171N304N1099	100-010-3350-026	7,949	7/1/16-6/30/17	-	7,795	(7,949)	-	-	(154)	-	-
Healthy Hunger-Free Kids Act	10.555	16161N304N1099	100-010-3350-026	8,989	7/1/15-6/30/16	(441)	441	-	-	-	-	-	-
Total CFDA #10.555						(9,942)	286,424	(279,875)	-	-	(4,263)	870	-
National School Breakfast Program	10.553	171N304N1099	100-010-3350-028	29,518	7/1/16-6/30/17	(2,043)	28,824	(29,518)	-	-	(694)	-	-
National School Breakfast Program	10.553	16161N304N1099	100-010-3350-028	36,784	7/1/15-6/30/16	(2,043)	2,043	(29,518)	-	-	(694)	-	-
Total CFDA #10.553							30,867	(29,518)	-	-	(694)	-	-
Total Child Nutrition Cluster						(11,985)	317,291	(309,393)	-	-	(4,957)	870	-
Total U.S. Department of Agriculture						(11,985)	317,291	(309,393)	-	-	(4,957)	870	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:													
Passed Through New Jersey Department of Human Services													
Medical Assistance Program (SEMI)													
	93.778	170SNJSMAP	100-054-7540-211	48,047	7/1/16-6/30/17	-	48,047	(48,047)	-	-	-	-	-
Total U.S. Department of Health and Human Services						-	48,047	(48,047)	-	-	-	-	-
U.S. DEPARTMENT OF EDUCATION:													
Passed Through New Jersey Department of Education													
Special Education Cluster													
L.D.E.A. - Part B - Basic	84.027	H027A160100	100-034-5065-016	583,430	7/1/16-6/30/17	-	476,351	(575,450)	(3,960)	(2,018)	(105,077)	-	-
L.D.E.A. - Part B - Basic	84.027	H027A150100	100-034-5065-016	612,139	7/1/15-6/30/16	(299,249)	299,249	-	-	-	-	-	-
Total CFDA #84.027						(299,249)	775,600	(575,450)	(3,960)	(2,018)	(105,077)	-	-
Total Special Education Cluster						(299,249)	775,600	(575,450)	(3,960)	(2,018)	(105,077)	-	-
No Child Left Behind (N.C.L.B.)						-	-	-	-	-	-	-	-
Title I - Basic	84.010	S010A160030	100-034-5064-194	198,633	7/1/16-6/30/17	-	136,388	(176,666)	-	(3,812)	(44,090)	-	-
Title I - Basic	84.010	S010A150030	100-034-5064-194	184,058	7/1/15-6/30/16	(29,591)	29,591	-	-	-	-	-	-
Total CFDA #84.010						(29,591)	165,979	(176,666)	-	(3,812)	(44,090)	-	-
Title II - Part A - Improving Teacher Quality	84.367	S367A160029	100-034-5063-290	69,607	7/1/16-6/30/17	-	17,886	(66,177)	(1,694)	5,830	(44,155)	-	-
Title II - Part A - Improving Teacher Quality	84.367	S367A150029	100-034-5063-290	72,825	7/1/15-6/30/16	(67,493)	67,493	-	-	-	-	-	-
Total CFDA #84.367						(67,493)	85,379	(66,177)	(1,694)	5,830	(44,155)	-	-
Title III - Immigrant	84.365	S365A160029	100-034-5064-187	2,332	7/1/16-6/30/17	-	-	(199)	-	-	(199)	-	-
Total U.S. Department of Education						(396,333)	1,026,958	(818,492)	(5,654)	-	(193,521)	-	-
Total Federal Awards						\$ (408,318)	\$ 1,392,296	\$ (1,175,932)	\$ (5,654)	\$ -	\$ (198,478)	\$ 870	\$ -

**SOUTHERN REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT		CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2017	UNEARNED REVENUE AT JUNE 30, 2017	DUE TO GRANTOR JUNE 30, 2017	MEMO	
				JUNE 30, 2016	JUNE 30, 2017							BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
New Jersey State Department of Education:													
General Fund:													
State Aid - Public:													
Special Education Categorical Aid	495-034-5120-089	\$ 1,413,531	7/1/16-6/30/17	\$ -	\$ 1,413,531	\$ -	(1,413,531)	\$ -	\$ -	\$ -	\$ -	\$ 126,666	\$ 1,413,531
Security Aid	495-034-5120-084	204,023	7/1/16-6/30/17	-	204,023	-	(204,023)	-	-	-	-	18,282	204,023
PARCC Readiness Aid	495-034-5120-098	25,970	7/1/16-6/30/17	-	25,970	-	(25,970)	-	-	-	-	2,327	25,970
Per Pupil Growth Aid	495-034-5120-097	25,970	7/1/16-6/30/17	-	25,970	-	(25,970)	-	-	-	-	2,327	25,970
Professional Learning Community Aid	495-034-5120-101	24,560	7/1/16-6/30/17	-	24,560	-	(24,560)	-	-	-	-	2,201	24,560
Total State Aid - Public		1,694,054		-	1,694,054	-	(1,694,054)	-	-	-	-	151,803	1,694,054
Transportation Aid	495-034-5120-014	299,208	7/1/16-6/30/17	-	299,208	-	(299,208)	-	-	-	-	26,812	299,208
Nonpublic Transportation Aid	495-034-5120-014	14,060	7/1/16-6/30/17	-	14,060	-	(14,060)	-	-	-	-	14,060	14,060
Nonpublic Transportation Aid	495-034-5120-014	13,435	7/1/15-6/30/16	(13,435)	13,435	-	-	-	-	-	-	-	-
				(13,435)	312,643	-	(313,268)	-	(14,060)	-	-	26,812	313,268
Extraordinary Aid	495-034-5120-473	473,737	7/1/16-6/30/17	-	473,737	-	(473,737)	-	-	-	-	473,737	473,737
TPAF Pension - Pension	495-034-5120-044	507,831	7/1/15-6/30/16	(423,637)	423,637	-	-	-	(473,737)	-	-	-	-
Contributions (Nonbudgeted)	495-034-5094-002	2,399,570	7/1/16-6/30/17	-	2,399,570	-	(2,399,570)	-	-	-	-	-	2,399,570
TPAF Post-Retirement	495-034-5094-001	1,999,387	7/1/16-6/30/17	-	1,999,387	-	(1,999,387)	-	-	-	-	-	1,999,387
TPAF Long-Term Disability	495-034-5094-004	1,866	7/1/16-6/30/17	-	1,866	-	(1,866)	-	-	-	-	-	1,866
Medical (Nonbudgeted)	495-034-5094-004	1,866	7/1/16-6/30/17	-	1,866	-	(1,866)	-	-	-	-	-	1,866
TPAF Social Security	495-034-5094-003	1,577,754	7/1/16-6/30/17	-	1,569,820	-	(1,577,754)	-	(7,934)	-	-	-	1,577,754
Contribution	495-034-5094-003	1,588,137	7/1/15-6/30/16	(79,372)	79,372	-	-	-	-	-	-	-	-
TPAF Social Security	495-034-5094-003	1,588,137	7/1/15-6/30/16	(79,372)	79,372	-	-	-	-	-	-	-	-
Contribution	495-034-5094-003	1,588,137	7/1/15-6/30/16	(79,372)	79,372	-	-	-	-	-	-	-	-
Total General Fund		8,480,349		(516,444)	8,480,349	-	(8,459,636)	-	(495,731)	-	-	178,615	8,459,636
Special Revenue Fund:													
New Jersey Nonpublic Aid:													
Textbook Entitlement	100-034-5120-064	2,997	7/1/16-6/30/17	-	2,997	-	(2,997)	-	-	-	-	-	2,997
Technology Aid	100-034-5120-373	1,352	7/1/16-6/30/17	-	1,352	-	(1,352)	-	-	-	-	-	1,352
Technology Aid	100-034-5120-373	1,560	7/1/15-6/30/16	500	-	(500)	-	-	-	-	-	-	-
Nursing Services	100-034-5120-070	4,680	7/1/16-6/30/17	-	4,680	-	(4,680)	-	-	2,764	-	-	1,916
Chapter 192 Auxiliary Services	100-034-5120-067	15,877	7/1/16-6/30/17	-	15,877	-	(3,583)	-	-	12,294	-	-	3,583
Chapter 192 Auxiliary Services	100-034-5120-067	10,998	7/1/15-6/30/16	6,768	-	-	(6,768)	-	-	-	-	-	-
Chapter 193 Handicapped	100-034-5120-066	17,329	7/1/16-6/30/17	-	17,329	-	(7,280)	-	-	10,049	-	-	7,280
Chapter 193 Handicapped	100-034-5120-066	20,007	7/1/15-6/30/16	6,379	-	-	(6,379)	-	-	-	-	-	-
Total Special Revenue Fund		42,235		13,647	42,235	-	(17,128)	-	-	-	25,107	-	17,128
Capital Projects Fund:													
SDA Grant Cluster:													
Middle School Window Project	4950-060-14-GZZV	275,760	Until Complete	(213,174)	-	-	-	-	(213,174)	-	-	-	-
High School Renovation	4950-050-14-1001-G04	2,992,350	Until Complete	(25,538)	-	(459,431)	-	-	(484,969)	-	-	-	459,431
Total Capital Projects Fund		-		(238,712)	-	(459,431)	-	-	(698,143)	-	-	-	459,431
New Jersey Department of Agriculture:													
Enterprise Fund:													
State School Lunch Program	100-010-3350-023	6,178	7/1/16-6/30/17	-	6,057	-	(6,178)	-	(121)	-	-	-	6,178
State School Lunch Program	100-010-3350-023	7,163	7/1/15-6/30/16	(343)	343	-	-	-	-	-	-	-	-
Total Enterprise Fund		-		(343)	6,400	-	(6,178)	-	(121)	-	-	-	6,178
Total State Financial Assistance		\$ 741,852		\$ 8,528,984		\$ (8,942,373)		\$ (13,647)		\$ (1,193,995)		\$ 25,107	\$ 178,615
Less: State Financial Assistance Not Subject to Major Program Determination:													
TPAF Pension - Pension	495-034-5094-002	2,399,570	7/1/16-6/30/17	-	2,399,570	-	(2,399,570)	-	-	-	-	-	-
TPAF Post-Retirement	495-034-5094-001	1,999,387	7/1/16-6/30/17	-	1,999,387	-	(1,999,387)	-	-	-	-	-	-
TPAF Long-Term Disability	495-034-5094-004	1,866	7/1/16-6/30/17	-	1,866	-	(1,866)	-	-	-	-	-	-
Medical (Nonbudgeted)	495-034-5094-004	1,866	7/1/16-6/30/17	-	1,866	-	(1,866)	-	-	-	-	-	-
Total State Financial Assistance Subject to Major Program Determination		\$ -		\$ (4,541,550)		\$ -		\$ -		\$ -		\$ 178,615	\$ 8,942,373

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 EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Southern Regional School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2017. 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, 2017.

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.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,064 for the general fund and \$(8,093) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 48,047	\$ 8,460,700	\$ 8,508,747
Special Revenue Fund	816,053	17,128	833,181
Capital Projects Fund	-	459,431	459,431
Food Service Fund	309,393	6,178	315,571
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 1,173,493</u>	<u>\$ 8,943,437</u>	<u>\$ 10,116,930</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

The Southern Regional School District had no expenditures for loans or loan guarantee programs for the year ended June 30, 2017.

**SOUTHERN REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

None.

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

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None

**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, 2017**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.