

SOUTHERN REGIONAL SCHOOL DISTRICT

Manahawkin, New Jersey
County of Ocean

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018**

This page intentionally left blank.

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
SOUTHERN REGIONAL SCHOOL DISTRICT
MANAHAWKIN, NEW JERSEY**

YEAR ENDED JUNE 30, 2018

**PREPARED BY DISTRICT FINANCE OFFICER
SCHOOL BUSINESS ADMINISTRATOR/BOARD SECRETARY**

This page intentionally left blank.

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION (First Section)	
Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	7
Consultants and Advisors	9
FINANCIAL SECTION (Second Section)	
Independent Auditor's Report	13
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	19
BASIC FINANCIAL STATEMENTS	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	31
A-2 Statement of Activities	32
B. Fund Financial Statements:	
B-1 Balance Sheet	37
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	38
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	39
Proprietary Funds:	
B-4 Statement of Net Position	43
B-5 Statement of Revenues, Expenditures and Changes in Fund Net Position	44
B-6 Statement of Cash Flows	45
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	49
B-8 Statement of Changes in Fiduciary Net Position	50
Notes to Financial Statements	51
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	93
C-2 Budgetary Comparison Schedule – Special Revenue Fund	103
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	107
REQUIRED SUPPLEMENTARY INFORMATION – PART III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	113
L-2 Schedule of the School District Contributions - PERS	114
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	115

TABLE OF CONTENTS

	PAGE
M. Schedules Related to Accounting and Reporting for Other Post Employment Benefits (GASB 75)	
M-1 Schedule of Changes in the Net OPEB Liability and Related Ratios - OPEB	119
Notes to the Required Supplementary Information - Part III	123
 OTHER SUPPLEMENTARY INFORMATION 	
D. School Based Budget Schedules Fund (if applicable):	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues & Expenditures - Special Revenue Fund – Budgetary Basis	131
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	137
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	138
F-2a Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis- Emergency Generator	139
F-2b Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis- Middle School Window Project	140
F-2c Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis- High School Renovations	141
F-2d Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis- High School Auditorium	142
F-2e Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis- Door Renovations- Middle School	143
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	149
G-2 Combining Schedule of Revenues, Expenses & Changes in in Fund Net Position	150
G-3 Combining Schedule of Cash Flows	151
Internal Service Fund –	
G-4 Combining Schedule of Net Position	155
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	156
G-6 Combining Schedule of Cash Flows	157
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	161
H-2 Combining Statement of Changes in Fiduciary Net Position	162
H-3 Student Activity Agency Fund - Schedule of Receipts &	163

TABLE OF CONTENTS

		PAGE
	Disbursements	
H-4	Payroll Agency Fund - Schedule of Receipts & Disbursements	163
H-5	Athletic Agency Fund - Schedule of Receipts and Disbursements	N/A
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds Payable	N/A
I-2	Schedule of Obligations Under Capital Leases	167
I-3	Debt Service Fund - Budgetary Comparison Schedule	168
I-4	Schedule of Early Retirement Incentive Plan Loans Payable	N/A

STATISTICAL SECTION (Unaudited) (Third Section)

Financial Trends:		
J-1	Net Position by Component	173
J-2	Changes in Net Position	174
J-3	Fund Balances – Governmental Funds	176
J-4	Changes in Fund Balances – Governmental Funds	177
J-5	General Fund - Other Local Revenue by Source	178
Revenue Capacity:		
J-6	Assessed Value & Actual Value of Taxable Property	181
J-7	Direct and Overlapping Property Tax Rates	185
J-8	Principal Property Taxpayers	189
J-9	Property Tax Levies and Collections	193
Debt Capacity:		
J-10	Ratios of Outstanding Debt by Type	197
J-11	Ratios of Net General Bonded Debt Outstanding	197
J-12	Ratios of Overlapping Governmental Activities Debt	197
J-13	Legal Debt Margin Information	198
Demographic & Economic Information:		
J-14	Demographic & Economic Statistics	201
J-15	Principal Employers	202
Operating Information:		
J-16	Full-Time Equivalent District Employees by Function/Program	205
J-17	Operating Statistics	206
J-18	School Building Information	207
J-19	Schedule of Required Maintenance	208
J-20	Insurance Schedule	208

SINGLE AUDIT SECTION (Fourth Section)

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	211
K-2	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with Uniform Guidance and New Jersey OMB Circular Letter 15-08	213
K-3	Schedule of Expenditures of Federal Awards, Schedule A	215
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	216
K-5	Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	218
K-6	Schedule of Findings and Questioned Cost - Part I	220
K-7	Schedule of Findings and Questioned Costs - Part II & III	222
K-8	Summary Schedule of Prior Year Audit Findings	223

This page intentionally left blank

INTRODUCTORY SECTION

This page intentionally left blank



SOUTHERN REGIONAL HIGH SCHOOL DISTRICT OF OCEAN COUNTY

February 12, 2019

Mr. Steven Berkheiser, 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, 2018, 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, 2018, 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>
2017/2018	2,849	-0.80%
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%

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,

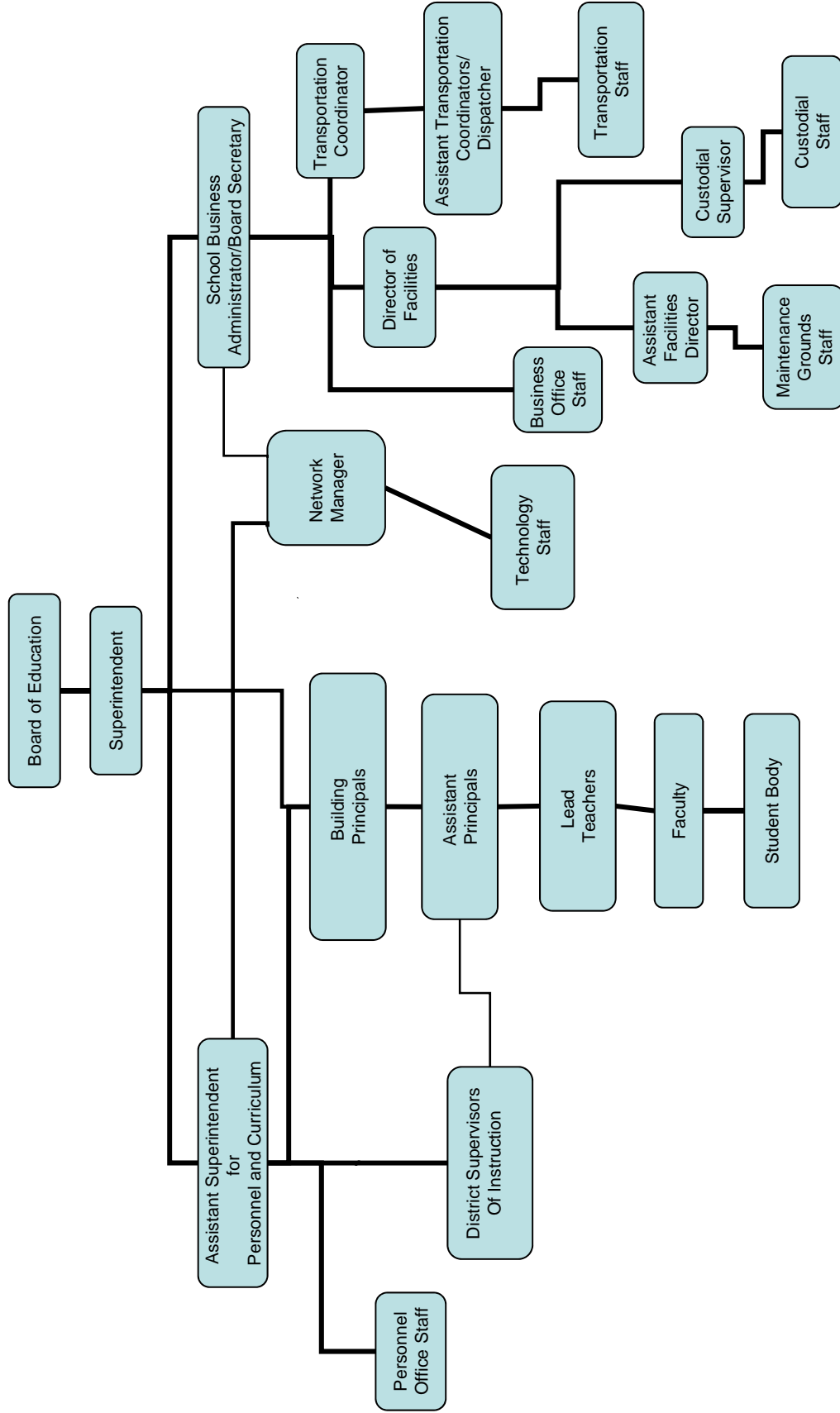
Craig Henry

Mr. Craig Henry
Superintendent

Steven Terhune

Mr. Steven Terhune
School Business Administrator/
Board Secretary

Southern Regional School District Organization Chart



This page intentionally left blank

SOUTHERN REGIONAL SCHOOL DISTRICT
Manahawkin, New Jersey 08050

ROSTER OF OFFICIALS

JUNE 30, 2018

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Steven Berkheiser, President	2018
Scott Waters, Vice President	2018
Kevin Lyons	2019
Rick McDonough	2019
Thomas Serpico	2020
Stuart Snyder	2020
Heather Tatur	2020
Keith Weidenhof	2018
R. Scott Zoladz	2018
Kelly Zuzic	2018

OTHER OFFICIALS

Craig Henry, Superintendent

Megan Vile, Assistant Superintendent

Steven Terhune, Business Administrator/Board Secretary

Kevin O'Shea, Treasurer of School Monies

Laura Benson, Esquire, Solicitor

This page intentionally left blank

**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

*****Olej cgn!J qm 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

This page intentionally left blank

FINANCIAL SECTION

Second Section

This page intentionally left blank

INDEPENDENT AUDITORS 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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, &74. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and 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 February 12, 2019 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, #1148

Toms River, New Jersey
February 12, 2019

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

This page intentionally left blank

SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(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, 2018. 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, 2018
(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 2018 compared to fiscal year 2017.

SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

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

Table 1
Summary of Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 21,573,146.75	\$ 20,060,070.00	\$ 1,513,076.75	7.5%
Capital Assets, Net	<u>32,076,471.34</u>	<u>27,401,669.00</u>	<u>4,674,802.34</u>	17.1%
Total Assets	<u>53,649,618.09</u>	<u>47,461,739.00</u>	<u>6,187,879.09</u>	13.0%
Deferred Outflow of Resources	<u>6,334,909.00</u>	<u>9,065,622.00</u>	<u>(2,730,713.00)</u>	-30.1%
Current and other Liabilities	1,930,378.18	2,153,165.00	(222,786.82)	-10.3%
Noncurrent Liabilities	<u>25,902,704.78</u>	<u>33,840,012.00</u>	<u>(7,937,307.22)</u>	-23.5%
Total Liabilities	<u>27,833,082.96</u>	<u>35,993,177.00</u>	<u>(8,160,094.04)</u>	-22.7%
Deferred Inflow of Resources	<u>5,397,675.00</u>	<u>163,574.00</u>	<u>5,234,101.00</u>	3199.8%
Net Position:				
Net Investment in Capital Assets	31,469,590.07	27,655,007.00	3,814,583.07	13.8%
Restricted	18,255,744.41	17,414,101.00	841,643.41	4.8%
Unrestricted (Deficit)	<u>(22,971,565.35)</u>	<u>(24,698,498.00)</u>	<u>1,726,932.65</u>	-7.0%
Total Net Position	<u>\$ 26,753,769.13</u>	<u>\$ 20,370,610.00</u>	<u>\$ 6,383,159.13</u>	31.3%

Table 2 on the following page shows the changes in net position for fiscal year 2018 compared to fiscal year 2017.

SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

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

Table 2
Summary of Changes in Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 590,993.94	\$ 1,858,482.00	\$(1,267,488.06)	-68.2%
Operating Grants & Contributions	20,366,337.40	1,148,752.00	19,217,585.40	1672.9%
General Revenues:				
Property Taxes	46,135,120.00	46,499,897.00	(364,777.00)	-0.8%
Federal & State Aid	4,163,322.75	8,968,178.00	(4,804,855.25)	-53.6%
Tuition	7,708,925.27	6,506,479.00	1,202,446.27	18.5%
Other General Revenues	1,005,408.40	1,048,063.00	(42,654.60)	-4.1%
Special Items:				
(Loss) on Fixed Asset Appraisal	(38,636.00)	-	(38,636.00)	-100.0%
Total Revenues	<u>79,931,471.76</u>	<u>66,029,851.00</u>	<u>13,901,620.76</u>	<u>21.1%</u>
Function/Program Expenditures:				
Instruction	47,365,840.12	27,399,015.00	19,966,825.12	72.9%
Tuition	252,111.68	394,945.00	(142,833.32)	-36.2%
Student & Instruction Related Services	7,326,964.03	5,763,742.00	1,563,222.03	27.1%
General Administrative Services	1,193,032.77	992,498.00	200,534.77	20.2%
School Administrative Services	2,647,323.03	2,140,788.00	506,535.03	23.7%
Central Services	1,008,342.97	775,974.00	232,368.97	29.9%
Other Administrative Services	548,281.94	425,441.00	122,840.94	28.9%
Plant Operations & Maintenance	7,310,035.49	6,172,943.00	1,137,092.49	18.4%
Pupil Transportation	4,900,938.80	4,034,950.00	865,988.80	21.5%
Unallocated Benefits	-	11,344,211.00	(11,344,211.00)	-100.0%
Interest & Other Charges	34,959.03	48,890.00	(13,930.97)	-28.5%
Unallocated Depreciation	-	1,514,415.00	(1,514,415.00)	-100.0%
Food Service/Community Education	960,482.17	962,731.00	(2,248.83)	-0.2%
Total Expenditures	<u>73,548,312.03</u>	<u>61,970,543.00</u>	<u>11,577,769.03</u>	<u>18.7%</u>
Change In Net Position	6,383,159.73	4,059,308.00	2,323,851.73	57.2%
Net Position - Beginning	20,370,609.40	16,311,301.40	4,059,308.00	24.9%
Net Position - Ending	<u>\$ 26,753,769.13</u>	<u>\$ 20,370,609.40</u>	<u>\$ 6,383,159.73</u>	<u>31.3%</u>

**SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)**

Governmental Activities

During the fiscal year 2018, the net position of governmental activities increased by \$6,446,224.72 or 31.81%. The primary reason for the increase was a decrease in special education costs, cost reductions in labor costs due to retirements and staff reductions and operational efficiencies.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$26,709,629.72, with an unrestricted deficit balance of \$22,973,703.42. 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)	\$ (22,973,703.42)
Plus: PERS Pension Liability	21,961,589.00
Less: Deferred Outflows Related to Pensions	(6,334,909.00)
Plus: Deferred Inflows Related to Pensions	<u>5,397,675.00</u>
Unrestricted Net Position (Without GASB 68)	<u>\$ (1,949,348.42)</u>

Business-Type Activities

During the fiscal year 2018, the net position of business-type activities decreased by \$63,064.99 or 58.83%. The primary reason was a reduction in sales within the district's cafeteria fund combined with a reduction in Federal and State aid for the cafeteria program.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$44,139.41.

General Fund Budgeting Highlights

Final budgeted revenues was \$56,172,173, which was equal to the original budget. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$1,009,030.46.

Final budgeted appropriations was \$60,874,731.00, which was an increase of \$3,297,600.00 from the original budget. The increase is due to the board approval of transfer of fund to Capital Project funds. Excluding nonbudgeted expenditures, the School District's budget appropriations exceeded actual expenditures by \$2,318,827.44.

SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$17,593,696.25 at June 30, 2018, an increase of \$1,922,900.25 from the prior year.

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$21,169,217.43, an increase of \$1,806,169.70 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$1,903,684.25 to \$17,395,865.25 at June 30, 2018, compared to a decrease of \$5,127,088.00 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 District experienced a reduction in anticipated special education costs for both programs in the district and placements outside of the district.
- The District continued to evaluate staffing positions related to the student population and the financial capacity of the school district. Reductions in staffing levels for 2017-2018 reflected those changing needs within the school district which resulted in personnel costs lower than anticipated.
- 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 \$97,524.26 to \$3,773,327.79 at June 30, 2018, compared to a decrease of \$689,147.00 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 an increase of \$9.71.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund decreased by \$57,526.89 to \$59,938.57 at June 30, 2018, compared to a decrease of \$22,462.00 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 \$5,538.10 to (\$15,799.16) at June 30, 2018, 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:

SOUTHERN REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Workers compensation fund - During the current fiscal year, the net position of the School District's workers compensation fund increased by \$62.89 to \$227.32 at June 30, 2017, compared to a decrease of \$65.00 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, 2018, totaled \$32,076,471.34 (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 \$4,674,802.34. This increase is primarily due to ongoing construction projects. Table 4 shows fiscal 2018 balances compared to 2017.

Table 4
Summary of Capital Assets

<u>Capital Asset</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Land	\$ 2,525,711.00	\$ 2,525,711.00	\$ -	0.0%
Construction in Progress	6,840,343.00	1,869,586.00	4,970,757.00	265.9%
Building and Improvements	41,955,936.00	41,955,936.00	-	0.0%
Vehicles	6,822,378.00	6,681,298.00	141,080.00	2.1%
Machinery and Equipment	10,492,726.34	9,670,979.00	821,747.34	8.5%
Capital Assets, Gross	68,637,094.34	62,703,510.00	5,933,584.34	9.5%
Accumulated Depreciation	(36,560,623.00)	(35,301,841.00)	(1,258,782.00)	3.6%
Capital Assets, Net	<u>\$ 32,076,471.34</u>	<u>\$ 27,401,669.00</u>	<u>\$ 4,674,802.34</u>	17.1%

Depreciation expense for the year was \$1,613,285.00. 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, 2018
(Unaudited) (Continued)

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had no bonded debt outstanding.

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 2017-2018 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 2018-2019 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

This page intentionally left blank

A. Government-Wide Financial Statements

This page intentionally left blank

SOUTHERN REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 6,234,594.83	\$ -	\$ 6,234,594.83
Receivables, Net (Note 4)	3,304,690.15	9,400.13	3,314,090.28
Inventory	-	9,448.56	9,448.56
Restricted Cash & Cash Equivalents	12,015,013.08	-	12,015,013.08
Capital Assets, Net (Note 5)			
Non-Depreciable	9,366,054.00	-	9,366,054.00
Depreciable	22,668,416.00	42,001.34	22,710,417.34
Total Assets	53,588,768.06	60,850.03	53,649,618.09
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	6,334,909.00	-	6,334,909.00
Total Deferred Outflow of Resources	6,334,909.00	-	6,334,909.00
LIABILITIES:			
Cash Deficit	-	15,948.37	15,948.37
Accounts Payable	1.42	-	1.42
Due to Other Governments	950,714.08	-	950,714.08
Unearned Revenue	239,835.89	762.25	240,598.14
Accrued Interest	3,597.00	-	3,597.00
Other Liabilities	135,698.92	-	135,698.92
Noncurrent Liabilities (Note 7):			
Due Within One Year	583,820.25	-	583,820.25
Due in More Than One Year	25,902,704.78	-	25,902,704.78
Total Liabilities	27,816,372.34	16,710.62	27,833,082.96
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	5,397,675.00	-	5,397,675.00
Total Deferred Inflow of Resources	5,397,675.00	-	5,397,675.00
NET POSITION:			
Net Investment in Capital Assets	31,427,588.73	42,001.34	31,469,590.07
Restricted for:			
Capital Projects	10,308,868.87	-	10,308,868.87
Debt Service	24.39	-	24.39
Tuition Reserve	1,600,000.00	-	1,600,000.00
Maintenance Reserve	3,429,862.00	-	3,429,862.00
Excess Surplus	2,916,989.15	-	2,916,989.15
Unrestricted (Deficit)	(22,973,703.42)	2,138.07	(22,971,565.35)
Total Net Position	\$ 26,709,629.72	\$ 44,139.41	\$ 26,753,769.13

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

SOUTHERN REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 32,503,882.08	\$ -	\$ 12,330,884.29	\$ -	\$ (20,172,997.80)	\$ -	\$ (20,172,997.80)
Special Education Instruction	11,862,762.58	-	4,196,125.87	-	(7,666,636.71)	-	(7,666,636.71)
Other Instruction	2,999,195.45	-	1,060,882.87	-	(1,938,312.58)	-	(1,938,312.58)
Support Services:							
Tuition	252,111.68	-	23,186	-	(228,925.51)	-	(228,925.51)
Student & Instruction Related Services	7,326,964.03	-	823,617.59	-	(6,503,346.43)	-	(6,503,346.43)
General Administrative	1,193,032.77	-	109,721	-	(1,083,312.08)	-	(1,083,312.08)
School Administrative Services	2,647,323.03	-	243,469	-	(2,403,854.35)	-	(2,403,854.35)
Central Services	1,008,342.97	-	92,735	-	(915,607.81)	-	(915,607.81)
Administrative Info. Technology	548,281.94	-	50,424	-	(497,857.61)	-	(497,857.61)
Plant Operations & Maintenance	7,310,035.49	-	678,223	-	(6,631,812.56)	-	(6,631,812.56)
Pupil Transportation	4,900,938.80	-	450,729	-	(4,450,209.87)	-	(4,450,209.87)
Interest & Other Charges	34,959.03	-	-	-	(34,959.03)	-	(34,959.03)
Total Governmental Activities	72,587,829.86	-	20,059,997.52	-	(52,527,832.34)	-	(52,527,832.34)
Business-Type Activities:							
Food Service/Community Education	960,482.17	590,993.94	306,339.88	-	-	(63,148.35)	(63,148.35)
Total Business-Type Activities	960,482.17	590,993.94	306,339.88	-	-	(63,148.35)	(63,148.35)
Total Primary Government	\$ 73,548,312.03	\$ 590,993.94	\$ 20,366,337.40	\$ -	(52,527,832.34)	(63,148.35)	(52,590,980.69)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					45,860,120.00	-	45,860,120.00
Property Taxes, Levied for Debt Service					275,000.00	-	275,000.00
Federal & State Aid Restricted					1,575,633.00	-	1,575,633.00
Federal & State Aid Not Restricted					2,587,689.75	-	2,587,689.75
Tuition Charges					7,708,925.27	-	7,708,925.27
Transportation Charges					866,002.24	-	866,002.24
Miscellaneous					139,322.80	83.36	139,406.16
Total General Revenues					59,012,693.06	83.36	59,012,776.42
Special Items:					(38,636.00)	-	(38,636.00)
Loss on Disposal of Fixed Asset							
Change In Net Position					6,446,224.72	(63,064.99)	6,383,159.73
Net Position - Beginning					20,263,405.00	107,204.40	20,370,609.40
Net Position - Ending					\$ 26,709,629.72	\$ 44,139.41	\$ 26,753,769.13

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

B. Fund Financial Statements

This page intentionally left blank

Governmental Funds

This page intentionally left blank

**SOUTHERN REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018**

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
ASSETS					
Cash & Cash Equivalents	\$ 9,125,299.73	\$ -	\$ -	\$ 24.39	\$ 9,125,324.12
Receivables, Net:					
Tax Levy Receivable	226,593.97	-	-	-	226,593.97
Interfund Receivable	8,465.24	-	4,401,845.30	-	4,410,310.54
Due from Other Governments:					
Federal	-	43,439.79	-	-	43,439.79
State	583,641.94	-	2,273,776.00	-	2,857,417.94
Other	137,710.00	-	-	-	137,710.00
Other Accounts Receivable	-	22,804.45	-	-	22,804.45
Restricted Cash & Cash Equivalents	12,015,013.08	-	-	-	12,015,013.08
Total Assets	\$22,096,723.96	\$ 66,244.24	\$ 6,675,621.30	\$ 24.39	\$ 28,838,613.89
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit	\$ -	\$ 47,522.02	\$ 2,902,293.51	\$ -	\$ 2,949,815.53
Accounts Payable	1.42	-	-	-	1.42
Intergovernmental Payable:					
State	-	1,959.08	-	-	1,959.08
Other	-	7,358.00	-	-	7,358.00
Interfund Payable	4,401,845.29	8,370.25	-	-	4,410,215.54
Unearned Revenue	238,801.00	1,034.89	-	-	239,835.89
Other Liabilities	60,211.00	-	-	-	60,211.00
Total Liabilities	4,700,858.71	66,244.24	2,902,293.51	-	7,669,396.46
Fund Balances:					
Restricted for:					
Capital Reserve	6,535,541.08	-	-	-	6,535,541.08
Maintenance Reserve	3,429,862.00	-	-	-	3,429,862.00
Tuition Reserve Account	1,600,000.00	-	-	-	1,600,000.00
Excess Surplus	1,029,081.15	-	-	-	1,029,081.15
Excess Surplus Designated for Subsequent Year	1,887,908.00	-	-	-	1,887,908.00
Capital Projects	-	-	3,773,327.79	-	3,773,327.79
Debt Service	-	-	-	24.39	24.39
Assigned to:					
Designated for					
Subsequent Year	375,054.00	-	-	-	375,054.00
Other Purposes	1,124,300.96	-	-	-	1,124,300.96
Unassigned	1,414,118.06	-	-	-	1,414,118.06
Total Fund Balances	17,395,865.25	-	3,773,327.79	24.39	21,169,217.43
Total Liabilities & Fund Balances	\$22,096,723.96	\$ 66,244.24	\$ 6,675,621.30	\$ 24.39	
Amounts reported for <i>governmental activities</i> 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 \$68,181,454.00 and the accumulated depreciation is \$36,146,984.00.					
					32,034,470.00
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.					
					6,334,909.00
					(5,397,675.00)
Internal service funds are used by the School District to charge the costs of the School District's self-insured worker's compensation to the individual funds. The assets and liabilities of the internal service funds are included with governmental activities.					
					227.32
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.					
					(3,597.00)
Accrued pension contributions for the June 30, 2018 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.					
					(941,397.00)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.					
					(26,486,525.03)
Net Position of Governmental Activities					<u>\$ 26,709,629.72</u>

**SOUTHERN REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2018**

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 45,860,120.00	\$ -	\$ -	\$ 275,000.00	\$ 46,135,120.00
Tuition Charges	7,708,925.27	-	-	-	7,708,925.27
Transportation Charges	866,002.24	-	-	-	866,002.24
Miscellaneous	139,250.20	-	-	9.71	139,259.91
Total Local Sources	54,574,297.71	-	-	275,009.71	54,849,307.42
State Sources	9,511,554.93	42,951.11	1,575,633.00	-	11,130,139.04
Federal Sources	28,928.75	940,351.48	-	-	969,280.23
Total Revenues	64,114,781.39	983,302.59	1,575,633.00	275,009.71	66,948,726.69
Expenditures:					
Instruction:					
Regular Instruction	18,133,690.59	833,530.32	-	-	18,967,220.91
Special Education Instruction	6,922,362.01	-	-	-	6,922,362.01
Other Instruction	1,750,141.80	-	-	-	1,750,141.80
Support Services:					
Tuition	206,701.49	-	-	-	206,701.49
Attendance & Social Work Services	196,410.09	-	-	-	196,410.09
Health Services	343,340.59	-	-	-	343,340.59
Student & Instruction Related Services	5,317,713.06	149,772.27	-	-	5,467,485.33
General Administrative	978,144.48	-	-	-	978,144.48
School Administrative Services	2,170,488.92	-	-	-	2,170,488.92
Central Services	826,720.89	-	-	-	826,720.89
Administrative Information Technology	449,525.75	-	-	-	449,525.75
Plant Operations & Maintenance	6,046,261.75	-	-	-	6,046,261.75
Pupil Transportation	4,018,184.88	-	-	-	4,018,184.88
Unallocated Benefits	2,945,953.92	-	-	-	2,945,953.92
On Behalf TPAF Pension and Social Security Contributions	6,952,793.93	-	-	-	6,952,793.93
Capital Outlay	1,379,535.99	-	4,970,757.26	-	6,350,293.25
Debt Service:					
Principal	237,277.00	-	-	250,049.97	487,326.97
Interest & Other Charges	38,250.00	-	-	24,950.03	63,200.03
Total Expenditures	58,913,497.14	983,302.59	4,970,757.26	275,000.00	65,142,556.99
Excess/(Deficiency) of Revenues Over Expenditures	5,201,284.25	-	(3,395,124.26)	9.71	1,806,169.70
Other Financing Sources (Uses):					
Transfers In	-	-	3,297,600.00	-	3,297,600.00
Transfers Out	(3,297,600.00)	-	-	-	(3,297,600.00)
Total Other Financing Sources (Uses)	(3,297,600.00)	-	3,297,600.00	-	-
Net Changes in Fund Balances	1,903,684.25	-	(97,524.26)	9.71	1,806,169.70
Fund Balance, July 1	15,492,181.00	-	3,870,852.05	14.68	19,363,047.73
Fund Balance, June 30	\$ 17,395,865.25	\$ -	\$ 3,773,327.79	\$ 24.39	\$ 21,169,217.43

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
YEAR ENDED JUNE 30, 2018**

Total Net Changes in Fund Balances - Governmental Funds (B-2)		\$ 1,806,169.70
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.		
	Depreciation Expense	\$ (1,611,422.00)
	Retirement of Fully Depreciated Capital Asset	(38,636.00)
	Capital Outlays	<u>6,323,793.00</u>
		4,673,735.00
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.		
		(603,024.19)
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.		
		578,355.05
Internal service funds are used by the District to charge the cost of the self-insured workers compensation program to the individual funds. The assets & liabilities of the internal service funds are included with governmental activities		
		62.89
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 (+).		
		28,241.00
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>(37,314.73)</u>
Change in Net Position of Governmental Activities		<u>\$ 6,446,224.72</u>

This page intentionally left blank

Proprietary Funds

This page intentionally left blank

**SOUTHERN REGIONAL SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
ASSETS		
Current Assets:		
Cash & Cash Equivalents	\$ -	\$ 59,086.24
Accounts Receivable:		
Federal	9,159.13	-
State	241.00	-
Other Receivables	-	16,629.00
Inventories	9,448.56	-
Total Current Assets	<u>18,848.69</u>	<u>75,715.24</u>
Noncurrent Assets:		
Capital Assets	453,778.34	-
Less: Accumulated Depreciation	<u>(411,777.00)</u>	<u>-</u>
Total Capital Assets, Net	<u>42,001.34</u>	<u>-</u>
Total Noncurrent Assets	<u>42,001.34</u>	<u>-</u>
Total Assets	<u>60,850.03</u>	<u>75,715.24</u>
LIABILITIES		
Current Liabilities:		
Cash Deficit	15,948.37	-
Unearned Revenue	762.25	-
Other Current Liabilities	<u>-</u>	<u>75,487.92</u>
Total Current Liabilities	<u>16,710.62</u>	<u>75,487.92</u>
NET POSITION		
Net Investment in Capital Assets	42,001.34	-
Unrestricted	<u>2,138.07</u>	<u>227.32</u>
Total Net Position	<u>\$ 44,139.41</u>	<u>\$ 227.32</u>

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
 YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 217,087.61	\$ -
Daily Sales - Non-Reimbursable Programs	366,443.43	-
Miscellaneous	7,462.90	-
Total Operating Revenues	<u>590,993.94</u>	<u>-</u>
Operating Expenses:		
Cost of Sales - Reimbursable Programs	249,714.28	-
Cost of Sales - Non-Reimbursable Programs	134,462.29	-
Salaries	12,754.00	-
Other Professional Technical Services	555,182.60	-
Supplies and Materials	6,259.00	-
Depreciation	1,863.00	-
Other	247.00	-
Total Operating Expenses	<u>960,482.17</u>	<u>-</u>
Operating Income/(Loss)	<u>(369,488.23)</u>	<u>-</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	6,351.58	-
Federal Sources:		
National School Lunch Program	195,450.65	-
National School Breakfast Program	35,717.08	-
Food Distribution Program	68,820.57	-
Interest Revenue	83.36	62.89
Total Nonoperating Revenues/(Expenses)	<u>306,423.24</u>	<u>62.89</u>
Change in Net Position	(63,064.99)	62.89
Total Net Position - Beginning	<u>107,204.40</u>	<u>164.43</u>
Total Net Position - Ending	<u>\$ 44,139.41</u>	<u>\$ 227.32</u>

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

**SOUTHERN REGIONAL SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
Cash Flows From Operating Activities:		
Receipts from Customers	\$ 609,565.42	\$ (382.51)
Payments to Employees	(12,754.00)	-
Payments for Employee Benefits	(555,182.60)	-
Payments to Suppliers	(318,358.80)	21,248.92
Net Cash Provided by/(Used for) Operating Activities	<u>(276,729.98)</u>	<u>20,866.41</u>
Cash Flows From Noncapital Financing Activities:		
State Sources	6,351.58	-
Federal Sources	231,167.73	-
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>237,519.31</u>	<u>-</u>
Cash Flows From Capital & Related Financing Activities:		
Acquisition of Capital Assets	(2,930.00)	-
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>(2,930.00)</u>	<u>-</u>
Cash Flows From Investing Activities:		
Interest:	83.36	62.89
Net Cash Provided by/(Used for) Interest Activities	<u>83.36</u>	<u>62.89</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	(42,057.31)	20,929.30
Balances - Beginning of Year	<u>26,108.94</u>	<u>38,156.94</u>
Balances - End of Year	<u>\$ (15,948.37)</u>	<u>\$ 59,086.24</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:		
Operating Income/(Loss)	\$ (369,488.23)	\$ -
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:		
Depreciation	1,863.00	-
Food Distribution Program	68,820.57	-
(Increase)/Decrease in Accounts Receivable, Net	18,679.58	(382.51)
(Increase)/Decrease in Inventories	3,503.20	-
Increase/(Decrease) in Other Current Liabilities	-	21,248.92
Increase/(Decrease) in Unearned Revenue	(108.10)	-
Total Adjustments	<u>92,758.25</u>	<u>20,866.41</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (276,729.98)</u>	<u>\$ 20,866.41</u>

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

This page intentionally left blank

Fiduciary Fund

This page intentionally left blank

**SOUTHERN REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	UNEMPLOYMENT COMPENSATION TRUST	PRIVATE- PURPOSE SCHOLARSHIP FUND	AGENCY FUNDS
ASSETS			
Cash & Cash Equivalents	\$ 767.16	\$ 118,744.37	\$ 970,859.43
Total Assets	<u>767.16</u>	<u>118,744.37</u>	<u>\$ 970,859.43</u>
LIABILITIES			
Accounts Payable	318.97	-	-
Interfund Payable	-	-	95.00
Payable for Student Related Activities	-	-	624,821.69
Payroll Deductions & Withholdings	<u>-</u>	<u>-</u>	<u>345,942.74</u>
Total Liabilities	<u>318.97</u>	<u>-</u>	<u>\$ 970,859.43</u>
NET POSITION			
Restricted - Held in Trust for Unemployment Claims & Other Purposes	448.19	-	
Restricted - Scholarships	<u>-</u>	<u>118,744.37</u>	
Total Net Position	<u>\$ 448.19</u>	<u>\$ 118,744.37</u>	

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

**SOUTHERN REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2018**

	UNEMPLOYMENT COMPENSATION TRUST	PRIVATE PURPOSE SCHOLARSHIP FUND
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Other	\$ -	\$ 84,968.88
	<u> </u>	<u> </u>
Total Contributions	-	84,968.88
	<u> </u>	<u> </u>
Investment Earnings:		
Interest	10.82	293.31
	<u> </u>	<u> </u>
Net Investment Earnings	10.82	293.31
	<u> </u>	<u> </u>
Total Additions	10.82	85,262.19
	<u> </u>	<u> </u>
DEDUCTIONS		
Unemployment Claims	9,264.28	-
Scholarships Awarded	-	81,813.85
	<u> </u>	<u> </u>
Total Deductions	9,264.28	81,813.85
	<u> </u>	<u> </u>
Change in Net Position	(9,253.46)	3,448.34
	<u> </u>	<u> </u>
Net Position - Beginning	9,701.65	115,296.00
	<u> </u>	<u> </u>
Net Position - Ending	\$ 448.19	\$ 118,744.34
	<u> </u>	<u> </u>

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

SOUTHERN REGIONAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

This page intentionally left blank

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

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 ten 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, 2018 of 2,838 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, 2018.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

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.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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 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.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	10-20 Years	N/A
Building 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.

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.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position 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
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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.

Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 12, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

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, 2018:

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.

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*.

Recently Issued Accounting Pronouncements

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

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 has not yet determined the potential 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 has not yet determined the potential impact on the School District's financial statements.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 1. Summary of Significant Accounting Policies (Continued)

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential 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, 2018, the School District's bank balance of \$20,827,757.24 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	18,949,172.11
Uninsured and Uncollateralized		1,878,585.13
Total	\$	20,827,757.24

Investments

The School District had no investments at June 30, 2018.

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.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 3. Reserve Accounts (Continued)

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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	7,325,464.00
Increased by:		
Interest Earnings		7,677.08
Deposits Approved by Board		2,500,000.00
		9,833,141.08
Decreased by:		
Budget Withdrawals		(3,297,600.00)
Ending Balance, June 30, 2018	\$	6,535,541.08

Tuition Reserve Account

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, 2018. Of this balance, \$800,000 is the 2017-2018 reserve amount and \$800,000 is the 2018-2019 reserve amount.

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	1,600,000.00
Increased by:		
Deposits Approved by Board		800,000.00
		2,400,000.00
Decreased by:		
Budget Withdrawals		(800,000.00)
Ending Balance, June 30, 2018	\$	1,600,000.00

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 3. Reserve Accounts (Continued)

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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	2,729,862.00
Increased by:		
Deposits Approved by Board		700,000.00
Ending Balance, June 30, 2018	\$	3,429,862.00

Note 4. Accounts Receivable

Accounts receivable at June 30, 2018 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, 2018, consisted of the following:

<u>Description</u>	Governmental Funds			Internal Service Fund		Total Governmental Activities
	General Fund	Special Revenue Fund	Capital Projects Fund	Worker's Comp Fund		
Federal Awards	\$ -	\$ 43,439.79	\$ -	\$ -	\$ -	\$ 43,439.79
State Awards	583,641.94	-	2,273,776.00	-	-	2,857,417.94
Tax Levy	226,593.97	-	-	-	-	226,593.97
Other	137,805.00	22,804.45	-	16,629.00	-	177,238.45
Total	\$ 948,040.91	\$ 66,244.24	\$ 2,273,776.00	\$ 16,629.00	\$ -	\$ 3,304,690.15

<u>Description</u>	Proprietary Funds		Total Business-Type Activities
	Food Service Fund		
Federal Awards	\$ 9,159.13	\$ 9,159.13	\$ 9,159.13
State Awards	241.00	-	241.00
Total	\$ 9,400.13	\$ -	\$ 9,400.13

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	Governmental Activities			
	Balance July 1, <u>2017</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2018</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,525,711.00	\$ -	\$ -	\$ 2,525,711.00
Construction in Progress	1,869,586.00	4,970,757.00	-	6,840,343.00
Total Capital Assets not being depreciated	<u>4,395,297.00</u>	<u>4,970,757.00</u>	-	<u>9,366,054.00</u>
Capital Assets being depreciated:				
Buildings & Improvements	41,955,936.00	-	-	41,955,936.00
Vehicles	6,681,298.00	518,781.00	(377,701.00)	6,822,378.00
Equipment	9,220,131.00	834,255.00	(17,300.00)	10,037,086.00
Total Capital Assets being depreciated	<u>57,857,365.00</u>	<u>1,353,036.00</u>	<u>(395,001.00)</u>	<u>58,815,400.00</u>
Less: Accumulated Depreciation:	<u>(34,891,927.00)</u>	<u>(1,611,422.00)</u>	356,365.00	<u>(36,146,984.00)</u>
Total Accumulated Depreciation	<u>(34,891,927.00)</u>	<u>(1,611,422.00)</u>	356,365.00	<u>(36,146,984.00)</u>
Total Capital Assets being depreciated, net	<u>22,965,438.00</u>	<u>(258,386.00)</u>	<u>(38,636.00)</u>	<u>22,668,416.00</u>
Total Governmental Activities Capital Assets, net	<u>\$ 27,360,735.00</u>	<u>\$ 4,712,371.00</u>	<u>\$ (38,636.00)</u>	<u>\$ 32,034,470.00</u>
	Business-Type Activities			
	Balance July 1, <u>2017</u>	<u>Additions</u>	Retirements and Transfers	Balance June 30, <u>2018</u>
Business-Type Activities:				
Equipment	\$ 450,848.34	\$ 2,930.00	\$ -	\$ 453,778.34
Total Capital Assets being depreciated	<u>450,848.34</u>	<u>2,930.00</u>	-	<u>453,778.34</u>
Less: Accumulated Depreciation:				
Equipment	(409,914.00)	(1,863.00)	-	(411,777.00)
Total Capital Assets being depreciated, net	<u>(409,914.00)</u>	<u>(1,863.00)</u>	-	<u>(411,777.00)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 40,934.34</u>	<u>\$ 1,067.00</u>	<u>\$ -</u>	<u>\$ 42,001.34</u>

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 5. Capital Assets (Continued)

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

<u>Governmental Activities</u>	
Instruction:	
Regular Instruction	\$ 633,065.88
Special Education Instruction	231,010.46
Other Instruction	58,405.07
Support Services:	
Tuition	6,897.96
Student & Instruction Related Services	200,372.28
General Administrative	32,642.27
School Administrative Services	72,432.74
Central Services	27,589.02
Administrative Info. Technology	15,001.40
Plant Operations & Maintenance	201,773.57
Pupil Transportation	134,093.35
	1,613,284.00
Total Depreciation Expense - Governmental Activities	\$ 1,613,284.00

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2018 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 8,465.24	\$ 4,401,845.29
Special Revenue Fund	-	8,370.25
Capital Projects Fund	4,401,845.30	-
Agency Fund	-	95.00
	\$ 4,410,310.54	\$ 4,410,310.54

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 as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 3,297,600.00
Capital Projects Fund	3,297,600.00	-
	\$ 3,297,600.00	\$ 3,297,600.00

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2018 the following changes occurred in long-term obligations for the governmental and business-type activities:

	Balance <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2018</u>	Balance Due Within <u>One Year</u>
Governmental Activities:					
Capital Leases	\$ 935,186.35	\$ -	\$ 328,305.08	\$ 606,881.27	\$ 338,870.22
Compensated Absences	3,635,790.00	157,986.39	120,671.66	3,673,104.73	-
Net Pension Liability	29,377,340.00	7,034,100.00	14,449,851.00	21,961,589.00	-
Community Disaster Loan Payable	495,000.00	-	250,049.97	244,950.03	244,950.03
	<u>\$ 34,443,316.35</u>	<u>\$ 7,192,086.39</u>	<u>\$ 15,148,877.71</u>	<u>\$ 26,486,525.03</u>	<u>\$ 583,820.25</u>

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

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, 2018 is \$244,950.03 and \$1,116.54, respectively.

Capital Lease Payable

The School District is leasing capital items and equipment under capital leases. All capital leases are for terms of five to ten years. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2018:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 346,289.38
2020	269,761.81
	<hr/>
Total Minimum Lease Payments	616,051.19
Less: Amount Representing Interest	(9,169.92)
	<hr/>
	<u>\$ 606,881.27</u>

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

Bonds Authorized but not Issued

As of June 30, 2018, the School District had no bonds authorized but not issued.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

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 <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are 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. 43:15A* 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 2017, the State's pension contribution was less than the actuarial determined amount.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

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, 2018, the School District reported a liability of \$21,961,589.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. 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, 2016, to the measurement date of June 30, 2017. 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, 2017. The School District's proportion measured as of June 30, 2017, was 0.0943432010%, which was a decrease of 0.00484716% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$1,477,643.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 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	\$ 517,120.00	\$ -
Changes of Assumptions	4,424,503.00	4,408,282.00
Net Difference between Projected and Actual Earnings on Pension Plan Investments	149,544.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	302,345.00	989,393.00
School District contributions subsequent to measurement date	941,397.00	-
	\$ 6,334,909.00	\$ 5,397,675.00

\$941,397.00 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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:

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Year Ending <u>June 30,</u>			
2019	\$	486,728.00	
2020		766,456.00	
2021		374,772.00	
2022		(1,059,237.00)	
2023		(572,882.00)	
	<u>\$</u>	<u>(4,163.00)</u>	

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	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between District Contributions Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 40% 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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, 2017, calculated using the discount rate of 5.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(4.00%)</u>	At Current Discount Rate <u>(5.00%)</u>	At 1% Increase <u>(6.00%)</u>
School District's Proportionate Share of the Net Pension Liability	\$ 27,244,842.00	\$ 21,961,589.00	\$ 17,559,985.00

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 5,396,431,901.00	\$ 7,815,204,785.00
Collective Deferred Inflows of Resources	4,672,602,040.00	-
Collective Net Pension Liability	23,278,401,588.00	29,617,131,759.00
School District's portion	0.09434%	0.09919%

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.nj.gov/treasury/pensions/financial-reports.shtml.

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

The following represents the membership tiers for TPAF:

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

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 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 2017, 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, 2017 was \$143,836,424.00. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. 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, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was 0.2133324%, which was a decrease of 0.0035268455% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized a pension expense in the amount of \$9,964,259.00 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, 2017 measurement date.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

Actuarial Assumptions – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.00%

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, 2016 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 (7.00% at June 30, 2017) 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
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 40% 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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 4.25% 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
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (Continued)

	At 1% Decrease <u>(3.25%)</u>	At Current Discount Rate <u>(4.25%)</u>	At 1% Increase <u>(5.25%)</u>
State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District	\$ 170,882,184.00	\$ 143,836,424.00	\$ 121,556,010.00

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

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$14,353,461,035.00	\$17,581,004,496.00
Collective Deferred Inflows of Resources	\$11,992,821,439.00	\$ 300,836,088.00
Collective Net Pension Liability	\$67,670,209,171.00	\$79,028,907,033.00
 School District's portion	 0.21333%	 0.21686%

C. Defined Contribution Retirement 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
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 8. Pension Plans (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, 2018, employee contributions totaled \$51,355.72, and the School District recognized an expense for payments made to the Defined Contribution Retirement program in the amount of \$28,012.53.

Note 9. Other Post-Retirement Benefits

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount- Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

OPEB Obligation and OPEB Expense - The State’s proportionate share of the total Other Post Employment Benefits Obligations, attributable to the School District as of June 30, 2017 was \$138,408,204.00. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2017, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the OPEB Obligation attributable to the School District was 0.2580324610%, which was a decrease of 0.0007107269% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$7,530,311.00 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 164,300,523.78	\$ 138,408,204.00	\$ 117,870,169.86
State of New Jersey's Total Nonemployer OPEB Liability	\$ 63,674,362,200.00	\$ 53,639,841,858.00	\$ 45,680,364,953.00
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 179,266,867.21	\$ 149,635,802.00	\$ 126,312,355.67
State of New Jersey's Total Nonemployer OPEB Liability	\$ 69,283,705,084.00	\$ 57,831,784,184.00	\$ 48,817,654,566.00

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 113,827,367.86	\$ 138,408,204.00	\$ 171,051,265.16
State of New Jersey's Total Nonemployer OPEB Liability	\$ 44,113,584,560.00	\$ 53,639,841,858.00	\$ 66,290,599,457.00
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate *	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 122,780,341.93	\$ 149,635,802.00	\$ 185,538,993.26
State of New Jersey's Total Nonemployer OPEB Liability	\$ 47,452,589,164.00	\$ 57,831,784,184.00	\$ 71,707,778,970.00

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Change in Proportion	\$ 99,843,255.00	\$ (99,843,255.00)
Change in Assumptions	-	(6,343,769,032.00)
Contributions Made in Fiscal Year Year Ending 2018 After June 30, 2017 Measurement Date **	1,190,373,242.00	-
	<u>\$ 1,290,216,497.00</u>	<u>\$ (6,443,612,287.00)</u>

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 9. Other Post-Retirement Benefits (continued)

Additional Information (continued):

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

Fiscal Year Ending June 30,	
2018	\$ (742,830,097.00)
2019	(742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
Thereafter	(2,629,618,547.00)
	\$ (6,343,769,032.00)

** Employer Contributions made after June 30, 2017 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2016, the Program membership consisted of the following:

	June 30, 2016
Active Plan Members	223,747.00
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331.00
	366,078.00

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Total OPEB Liability	
Service Cost	\$ 2,391,878,884.00
Interest Cost	1,699,441,736.00
Changes of Assumptions	(7,086,599,129.00)
Contributions: Member	45,748,749.00
Gross Benefit Payments	(1,242,412,566.00)
Net Change in Total OPEB Liability	(4,191,942,326.00)
Total OPEB Liability (Beginning)	57,831,784,184.00
Total OPEB Liability (Ending)	\$ 53,639,841,858.00
Total Covered Employee Payroll	13,493,400,208.00
Net OPEB Liability as a Percentage of Payroll	398%

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, 2018, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$3,263,101.00, \$1,579,982.93, \$2,107,568.00 and \$2,142.00, respectively.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

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>
2017-2018	\$ -	\$ 10.82	\$ 9,264.28	\$ 448.19
2016-2017	-	51.00	39,359.00	9,701.65
2015-2016	48,378.00	62.00	39,662.00	49,009.65

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	General & Automobile Liability
Environmental Impairment Liability	Workers' Compensation
School Board Legal Liability	Excess Liability
Employers Liability	Comprehensive Crime Coverage

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, 2018 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
YEAR ENDED JUNE 30, 2018 (Continued)**

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:

Lincoln Investment Planning	Primerica	AXA Equitable
MetLife	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, 2018, the liability for compensated absences reported was \$3,673,104.73.

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 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.

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018 (Continued)**

Note 15. Tax Abatements (Continued)

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. 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, 2018 was \$1,029,081.15.

Note 17. Fund Balances

General Fund – Of the \$17,395,865.25 General Fund fund balance at June 30, 2018, \$6,535,541.08 has been restricted for the Capital Reserve Account; \$3,429,862.00 has been restricted for the Maintenance Reserve Account; \$1,600,000.00 has been restricted for the Tuition Reserve Account; \$1,029,081.15 has been restricted for current year excess surplus; \$1,887,908 is restricted for prior year excess surplus – designated for subsequent year's expenditures; \$1,499,354.96 has been assigned to other purposes; and \$1,414,118.06 has been unassigned.

Capital Projects Fund – Of the \$3,773,327.79 Capital Projects Fund fund balance at June 30, 2018, \$3,773,327.99 is restricted for future capital projects.

Debt Service Fund – Of the \$24.39 Debt Service Fund fund balance at June 30, 2018, \$24.39 is restricted for future debt service payments.

Note 18. Deficit in Net Position

Unrestricted Net Position – The School District governmental activities had a deficit in unrestricted net position in the amount of \$22,973,703.42 at June 30, 2018. 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, 2018. This deficit in unrestricted net position for governmental activities does not indicate that the School District is facing financial difficulties.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

This page intentionally left blank

C. Budgetary Comparison Schedules

This page intentionally left blank

SOUTHERN REGIONAL SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

ACCOUNT NUMBERS	ORIGINAL BUDGET	JUNE 30, 2018		VARIANCE FINAL TO ACTUAL
		BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 45,860,121.00	\$ -	\$ 45,860,121.00	\$ (1.00)
Tuition From Other LEAs Within State	7,483,286.00	-	7,483,286.00	225,639.27
Transportation Fees From Other LEAs	700,000.00	-	700,000.00	166,002.24
Unrestricted Miscellaneous Revenues	80,000.00	-	80,000.00	51,573.12
Interest Earned on Maintenance Reserve	1,000.00	-	1,000.00	(1,000.00)
Interest Earned on Capital Reserve Funds	1,000.00	-	1,000.00	6,677.08
Total Local Sources	54,125,407.00	-	54,125,407.00	448,890.71
State Sources:				
Categorical Transportation Aid	299,208.00	-	299,208.00	-
Extraordinary Aid	-	-	-	495,742.00
Categorical Special Education Aid	1,413,531.00	-	1,413,531.00	1,491,463.00
Categorical Security Aid	204,023.00	-	204,023.00	77,932.00
PARCC Readiness Aid	25,970.00	-	25,970.00	-
Per Pupil Growth Aid	25,970.00	-	25,970.00	-
Professional Learning Community Aid	24,560.00	-	24,560.00	-
Other State Aids	-	-	-	11,041.00
Nonbudgeted:				
TPAF Pension (on-behalf)	-	-	-	3,263,101.00
TPAF Social Security (reimbursed)	-	-	-	1,579,982.93
TPAF Post Retirements	-	-	-	2,107,568.00
TPAF Long-Term Disability Insurance (on behalf)	-	-	-	2,142.00
Total State Sources	1,993,262.00	-	1,993,262.00	7,537,508.93
Federal Sources:				
Medicaid Reimbursement	53,504.00	-	53,504.00	(24,575.25)
Total Federal Sources	53,504.00	-	53,504.00	(24,575.25)
Total Revenues	56,172,173.00	-	56,172,173.00	7,961,824.39
Current Expense:				
Regular Programs - Instruction:				
Grades 6-8 - Salaries of Teachers	4,606,782.00	(18,148.00)	4,588,634.00	4,547,604.35
Employee Benefits	1,587,235.00	(84,895.00)	1,502,340.00	1,286,180.50
Sick Payment Retirements	-	56,523.00	56,523.00	-
Grades 9-12 - Salaries of Teachers	9,490,820.00	(151,500.00)	9,339,320.00	100,693.15
Employee Benefits	2,024,522.00	(131,000.00)	1,893,522.00	255,106.31

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
	11-140-100-299	104,179.00	128,544.00	232,723.00	-
Sick Payment Retirements	11-150-100-101	165,000.00	-	165,000.00	19,232.18
Regular Programs - Home Instruction: Salaries of Teachers	11-190-100-106	27,648.00	-	27,648.00	171.72
Special Education - Undistributed Instruction: Other Salaries for Instruction	11-190-100-320	72,195.00	-	72,195.00	5,747.99
Purchased Professional - Educational Services	11-190-100-500	291,302.00	(3,234.89)	288,067.11	102,196.71
Other Purchased Services	11-190-100-610	682,998.54	16,748.93	699,747.47	118,559.97
General Supplies	11-190-100-640	152,079.00	(20,932.57)	131,146.43	47,213.69
Textbooks	11-190-100-800	59,318.87	(430.30)	58,888.57	15,953.12
Other Objects					
Total Regular Programs - Instruction		19,264,079.41	(208,324.83)	19,055,754.58	922,063.99
Special Education - Instruction: Learning and/or Language Disabilities:					
Salaries of Teachers	11-204-100-101	464,762.00	-	464,762.00	4,109.86
Other Salaries for Instruction	11-204-100-106	32,365.00	-	32,365.00	75.00
Health Benefits	11-204-100-270	250,000.00	(11,000.00)	239,000.00	42,893.96
General Supplies	11-204-100-610	9,439.00	-	9,439.00	6,517.68
Textbooks	11-204-100-640	1,500.00	-	1,500.00	845.26
Other Objects	11-204-100-800	8,150.00	-	8,150.00	5,778.22
Total Learning and/or Language Disabilities		766,216.00	(11,000.00)	755,216.00	60,219.98
Special Education - Instruction: Behavioral Disabilities:					
Salaries of Teachers	11-209-100-101	591,438.00	-	591,438.00	27,500.00
Other Salaries for Instruction	11-209-100-106	150,406.00	-	150,406.00	138.24
Health Benefits	11-209-100-270	291,700.00	(25,000.00)	266,700.00	49,176.27
Purchased Technical Services	11-209-100-340	200.00	-	200.00	200.00
General Supplies	11-209-100-610	10,400.00	6,000.00	16,400.00	5,863.49
Textbooks	11-209-100-640	500.00	-	500.00	241.25
Other Objects	11-209-100-800	1,000.00	-	1,000.00	772.24
Total Behavioral Disabilities		1,045,644.00	(19,000.00)	1,026,644.00	83,891.49
Special Education - Instruction: Resource Room/Resource Center:					
Salaries of Teachers	11-213-100-101	3,460,874.00	(74,534.45)	3,386,339.55	19,111.17
Other Salaries	11-213-100-106	185,868.00	55,179.85	241,047.85	-
Health Benefits	11-213-100-270	1,118,753.00	(90,973.00)	1,027,780.00	174,100.07
Other Purchased Services	11-213-100-500	750.00	-	750.00	60.00
General Supplies	11-213-100-610	7,928.00	-	7,928.00	2,799.00

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018				VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Textbooks	11-213-100-640	5,550.00	-	5,550.00	4,765.07	784.93
Total Resource Room/Resource Center		4,779,723.00	(110,327.60)	4,669,395.40	4,472,540.23	196,855.17
Special Education - Instruction:						
Autism:						
Salaries of Teachers	11-214-100-101	190,678.00	21,346.60	212,024.60	212,024.60	-
Other Salaries for Instruction	11-214-100-106	447,118.00	63,508.00	510,626.00	510,626.00	-
Purchased Professional - Educational Services	11-214-100-320	74,120.00	15,000.00	89,120.00	81,470.33	7,649.67
Other Purchased Services	11-214-100-500	1,750.00	-	1,750.00	1,548.84	201.16
General Supplies	11-214-100-610	7,500.00	-	7,500.00	6,403.48	1,096.52
Total Autism		721,166.00	99,854.60	821,020.60	812,073.25	8,947.35
Total Special Education - Instruction		7,312,749.00	(40,473.00)	7,272,276.00	6,922,362.01	349,913.99
Basic Skills/Remedial - Instruction:						
Other Salaries for Instruction	11-230-100-106	63,666.00	(19,000.00)	44,666.00	44,232.79	433.21
General Supplies	11-230-100-610	2,400.00	-	2,400.00	1,308.18	1,091.82
Textbooks	11-230-100-640	2,600.00	-	2,600.00	107.94	2,492.06
Other Objects	11-230-100-800	200.00	-	200.00	-	200.00
Total Basic Skills/Remedial - Instruction		68,866.00	(19,000.00)	49,866.00	45,648.91	4,217.09
Bilingual Education - Instruction:						
General Supplies	11-240-100-610	1,000.00	-	1,000.00	-	1,000.00
Textbooks	11-240-100-640	1,000.00	-	1,000.00	-	1,000.00
Total Bilingual Education - Instruction		2,000.00	-	2,000.00	-	2,000.00
School-Sponsored Cocurricular/Extra Curricular Activities - Instruction:						
Salaries	11-401-100-100	311,526.00	-	311,526.00	297,328.36	14,197.64
Other Objects	11-401-100-800	120,667.35	(15,000.00)	105,667.35	98,590.67	7,076.68
Total School-Sponsored Cocurricular/Extra Curricular Activities - Instruction		432,193.35	(15,000.00)	417,193.35	395,919.03	21,274.32
School-Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	940,107.00	-	940,107.00	933,462.18	6,644.82
Health Benefits	11-402-100-270	37,400.00	-	37,400.00	35,379.57	2,020.43
Purchased Services	11-402-100-500	2,000.00	-	2,000.00	521.00	1,479.00

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Supplies and Materials	11-402-100-600	118,435.90	-	118,435.90	105,104.56	13,331.34
Other Objects	11-402-100-800	237,000.00	-	237,000.00	234,106.55	2,893.45
Total School-Sponsored Athletics - Instruction		1,334,942.90	-	1,334,942.90	1,308,573.86	26,369.04
Undistributed Expenditures - Instruction (Tuition):						
Tuition to Other LEAs Within State - Regular	11-000-100-561	25,000.00	(6,926.88)	18,073.12	1,732.92	16,340.20
Tuition to Other LEAs Within State - Special	11-000-100-562	30,000.00	108,000.00	138,000.00	8,283.81	129,716.19
Tuition to County Vocational School - Regular	11-000-100-563	90,000.00	-	90,000.00	44,813.02	45,186.98
Tuition to County Special Services & Regular Day Schools	11-000-100-565	45,000.00	-	45,000.00	-	45,000.00
Tuition to Private School Disabled - Within State	11-000-100-566	701,734.24	(101,073.12)	600,661.12	123,483.74	477,177.38
Tuition - State Facilities	11-000-100-568	29,275.00	-	29,275.00	28,388.00	887.00
Tuition - Other	11-000-100-569	31,000.00	-	31,000.00	-	31,000.00
Total Undistributed Expenditures - Instruction (Tuition)		952,009.24	-	952,009.24	206,701.49	745,307.75
Undistributed Expenditures Attendance and Social Work:						
Salaries	11-000-211-100	136,331.00	(20.00)	136,311.00	116,129.81	20,181.19
Health Benefits	11-000-211-270	63,787.00	18,350.00	82,137.00	79,283.42	2,853.58
Supplies and Materials	11-000-211-600	1,000.00	-	1,000.00	996.86	3.14
Total Undistributed Expenditures Attendance and Social Work		201,118.00	18,330.00	219,448.00	196,410.09	23,037.91
Undistributed Expenditures - Health Services:						
Salaries	11-000-213-100	226,060.00	-	226,060.00	224,870.21	1,189.79
Health Benefits	11-000-213-270	75,069.00	17,174.00	92,243.00	81,659.45	10,583.55
Purchased Professional & Technical Services	11-000-213-300	30,500.00	-	30,500.00	30,500.00	-
Other Purchased Services	11-000-213-500	900.00	-	900.00	150.00	750.00
Supplies and Materials	11-000-213-600	10,000.00	-	10,000.00	6,160.93	3,839.07
Total Undistributed Expenditures - Health Services		342,529.00	17,174.00	359,703.00	343,340.59	16,362.41
Undistributed Expenditures - Speech, OT, PT and Related Services:						
Salaries	11-000-216-100	344,295.00	20,087.00	364,382.00	352,103.75	12,278.25
Health Benefits	11-000-216-270	74,865.00	17,195.00	92,060.00	81,501.31	10,558.69
Supplies and Materials	11-000-216-600	1,500.00	-	1,500.00	1,399.64	100.36
Total Undistributed Expenditures - Speech, OT, PT and Related Services		420,660.00	37,282.00	457,942.00	435,004.70	22,937.30
Undistributed Expenditures - Other Support Services - Extra Services:						

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET ACTUAL		
Salaries	11-000-217-100	670,813.00	(37,773.82)	633,039.18	524,559.61	108,479.57
Health Benefits	11-000-217-270	418,221.00	-	418,221.00	318,197.42	100,023.58
Total Undistributed Expenditures - Other Support Services - Extra Services		1,089,034.00	(37,773.82)	1,051,260.18	842,757.03	208,503.15
Undistributed Expenditures - Guidance:						
Salaries of Other Professional Staff	11-000-218-104	1,080,291.00	-	1,080,291.00	1,057,378.65	22,912.35
Salaries of Secretaries & Clerical Assistants	11-000-218-105	133,331.00	(0.20)	133,330.80	133,330.80	-
Other Salaries	11-000-218-110	28,000.00	3,293.19	31,293.19	31,293.19	-
Health Benefits	11-000-218-270	441,629.00	-	441,629.00	380,181.86	61,447.14
Other Purchased Services	11-000-218-500	700.00	-	700.00	-	700.00
Supplies and Materials	11-000-218-600	3,600.00	-	3,600.00	1,380.32	2,219.68
Other Objects	11-000-218-800	7,500.00	-	7,500.00	6,046.97	1,453.03
Total Undistributed Expenditures - Guidance		1,695,051.00	3,292.99	1,698,343.99	1,609,611.79	88,732.20
Undistributed Expenditures - Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	978,876.00	(28,042.79)	950,833.21	950,833.21	-
Salaries of Secretaries & Clerical Assistants	11-000-219-105	140,823.00	-	140,823.00	140,822.88	0.12
Other Salaries	11-000-219-110	21,000.00	(606.17)	20,393.83	20,393.83	-
Health Benefits	11-000-219-270	222,045.00	1,850.00	223,895.00	193,485.89	30,409.11
Purchased Professional - Educational Services	11-000-219-320	28,776.00	-	28,776.00	8,018.00	20,758.00
Miscellaneous Purchased Services	11-000-219-592	7,200.00	(6,000.00)	1,200.00	1,003.00	197.00
Supplies and Materials	11-000-219-600	2,081.00	-	2,081.00	2,081.00	-
Other Objects	11-000-219-800	3,943.00	-	3,943.00	3,929.52	13.48
Total Undistributed Expenditures - Child Study Teams		1,404,744.00	(32,798.96)	1,371,945.04	1,320,567.33	51,377.71
Undistributed Expenditures - Improvement of Instruction Services:						
Salaries of Supervisors of Instruction	11-000-221-102	496,971.00	(58,179.21)	438,791.79	393,030.64	45,761.15
Salaries of Sec. and Clerical Assist.	11-000-221-105	155,323.00	-	155,323.00	155,322.75	0.25
Health Benefits	11-000-221-270	189,114.00	5,284.00	194,398.00	168,430.27	25,967.73
Total Undistributed Expenditures - Improvement of Instruction Services		841,408.00	(52,895.21)	788,512.79	716,783.66	71,729.13
Undistributed Expenditures - Educational Media Services/Library:						
Salaries	11-000-222-100	306,301.00	-	306,301.00	250,549.40	55,751.60
Health Benefits	11-000-222-270	104,180.00	14,139.00	118,319.00	103,804.41	14,514.59
Other Purchased Services	11-000-222-500	150.00	-	150.00	-	150.00

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Supplies and Materials	11-000-222-600	41,891.00	-	41,891.00	38,634.74	3,256.26
Total Undistributed Expenditures - Educational Media Services/Library		452,522.00	14,139.00	466,661.00	392,988.55	73,672.45
Undistributed Expenditures - Support Services - General Administration:						
Salaries	11-000-230-100	541,216.00	11,514.10	552,730.10	552,730.06	0.04
Health Benefits	11-000-230-270	41,111.00	20,714.00	61,825.00	55,824.56	6,000.44
Legal Services	11-000-230-331	45,000.00	-	45,000.00	9,535.57	35,464.43
Audit Fees	11-000-230-332	35,000.00	-	35,000.00	33,265.00	1,735.00
Other Purchased Professional Services	11-000-230-339	42,704.20	(18,000.00)	24,704.20	16,992.60	7,711.60
Communications/Telephone	11-000-230-530	100,000.00	18,000.00	118,000.00	108,199.31	9,800.69
Other Purchased Services	11-000-230-590	169,100.00	-	169,100.00	163,721.00	5,379.00
General Supplies	11-000-230-610	9,000.00	-	9,000.00	2,062.42	6,937.58
Miscellaneous Expenditures	11-000-230-890	17,000.00	-	17,000.00	12,023.11	4,976.89
BOE Membership Dues and Fees	11-000-230-895	25,000.00	-	25,000.00	23,790.85	1,209.15
Total Undistributed Expenditures - Support Services - General Administration		1,025,131.20	32,228.10	1,057,359.30	978,144.48	79,214.82
Undistributed Expenditures - Support Services - School Administration:						
Salaries of Principals/Assistant Principals	11-000-240-103	1,063,836.00	101,563.22	1,165,399.22	1,165,399.22	-
Salaries of Secretaries & Clerical Assistants	11-000-240-105	491,333.00	(919.32)	490,413.68	468,599.05	21,814.63
Health Benefits	11-000-240-270	432,635.00	67,894.00	500,529.00	440,083.38	60,445.62
Unused Sick Payment to Staff	11-000-240-299	98,203.00	(87,000.00)	11,203.00	9,813.00	1,390.00
Other Purchased Services	11-000-240-500	200.00	-	200.00	-	200.00
Supplies and Materials	11-000-240-600	41,519.00	1,100.00	42,619.00	20,519.27	22,099.73
Other Objects	11-000-240-800	92,382.00	(1,611.80)	90,770.20	66,075.00	24,695.20
Total Undistributed Expenditures - Support Services - School Administration		2,220,108.00	81,026.10	2,301,134.10	2,170,488.92	130,645.18
Undistributed Expenditures - Central Services:						
Salaries	11-000-251-100	552,482.00	-	552,482.00	548,945.23	3,536.77
Health Benefits	11-000-251-270	239,237.00	(23,170.00)	216,067.00	186,929.99	29,137.01
Purchased Professional Services	11-000-251-330	25,500.00	(3,932.00)	21,568.00	17,702.58	3,865.42
Purchased Technical Services	11-000-251-340	15,675.00	12,652.00	28,327.00	25,657.00	2,670.00
Miscellaneous Purchased Services	11-000-251-592	21,224.05	(100.00)	21,124.05	18,967.89	2,156.16
Supplies and Materials	11-000-251-600	6,500.00	1,000.00	7,500.00	7,457.49	42.51
Interest on Lease Purchase Agreements	11-000-251-832	8,195.00	-	8,195.00	8,194.49	0.51
Miscellaneous Expenditures	11-000-251-890	5,475.00	8,050.00	13,525.00	12,866.22	658.78

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL	
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Total Undistributed Expenditures - Central Services		874,288.05	(5,500.00)	868,788.05	826,720.89	42,067.16
Undistributed Expenditures - Administrative Information Technology:						
Salaries	11-000-252-100	281,286.00	10,375.84	291,661.84	291,661.84	-
Health Benefits	11-000-252-270	89,422.00	15,677.00	105,099.00	92,583.36	12,515.64
Purchased Technical Services	11-000-252-340	51,280.00	-	51,280.00	47,594.88	3,685.12
Other Purchased Services	11-000-252-500	7,000.00	-	7,000.00	3,968.82	3,031.18
Supplies and Materials	11-000-252-600	25,000.00	(11,283.15)	13,716.85	13,716.85	-
Total Undistributed Expenditures - Administrative Information Technology		453,988.00	14,769.69	468,757.69	449,525.75	19,231.94
Undistributed Expenditures - Required Maintenance for School Facilities:						
Salaries	11-000-261-100	861,824.00	38,027.14	899,851.14	899,840.98	10.16
Health Benefits	11-000-261-270	331,428.00	(38,521.14)	292,906.86	287,508.41	5,398.45
Cleaning, Repair & Maintenance Services	11-000-261-420	757,522.49	(54,917.74)	702,604.75	597,804.72	104,800.03
General Supplies	11-000-261-610	322,909.57	-	322,909.57	275,800.12	47,109.45
Total Undistributed Expenditures - Required Maintenance for School Facilities		2,273,684.06	(55,411.74)	2,218,272.32	2,060,954.23	157,318.09
Undistributed Expenditures - Custodial Services:						
Salaries	11-000-262-100	1,014,566.00	-	1,014,566.00	975,484.48	39,081.52
Salaries of Non-Instructional Aides	11-000-262-107	44,000.00	-	44,000.00	42,023.28	1,976.72
Health Benefits	11-000-262-270	452,575.00	(43,675.24)	408,899.76	398,330.29	10,569.47
Cleaning, Repair & Maintenance Services	11-000-262-420	80,106.13	-	80,106.13	48,533.89	31,572.24
Other Purchased Property Services	11-000-262-490	200,000.00	-	200,000.00	176,797.29	23,202.71
Insurance	11-000-262-520	178,414.00	(11,949.00)	166,465.00	128,077.00	38,388.00
Miscellaneous Purchased Services	11-000-262-590	313,023.00	16,650.75	329,673.75	270,899.29	58,774.46
General Supplies	11-000-262-610	16,650.75	(16,650.75)	-	-	-
Energy (Natural Gas)	11-000-262-621	265,000.00	-	265,000.00	174,496.18	90,503.82
Energy (Electricity)	11-000-262-622	885,000.00	-	885,000.00	820,490.66	64,509.34
Energy (Gasoline)	11-000-262-626	19,000.00	959.00	19,959.00	18,829.04	1,129.96
Other Objects	11-000-262-800	505.00	(505.00)	-	-	-
Total Undistributed Expenditures - Custodial Services		3,468,839.88	(55,170.24)	3,413,669.64	3,053,961.40	359,708.24
Undistributed Expenditures - Care and Upkeep of Grounds:						
Salaries	11-000-263-100	290,894.00	(5,000.00)	285,894.00	279,651.19	6,242.81
Health Benefits	11-000-263-270	116,198.00	12,886.00	129,084.00	112,954.11	16,129.89

SOUTHERN REGIONAL SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Cleaning, Repair & Maintenance Services	11-000-263-420	98,059.00	7,782.00	105,841.00	13,420.50
General Supplies	11-000-263-610	220,953.30	(31,541.47)	189,411.83	63,843.72
Total Undistributed Expenditures - Care and Upkeep of Grounds		726,104.30	(15,873.47)	710,230.83	99,636.92
Security:					
Salaries	11-000-266-100	257,297.00	-	257,297.00	11,167.03
Health Benefits	11-000-266-270	15,192.00	54,428.38	69,620.38	1,278.14
General Supplies	11-000-266-610	-	6,280.00	6,280.00	-
Total Security		272,489.00	60,708.38	333,197.38	12,445.17
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	11-000-270-107	102,659.00	2,234.13	104,893.13	-
Salaries of Pupil Transportation (Between Home & School) - Regular	11-000-270-160	1,758,238.00	(2,234.13)	1,756,003.87	42,970.58
Sal for Pupil Trans (Other than Bet. Home & Sch)	11-000-270-162	350,000.00	-	350,000.00	63,793.64
Health Benefits	11-000-270-270	1,390,340.00	(96,816.00)	1,293,524.00	181,729.38
Cleaning, Repair and Maintenance Services	11-000-270-420	110,339.86	-	110,339.86	21,184.86
Contract Services (Special Education) - ESCs & CTSAs	11-000-270-518	225,000.00	(6,280.00)	218,720.00	108,515.59
Miscellaneous Purchased Services - Transportation	11-000-270-593	100,000.00	-	100,000.00	-
General Supplies	11-000-270-610	706,233.40	-	706,233.40	210,895.61
Miscellaneous Expenditures	11-000-270-800	9,600.00	-	9,600.00	2,039.72
Total Undistributed Expenditures - Student Transportation Services		4,752,410.26	(103,096.00)	4,649,314.26	631,129.38
Unallocated Benefits:					
Social Security Contributions	11-000-291-220	820,000.00	-	820,000.00	15,287.47
Other Retirement Contributions - PERS	11-000-291-241	935,952.00	(11,645.20)	924,306.80	28,014.14
Pension Contributions	11-000-291-249	20,000.00	8,872.20	28,872.20	-
Workmen's Compensation	11-000-291-260	577,700.00	14,749.00	592,449.00	22.00
Health Benefits	11-000-291-270	525,000.00	283,000.00	808,000.00	245,654.56
Tuition Reimbursement	11-000-291-280	90,000.00	-	90,000.00	28,695.91
Total Unallocated Benefits		2,968,652.00	294,976.00	3,263,628.00	317,674.08
Increase in Maintenance Reserves	10-603	1,000.00	-	1,000.00	1,000.00
Nonbudgeted:					
TPAF Pension (on-behalf)		-	-	-	(3,263,101.00)
TPAF Social Security (reimbursed)		-	-	-	(1,579,982.93)

SOUTHERN REGIONAL SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

ACCOUNT NUMBERS	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
TPAF Post Retirements	-	-	-	(2,107,568.00)
TPAF Long-Term Disability Insurance (on behalf)	-	-	-	(2,142.00)
Total Undistributed Expenditures	26,434,769.99	215,406.82	26,650,176.81	(3,802,062.94)
Total Expenditures - Current Expense	54,850,600.65	(67,391.01)	54,783,209.64	(2,475,224.51)
Capital Outlay:				
Increase in Capital Reserves	377,558.00	-	377,558.00	377,558.00
Interest Deposit in Capital Reserve	1,000.00	-	1,000.00	1,000.00
School-Sponsored & Other Instructional Programs	304,220.00	(63,779.70)	240,440.30	17,757.30
Undistributed Expenditures:				
Undistributed Expenditures - Instruction	78,000.00	83,739.99	161,739.99	64,894.00
Undistributed Expenditures - School Admin.	10,000.00	511.80	10,511.80	698.67
Central Services	4,105.50	19,782.22	23,887.72	-
Undist. Expend. - Required Maint for School Fac.	352,771.00	306,701.81	659,472.81	303,405.61
Undist. Expend. - Custodial Services	52,057.50	(14,039.15)	38,018.35	11,156.00
Undist. Expend. - Care and Upkeep of Grounds	256,291.00	(256,291.00)	-	-
Undist. Expend. - Security	265,000.00	(265,000.00)	-	-
School Buses - Regular	723,500.00	255,765.04	979,265.04	362,388.44
Total Equipment	2,045,945.00	67,391.01	2,113,336.01	760,300.02
Facilities Acquisition & Construction Services:				
Construction Services	26,500.00	-	26,500.00	-
Lease Purchase Agreements - Principal	237,277.00	-	237,277.00	-
Assessment for Debt Service on SDA Funding	38,250.00	-	38,250.00	-
Total Facilities Acquisition & Construction Services	302,027.00	-	302,027.00	-
Total Capital Outlay	2,726,530.00	67,391.01	2,793,921.01	1,138,858.02
Total Expenditures	57,577,130.65	-	57,577,130.65	(1,336,366.49)
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures Before Other Financing Sources/(Uses)	(1,404,957.65)	-	(1,404,957.65)	6,625,457.90
Other Financing Sources/(Uses):				
Transfers In(Out):	-	(3,297,600.00)	(3,297,600.00)	-
Transfer to Other Funds				

**SOUTHERN REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2018**

ACCOUNT NUMBERS	JUNE 30, 2018		VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	
Total Other Financing Sources/(Uses)	-	(3,297,600.00)	-
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures After Other Financing Sources/(Uses)	(1,404,957.65)	(4,702,557.65)	6,625,457.90
Fund Balances, July 1	15,670,796.00	15,670,796.00	-
Fund Balances, June 30	<u>\$ 14,265,838.35</u>	<u>\$ 10,968,238.35</u>	<u>\$ 6,625,457.90</u>

RECAPITULATION OF BUDGET TRANSFERS

Board Approved Transfer to Capital Projects	\$ 3,297,600.00
	<u>\$ 3,297,600.00</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:		
Capital Reserve	\$ 6,535,541.08	
Maintenance Reserve	3,429,862.00	
Tuition Reserve	1,600,000.00	
Excess Surplus	1,029,081.15	
Excess Surplus Designated for Subsequent Year's Expenditures	1,887,908.00	
Assigned Fund Balance:		
Designated for Subsequent Year's Expenditures	375,054.00	
Year-End Encumbrances	1,124,300.96	
Unassigned Fund Balance	<u>1,611,949.06</u>	
Subtotal	17,593,696.25	
Reconciliation to Governmental Funds Statements (GAAP):		
Last State Aid Payments Not Recognized on GAAP Basis	<u>(197,831.00)</u>	
Fund Balance per Governmental Funds (GAAP)	<u>\$ 17,395,865.25</u>	

SOUTHERN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2018

	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL (OVER/ UNDER)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
State Sources	\$ -	\$ 44,910.19	\$ 44,910.19	\$ 42,951.11
Federal Sources	749,625.00	262,393.70	1,012,018.70	973,544.69
Total Revenues	749,625.00	307,303.89	1,056,928.89	40,433.09
Expenditures:				
Instruction:				
Salaries of Teachers	192,310.00	102,116.00	294,426.00	265,325.42
Tuition	-	557,752.00	557,752.00	557,752.00
Purchased Professional - Educational Services	495,915.00	(486,117.00)	9,798.00	4,947.00
Other Purchased Services (400-500 Series)	-	35,281.00	35,281.00	35,281.00
General Supplies	-	4,129.00	4,129.00	2,581.46
Textbooks	-	2,794.00	2,794.00	836.65
Total Instruction	688,225.00	215,955.00	904,180.00	866,723.53
Support Services:				
Personal Services - Employee Benefits	59,400.00	59,054.12	118,454.12	118,454.12
Purchased Educational Services	2,000.00	19,271.00	21,271.00	21,178.25
Other Purchased Services (400-500 Series)	-	12,523.77	12,523.77	9,639.90
Other Objects	-	500.00	500.00	500.00
Total Support Services	61,400.00	91,348.89	152,748.89	149,772.27
Total Expenditures	749,625.00	307,303.89	1,056,928.89	40,433.09
Total Outflows	749,625.00	307,303.89	1,056,928.89	40,433.09
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -

This page intentionally left blank

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

This page intentionally left blank

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
YEAR ENDED JUNE 30, 2018**

**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)	\$ 64,133,997.39	\$ 1,016,495.80
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	-	(75,036.21)
Prior Year	-	41,843.00
The last state aid payments are recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the state recognizes the related expense (GASB 33).		
Current Year	(197,831.00)	-
Prior Year	178,615.00	-
<hr/>		
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 64,114,781.39</u>	<u>\$ 983,302.59</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. (C-1, C-2)	\$ 58,913,497.14	\$ 1,016,495.80
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
	-	(33,193.21)
<hr/>		
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 58,913,497.14</u>	<u>\$ 983,302.59</u>

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION - PART III

This page intentionally left blank

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

This page intentionally left blank

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

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.0943432010%	0.0991903610%	0.0999092968%	0.1002800174%	0.0961046622%
School District's proportionate share of the net pension liability	\$ 21,961,589.00	\$ 29,377,340.00	\$ 22,427,635.00	\$ 18,775,162.00	\$ 18,367,510.00
School District's covered payroll	\$ 6,508,328.00	\$ 6,587,503.00	\$ 7,630,036.00	\$ 7,640,555.00	Unavailable
School District's proportionate share of the net pension liability as a percentage of its covered payroll	337.44%	445.96%	293.94%	245.73%	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

SOUTHERN REGIONAL SCHOOL DISTRICT
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
 LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 941,397.00	\$ 873,989.00	\$ 881,193.00	\$ 858,952.00	\$ 826,694.00
Contributions in relation to the contractually required contribution	(941,397.00)	(873,989.00)	(881,193.00)	(858,952.00)	(826,694.00)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 6,595,768.70	\$ 6,508,328.00	\$ 6,587,503.00	\$ 7,630,036.00	\$ 7,640,555.00
Contributions as a percentage of covered payroll	14.27%	13.43%	13.38%	11.26%	10.82%

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 DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST FIVE FISCAL YEARS***

	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	\$ 143,836,424.00	\$ 170,595,322.00	\$ 136,265,190.00	\$ 116,015,121.00	\$ 107,510,677.00
School District's covered payroll	\$ 143,836,424.00	\$ 170,595,322.00	\$ 136,265,190.00	\$ 116,015,121.00	\$ 107,510,677.00
School District's proportionate share of the net pension liability as a percentage of its covered payroll	\$ 22,308,163.00	\$ 22,248,437.00	\$ 23,452,825.00	\$ 22,556,801.00	\$ 21,660,777.00
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

This page intentionally left blank.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OTHER POST EMPLOYMENT
BENEFITS (GASB 75)**

This page intentionally left blank.

EXHIBIT M-1

**SOUTHERN REGIONAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FISCAL YEAR***

		2018
District's Total OPEB Liability		
Service Cost	\$	5,099,973
Interest Cost		4,366,278
Changes of Assumptions		(17,606,068)
Contributions: Member		118,047
Gross Benefit Payments		(3,205,828)
Net Change in District's Total OPEB Liability		(11,227,598)
District's Total OPEB Liability (Beginning)		149,635,802
District's Total OPEB Liability (Ending)	\$	138,408,204
District's Covered Employee Payroll	\$	19,094,858
District's Net OPEB Liability as a Percentage of Payroll		725%

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

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

This page intentionally left blank.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III

This page intentionally left blank

**SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
YEAR ENDED JUNE 30, 2018**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.22% as of June 30, 2016, to 4.25% as of June 30, 2017.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.98% as of June 30, 2016, to 5.00% as of June 30, 2017.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

This page intentionally left blank

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank

D. School Based Budget Schedules

Not Applicable

This page intentionally left blank

E. Special Revenue Fund

This page intentionally left blank

**SOUTHERN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018**

	Title I	Title IIA	Title III - Immigrant	I.D.E.A. - Basic
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Federal Sources	313,325.56	75,375.25	2,107.98	572,735.90
Total Revenues	<u>\$ 313,325.56</u>	<u>\$ 75,375.25</u>	<u>\$ 2,107.98</u>	<u>\$ 572,735.90</u>
Expenditures:				
Instruction:				
Salaries of Teachers	\$ 212,370.03	\$ 39,295.00	\$ 1,347.39	4,500.00
Tuition	-	-	-	557,752.00
Purchased Professional - Educational Services	-	-	-	-
Other Purchased Services (400-500 Series)	-	-	-	-
General Supplies	-	-	695.00	-
Textbooks	-	-	-	-
Total Instruction	<u>212,370.03</u>	<u>39,295.00</u>	<u>2,042.39</u>	<u>562,252.00</u>
Support Services:				
Personal Services - Employee Benefits	91,157.53	24,700.00	65.59	344.00
Purchased Educational Services	9,798.00	11,380.25	-	-
Other Purchased Services (400-500 Series)	-	-	-	9,639.90
Other Objects	-	-	-	500.00
Total Support Services	<u>100,955.53</u>	<u>36,080.25</u>	<u>65.59</u>	<u>10,483.90</u>
Total Expenditures	<u>\$ 313,325.56</u>	<u>\$ 75,375.25</u>	<u>\$ 2,107.98</u>	<u>\$ 572,735.90</u>

**SOUTHERN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018**

	Non Public Ch. 192 Auxiliary	Non Public Textbook	Non Public Nursing	Non Public Ch. 193 Handicapped
Revenues:				
State Sources	\$ 16,429.00	\$ 836.65	\$ 4,947.00	\$ 18,852.00
Federal Sources	-	-	-	-
Total Revenues	\$ 16,429.00	\$ 836.65	\$ 4,947.00	\$ 18,852.00
Expenditures:				
Instruction:				
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -
Tuition	-	-	-	-
Purchased Professional - Educational Services	-	-	4,947.00	-
Other Purchased Services (400-500 Series)	16,429.00	-	-	18,852.00
General Supplies	-	-	-	-
Textbooks	-	836.65	-	-
Total Instruction	16,429.00	836.65	4,947.00	18,852.00
Support Services:				
Salaries of Other Professional Staff	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-
Purchased Educational Services	-	-	-	-
Other Purchased Services (400-500 Series)	-	-	-	-
Other Objects	-	-	-	-
Total Support Services	-	-	-	-
Total Expenditures	\$ 16,429.00	\$ 836.65	\$ 4,947.00	\$ 18,852.00

**SOUTHERN REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018**

	Non Public Technology	Title IV	Totals
Revenues:			
State Sources	\$ 1,886.46	\$ -	\$ 42,951.11
Federal Sources	-	10,000.00	973,544.69
Total Revenues	<u>\$ 1,886.46</u>	<u>\$ 10,000.00</u>	<u>\$ 1,016,495.80</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ -	\$ 7,813.00	\$ 265,325.42
Tuition	-	-	557,752.00
Purchased Professional - Educational Services	-	-	4,947.00
Other Purchased Services (400-500 Series)	-	-	35,281.00
General Supplies	1,886.46	-	2,581.46
Textbooks	-	-	836.65
Total Instruction	<u>1,886.46</u>	<u>7,813.00</u>	<u>866,723.53</u>
Support Services:			
Personal Services - Employee Benefits	-	2,187.00	118,454.12
Purchased Educational Services	-	-	21,178.25
Other Purchased Services (400-500 Series)	-	-	9,639.90
Other Objects	-	-	500.00
Total Support Services	<u>-</u>	<u>2,187.00</u>	<u>149,772.27</u>
Total Expenditures	<u>\$ 1,886.46</u>	<u>\$ 10,000.00</u>	<u>\$ 1,016,495.80</u>

This page intentionally left blank.

F. Capital Projects Fund

This page intentionally left blank

SOUTHERN REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2018

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Original Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Emergency Generator Project	N/A	\$ 75,000.00	\$ 59,099.95	\$ -	\$ 15,900.05
Middle School Window Project	7/25/2014	689,400.00	532,934.00	-	156,466.00
High School Renovations	2/24/2014	7,480,875.00	1,212,422.00	3,939,083.48	2,329,369.52
High School Auditorium	1/10/2018	2,727,600.00	-	1,024,557.57	1,703,042.43
Door Renovations-Middle School	7/25/2014	570,000.00	-	7,116.21	562,883.79
Total		\$ 11,542,875.00	\$ 1,804,455.95	\$ 4,970,757.26	\$ 4,767,661.79

Reconciliation of Fund Balance

Unexpended Project Balances	\$ 4,767,661.79
Total Fund Balance (Budgetary Basis)	4,767,661.79
Less: Unexpended State Aid- ROD Grants	(994,334.00)
Total Fund Balance (GAAP Basis)	\$ 3,773,327.79

**SOUTHERN REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2018**

Revenues and Other Financing Sources:	
Transfer from Capital Reserve	\$ 3,297,600.00
	<hr/>
Total Revenues and Other Financing Sources	3,297,600.00
	<hr/>
Expenditures and Other Financing Uses:	
Other Purchased Professional and Technical Services	170,203.96
Construction Services	4,800,553.30
	<hr/>
Total Expenditures and Other Financing Uses	4,970,757.26
	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,673,157.26)
	<hr/>
Fund Balance, July 1	6,440,819.05
	<hr/>
Fund Balance, June 30	\$ 4,767,661.79
	<hr/> <hr/>

**SOUTHERN REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
EMERGENCY GENERATOR PROJECT
YEAR ENDED JUNE 30, 2018**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Transfer from Maintenance Reserve	\$ 75,000.00	\$ -	\$ 75,000.00	\$ 75,000.00
Total Revenues and Other Financing Sources	75,000.00	-	75,000.00	75,000.00
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	13,750.00	-	13,750.00	13,750.00
Construction Services	45,349.95	-	45,349.95	61,250.00
Total Expenditures and Other Financing Uses	59,099.95	-	59,099.95	75,000.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 15,900.05	\$ -	\$ 15,900.05	\$ -

Additional Project Information:

<u>Name of Project:</u>	
<u>Emergency Generator Project</u>	
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	\$ 75,000.00
Bonds Issued	-
Original Authorized Cost	75,000.00
Additional Authorized Cost	-
Revised Authorized Cost	75,000.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	6/30/2014
Revised Target Completion Date	6/30/2014

**SOUTHERN REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
MIDDLE SCHOOL WINDOW PROJECT
YEAR ENDED JUNE 30, 2018**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 275,760.00	\$ -	\$ 275,760.00	\$ 275,760.00
Transfer from Capital Reserve	413,640.00	-	413,640.00	413,640.00
Total Revenues and Other Financing Sources	689,400.00	-	689,400.00	689,400.00
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	35,840.00	-	35,840.00	35,840.00
Construction Services	497,094.00	-	497,094.00	653,560.00
Total Expenditures and Other Financing Uses	532,934.00	-	532,934.00	689,400.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 156,466.00	\$ -	\$ 156,466.00	\$ -

Additional Project Information:

<u>Name of Project:</u>	
Middle School Window Project	
Project Number	4950-060-14G2ZV
Grant Date	7/25/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	689,220.00
Additional Authorized Cost	180.00
Revised Authorized Cost	689,400.00
Percentage Increase over Original Authorized Cost	0.03%
Percentage Completion	77.30%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**SOUTHERN REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
HIGH SCHOOL RENOVATIONS
YEAR ENDED JUNE 30, 2018**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
State Sources -- SCC Grant	\$ 2,992,350.00	\$ -	\$ 2,992,350.00	\$ 2,992,350.00
Capital Lease Proceeds	1,188,525.00	-	1,188,525.00	1,188,525.00
Transfer from Capital Reserve	3,300,000.00	-	3,300,000.00	3,300,000.00
	7,480,875.00	-	7,480,875.00	7,480,875.00
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	388,979.00	-	388,979.00	388,979.00
Construction Services	823,443.00	3,939,083.48	4,762,526.48	7,091,896.00
	1,212,422.00	3,939,083.48	5,151,505.48	7,480,875.00
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 6,268,453.00	\$ (3,939,083.48)	\$ 2,329,369.52	\$ -

Additional Project Information:

<u>Name of Project:</u>	
<u>High School Renovations</u>	
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	7,480,875.00
Additional Authorized Cost	-
Revised Authorized Cost	7,480,875.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	68.86%
Original Target Completion Date	Sept. 2017
Revised Target Completion Date	Sept. 2017

**SOUTHERN REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
HIGH SCHOOL AUDITORIUM
YEAR ENDED JUNE 30, 2018**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Transfer from Capital Reserve	\$ -	\$ 2,727,600.00	\$ 2,727,600.00	\$ 2,727,600.00
Total Revenues and Other Financing Sources	-	2,727,600.00	2,727,600.00	2,727,600.00
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	-	167,837.75	167,837.75	167,837.75
Construction Services	-	856,719.82	856,719.82	2,559,762.25
Total Expenditures and Other Financing Uses	-	1,024,557.57	1,024,557.57	2,727,600.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	\$ 1,703,042.43	\$ 1,703,042.43	\$ -

Additional Project Information:

<u>Name of Project:</u>	
<u>High School Auditorium</u>	
Project Number	
Grant Date	4950-050-18-1000
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	2,400,000.00
Additional Authorized Cost	327,600.00
Revised Authorized Cost	2,727,600.00
Percentage Increase over Original Authorized Cost	13.65%
Percentage Completion	37.56%
Original Target Completion Date	8/31/2019
Revised Target Completion Date	N/A

**SOUTHERN REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGETARY BASIS
DOOR RENOVATIONS-MIDDLE SCHOOL
YEAR ENDED JUNE 30, 2018**

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Transfer from Capital Reserve	\$ -	\$ 570,000.00	\$ 570,000.00	\$ 570,000.00
Total Revenues and Other Financing Sources	-	570,000.00	570,000.00	570,000.00
Expenditures and Other Financing Uses:				
Other Purchased Professional and Technical Services	-	2,366.21	2,366.21	10,000.00
Construction Services	-	4,750.00	4,750.00	560,000.00
Total Expenditures and Other Financing Uses	-	7,116.21	7,116.21	570,000.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	\$ 562,883.79	\$ 562,883.79	\$ -

Additional Project Information:

<u>Name of Project:</u>	
<u>Door Renovations-Middle School</u>	
Project Number	4950-060-14G2ZV
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	570,000.00
Additional Authorized Cost	-
Revised Authorized Cost	570,000.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	1.25%
Original Target Completion Date	8/31/2019
Revised Target Completion Date	N/A

This page intentionally left blank

G. Proprietary Funds

This page intentionally left blank.

Enterprise Funds

This page intentionally left blank.

**SOUTHERN REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	COMMUNITY EDUCATION	TOTALS
ASSETS			
Current Assets:			
Accounts Receivable:			
Federal	\$ 9,159.13	\$ -	\$ 9,159.13
State	241.00	-	241.00
Inventories	9,448.56	-	9,448.56
Total Current Assets	18,848.69	-	18,848.69
Noncurrent Assets:			
Capital Assets	453,778.34	-	453,778.34
Less: Accumulated Depreciation	(411,777.00)	-	(411,777.00)
Total Capital Assets, Net	42,001.34	-	42,001.34
Total Noncurrent Assets	42,001.34	-	42,001.34
Total Assets	60,850.03	-	60,850.03
LIABILITIES			
Current Liabilities:			
Cash Deficit	149.21	15,799.16	15,948.37
Unearned Revenue	762.25	-	762.25
Total Current Liabilities	911.46	15,799.16	16,710.62
NET POSITION			
Net Investment in Capital Assets	42,001.34	-	42,001.34
Unrestricted	17,937.23	(15,799.16)	2,138.07
Total Net Position	\$ 59,938.57	\$ (15,799.16)	\$ 44,139.41

**SOUTHERN REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	COMMUNITY EDUCATION	TOTALS
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 217,087.61	\$ -	\$ 217,087.61
Daily Sales - Non-Reimbursable Programs	366,443.43	-	366,443.43
Miscellaneous	-	7,462.90	7,462.90
Total Operating Revenues	583,531.04	7,462.90	590,993.94
Operating Expenses:			
Cost of Sales - Reimbursable Programs	249,714.28	-	249,714.28
Cost of Sales - Non-Reimbursable Programs	134,462.29	-	134,462.29
Salaries	-	12,754.00	12,754.00
Other Professional Technical Services	555,182.60	-	555,182.60
Supplies and Materials	6,259.00	-	6,259.00
Depreciation	1,863.00	-	1,863.00
Other	-	247.00	247.00
Total Operating Expenses	947,481.17	13,001.00	960,482.17
Operating Income/(Loss)	(363,950.13)	(5,538.10)	(369,488.23)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	6,351.58	-	6,351.58
Federal Sources:			
National School Lunch Program	195,450.65	-	195,450.65
National School Breakfast Program	35,717.08	-	35,717.08
Food Distribution Program	68,820.57	-	68,820.57
Interest Revenue	83.36	-	83.36
Total Nonoperating Revenues/(Expenses)	306,423.24	-	306,423.24
Change in Net Position	(57,526.89)	(5,538.10)	(63,064.99)
Total Net Position - Beginning	117,465.46	(10,261.06)	107,204.40
Total Net Position - Ending	\$ 59,938.57	\$ (15,799.16)	\$ 44,139.41

**SOUTHERN REGIONAL SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	COMMUNITY EDUCATION	TOTALS
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 602,102.52	\$ 7,462.90	\$ 609,565.42
Payments to Employees	-	(12,754.00)	(12,754.00)
Payments for Employee Benefits	(555,182.60)	-	(555,182.60)
Payments to Suppliers	(318,111.80)	(247.00)	(318,358.80)
Net Cash Provided by/(Used for) Operating Activities	(271,191.88)	(5,538.10)	(276,729.98)
Cash Flows From Noncapital Financing Activities:			
State Sources	6,351.58	-	6,351.58
Federal Sources	231,167.73	-	231,167.73
Net Cash Provided by/(Used for) Noncapital Financing Activities	237,519.31	-	237,519.31
Cash Flows From Capital & Related Financing Activities:			
Acquisition of Capital Assets	(2,930.00)	-	(2,930.00)
Net Cash Provided by/(Used for) Noncapital Financing Activities	(2,930.00)	-	(2,930.00)
Cash Flows From Investing Activities:			
Interest:	83.36	-	83.36
Net Cash Provided by/(Used for) Interest Activities	83.36	-	83.36
Net Increase/(Decrease) in Cash & Cash Equivalents	(36,519.21)	(5,538.10)	(42,057.31)
Balances - Beginning of Year	36,370.00	(10,261.06)	26,108.94
Balances - End of Year	\$ (149.21)	\$ (15,799.16)	\$ (15,948.37)
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (363,950.13)	\$ (5,538.10)	\$ (369,488.23)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	1,863.00	-	1,863.00
Food Distribution Program	68,820.57	-	68,820.57
(Increase)/Decrease in Accounts Receivable, Net	18,679.58	-	18,679.58
(Increase)/Decrease in Inventories	3,503.20	-	3,503.20
Increase/(Decrease) in Unearned Revenue	(108.10)	-	(108.10)
Total Adjustments	92,758.25	-	92,758.25
Net Cash Provided/(Used) by Operating Activities	\$ (271,191.88)	\$ (5,538.10)	\$ (276,729.98)

This page intentionally left blank.

Internal Service Fund

This page intentionally left blank.

EXHIBIT G-4

**SOUTHERN REGIONAL SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2018**

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 59,086.24
Accounts Receivable:	
Other Receivables	16,629.00
Total Current Assets	75,715.24
Total Assets	75,715.24
 LIABILITIES	
Current Liabilities:	
Other Current Liabilities	75,487.92
Total Current Liabilities	75,487.92
 NET POSITION	
Unrestricted	227.32
Total Net Position	\$ 227.32

SOUTHERN REGIONAL SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
Nonoperating Revenues (Expenses):	
Interest Revenue	\$ 62.89
Total Nonoperating Revenues/(Expenses)	62.89
Change in Net Position	62.89
Total Net Position - Beginning	164.43
Total Net Position - Ending	\$ 227.32

EXHIBIT G-6

**SOUTHERN REGIONAL SCHOOL DISTRICT
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

	GOVERNMENTAL ACTIVITIES
	INTERNAL SERVICE FUND
Cash Flows From Operating Activities:	
Receipts from Customers	\$ (382.51)
Payments to Suppliers	21,248.92
	20,866.41
Net Cash Provided by/(Used for) Operating Activities	20,866.41
Cash Flows From Investing Activities:	
Interest:	62.89
	62.89
Net Cash Provided by/(Used for) Interest Activities	62.89
Net Increase/(Decrease) in Cash & Cash Equivalents	20,929.30
Balances - Beginning of Year	38,156.94
	59,086.24
Balances - End of Year	\$ 59,086.24
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
Operating Income/(Loss)	\$ -
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:	
(Increase)/Decrease in Accounts Receivable, Net	(382.51)
Increase/(Decrease) in Other Current Liabilities	21,248.92
	20,866.41
Total Adjustments	20,866.41
Net Cash Provided/(Used) by Operating Activities	\$ 20,866.41

This page intentionally left blank

H. Fiduciary Fund

This page intentionally left blank

SOUTHERN REGIONAL SCHOOL DISTRICT
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2018

	TRUST			AGENCY		
	UNEMPLOYMENT COMPENSATION	SCHOLARSHIP FUND	TRUST TOTALS	PAYROLL FUND	STUDENT ACTIVITY FUND	AGENCY TOTALS
ASSETS						
Cash & Cash Equivalents	\$ 767.16	\$ 118,744.37	\$ 119,511.53	\$ 346,037.74	\$ 624,821.69	\$ 970,859.43
Total Assets	767.16	118,744.37	119,511.53	346,037.74	624,821.69	970,859.43
LIABILITIES						
Accounts Payable	318.97	-	318.97	-	-	-
Interfund Payable	-	-	-	95.00	-	95.00
Payable for Student Related Activities	-	-	-	-	624,821.69	624,821.69
Payroll Deductions & Withholdings	-	-	-	345,942.74	-	345,942.74
Total Liabilities	318.97	-	318.97	346,037.74	\$ 624,821.69	\$ 970,859.43
NET POSITION						
Restricted - Held in Trust for Unemployment Claims & Other Purposes	448.19	-	448.19			
Restricted - Scholarships	-	118,744.37	118,744.37			
Total Net Position	\$ 448.19	\$ 118,744.37	\$ 119,192.56			

**SOUTHERN REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2018**

	UNEMPLOYMENT COMPENSATION TRUST	PRIVATE- PURPOSE SCHOLARSHIP FUND	TOTAL TRUST
ADDITIONS			
Contributions:			
Other	\$ -	\$ 84,968.88	\$ 84,968.88
Total Contributions	-	84,968.88	84,968.88
Investment Earnings:			
Interest	10.82	293.31	304.13
Net Investment Earnings	10.82	293.31	304.13
Total Additions	10.82	85,262.19	85,273.01
DEDUCTIONS			
Unemployment Claims	9,264.28	-	9,264.28
Scholarships Awarded	-	81,813.85	81,813.85
Total Deductions	9,264.28	81,813.85	91,078.13
Change in Net Position	(9,253.46)	3,448.34	(5,805.12)
Net Position - Beginning	9,701.65	115,296.00	124,997.65
Net Position - Ending	\$ 448.19	\$ 118,744.34	\$ 119,192.53

**SOUTHERN REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2018**

	BALANCE JUNE 30, 2017	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2018
Elementary Schools:				
Middle School	\$ 122,399.00	395,541.76	\$ 273,052.16	\$ 244,888.60
High School	375,669.00	\$ 1,047,785.63	1,043,521.54	379,933.09
Total All Schools	<u>\$ 498,068.00</u>	<u>\$ 1,443,327.39</u>	<u>\$ 1,316,573.70</u>	<u>\$ 624,821.69</u>

**SOUTHERN REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
YEAR ENDED JUNE 30, 2018**

	BALANCE JUNE 30, 2017	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2018
ASSETS				
Cash & Cash Equivalents	\$ 532,523.00	\$ 37,084,261.50	\$ 37,270,746.71	\$ 346,037.79
Total Assets	<u>\$ 532,523.00</u>	<u>\$ 37,084,261.50</u>	<u>\$ 37,270,746.71</u>	<u>\$ 346,037.79</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 532,428.00	\$ 37,270,746.71	\$ 37,084,261.50	\$ 345,942.79
Interfunds Payable	95.00	-	-	95.00
Total Liabilities	<u>\$ 532,523.00</u>	<u>\$ 37,270,746.71</u>	<u>\$ 37,084,261.50</u>	<u>\$ 346,037.79</u>

This page intentionally left blank

I. Long-Term Debt

This page intentionally left blank

EXHIBIT I-2

SOUTHERN REGIONAL SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 YEAR ENDED JUNE 30, 2018

PURPOSE	AMOUNT OF ORIGINAL PRINCIPAL	INTEREST RATE	AMOUNT OUTSTANDING JUNE 30, 2017	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2018
Essential Equipment	\$ 1,188,525.00	1.330%	\$ 733,730.00	\$ -	\$ 237,277.00	\$ 496,453.00
Copiers	317,837.00	4.950%	201,456.35	-	91,028.08	110,428.27
Total	\$ 935,186.35	\$ -	\$ 328,305.08	\$ -	\$ 328,305.08	\$ 606,881.27

SOUTHERN REGIONAL SCHOOL DISTRICT
 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2018

	JUNE 30, 2018			VARIANCE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:				
Local Sources:				
Local Tax Levy	\$ 275,000.00	\$ -	\$ 275,000.00	\$ -
Local Sources:				
Miscellaneous	-	-	-	9.71
Total Revenues	275,000.00	-	275,000.00	275,009.71
Expenditures:				
Regular Debt Service:				
Interest on Community Development Loan	24,950.03	-	24,950.03	24,950.03
Principal on Community Development Loan	250,049.97	-	250,049.97	250,049.97
Total Regular Debt Service	275,000.00	-	275,000.00	275,000.00
Total Expenditures	275,000.00	-	275,000.00	275,000.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	9.71
Fund Balance, July 1,	14.68	-	14.68	14.68
Fund Balance, June 30,	\$ 14.68	\$ -	\$ 14.68	\$ 24.39

STATISTICAL SECTION (Unaudited)

Third Section

This page intentionally left blank

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. The Exhibits are presented for the last ten fiscal years.

This page intentionally left blank

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

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Invested in Capital Assets,	\$ 31,427,588.73	\$ 27,614,073.00	\$ 24,134,579.00	\$ 23,371,388.00	\$ 2,362,258.00	\$ 23,912,510.00	\$ 19,955,273.00	\$ 19,623,553.00	\$ 18,919,708.00	\$ 12,259,741.00
Net of Related Debt Restricted:										
Debt Service	18,255,744.41	15.00	(37,469.00)	(31,269.00)	(12,042.00)	112,544.00	-	(159,536.00)	(182,062.00)	(204,324.00)
Capital Projects	11,196,316.00	11,196,316.00	9,379,399.00	121,775.00	15,900.00	1,230,305.00	-	-	-	-
Other	6,217,770.00	6,217,770.00	8,449,262.00	9,278,889.00	6,259,328.00	4,299,332.00	5,994,275.00	5,085,900.00	-	-
Unrestricted (Deficit)	(22,973,703.42)	(24,764,769.00)	(25,750,560.00)	(18,250,930.00)	206,634.00	25,718.00	400,501.00	1,017,760.00	6,559,978.00	9,326,450.00
Total Governmental Activities	\$ 26,709,629.72	\$ 20,263,405.00	\$ 16,175,211.00	\$ 14,489,853.00	\$ 8,832,078.00	\$ 29,580,409.00	\$ 26,350,049.00	\$ 25,567,677.00	\$ 25,297,624.00	\$ 21,381,867.00
Business-Type Activities:										
Invested in Capital Assets,	\$ 42,001.34	\$ 40,934.00	\$ 28,088.00	\$ 27,920.00	\$ 29,866.00	\$ 31,812.00	\$ 41,860.00	\$ 89,398.00	\$ 105,298.00	\$ 128,032.00
Net of Related Debt Unrestricted (Deficit)	2,138.07	66,271.00	108,003.00	123,510.00	128,761.00	180,062.00	167,068.00	173,061.00	215,564.00	222,352.00
Total Business-Type Activities	\$ 44,139.41	\$ 107,205.00	\$ 136,091.00	\$ 151,430.00	\$ 158,627.00	\$ 211,874.00	\$ 208,928.00	\$ 262,459.00	\$ 320,862.00	\$ 350,384.00
District-Wide:										
Net Investment in Capital Assets Restricted	\$ 31,469,590.07	\$ 27,655,007.00	\$ 24,162,667.00	\$ 23,399,308.00	\$ 23,722,124.00	\$ 23,944,322.00	\$ 19,997,133.00	\$ 19,997,133.00	\$ 19,712,951.00	\$ 19,025,006.00
Unrestricted (Deficit)	18,255,744.41	17,414,101.00	17,791,192.00	9,369,395.00	6,263,186.00	5,642,181.00	5,994,275.00	5,994,275.00	4,926,373.00	(182,062.00)
	(22,971,565.35)	(24,698,498.00)	(25,642,557.00)	(18,127,420.00)	335,395.00	205,780.00	567,569.00	567,569.00	1,190,821.00	6,775,542.00
Total District Net Position	\$ 26,753,769.13	\$ 20,370,610.00	\$ 16,311,302.00	\$ 14,641,283.00	\$ 30,320,705.00	\$ 29,792,283.00	\$ 26,558,977.00	\$ 26,558,977.00	\$ 25,830,145.00	\$ 25,618,486.00

Source: CAFR Schedule A-1

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30,										
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 32,503,882.08	\$ 18,731,677.00	\$ 19,182,801	\$ 18,489,286	\$ 19,091,978	\$ 15,030,411	\$ 14,372,685	\$ 17,101,417.00	\$ 16,704,092	\$ 16,704,092
Special Education	11,862,762.58	6,982,113.00	6,801,483	7,049,052	7,990,020	5,446,454	5,307,101	6,606,706.00	6,568,260	6,568,260
Other Instruction	2,999,195.45	1,685,225.00	1,598,617	1,638,675	1,616,800	1,539,768	1,485,535	1,603,489.00	1,775,721	1,775,721
Support Services:										
Tuition Charges	252,111.68	394,945.00	149,919	318,069	511,071	767,233	600,243	493,045.00	704,799	704,799
Student & Instruction Related Services	7,326,964.03	5,763,742.00	5,986,832	5,808,533	5,644,050	4,182,942	4,055,767	5,180,511.00	4,510,232	4,510,232
School Administrative Services	2,647,323.03	2,140,788.00	2,171,609	2,080,591	1,946,543	2,055,092	2,001,903	2,695,774.00	2,942,073	2,942,073
General & Business Administrative Services	1,193,032.77	992,498.00	1,062,092	916,905	880,399	770,084	782,126	938,972.00	916,877	916,877
Plant Operations & Maintenance	7,310,035.49	6,172,943.00	5,585,388	5,545,534	5,286,919	4,509,825	4,426,510	6,096,939.00	6,481,944	6,481,944
Central Services	1,008,342.97	775,974.00	769,672	686,429	709,002	553,504	517,561	660,822.00	652,395	652,395
Other Administrative Services	548,281.94	425,441.00	449,060	434,643	411,896	359,949	369,516	403,129.00	192,234	192,234
Pupil Transportation	4,900,938.80	4,034,950.00	3,956,581	4,115,937	4,399,507	2,949,555	2,937,411	4,423,837.00	3,881,230	3,881,230
Unallocated Benefits	-	11,344,211.00	15,636,826	14,187,433	12,979,031	22,303,431	25,368,348	5,995,202.00	5,278,724	5,278,724
Unallocated Other Deletions & Retirements of Capital Assets	-	-	281,582	560,105	102,258	(1,212,204)	663,525	(17,173.00)	129,689	129,689
Unallocated Depreciation	-	1,514,415.00	1,527,815	1,562,443	2,022,111	1,335,705	1,434,140	1,423,939.00	1,527,325	1,527,325
Special Schools	34,959.03	-	-	-	-	-	-	89,403.00	402,094	402,094
Interest and Charges on Long-Term Debt	-	48,890.00	52,909	77,262	104,369	142,177	327,649	490,892.00	625,467	625,467
Amortization of Debt Issuance Costs	-	-	-	-	-	7,059	323,334	64,666.00	59,808	59,808
Total Governmental Activities Expenses	72,587,829.86	\$ 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
Business-Type Activities:										
Food Service/Community Education	960,482.17	\$ 962,731	\$ 1,026,437	\$ 1,050,833	\$ 1,127,798	\$ 1,054,239	\$ 1,136,325	\$ 1,178,194	\$ 1,087,977	\$ 1,087,977
Total Business-Type Activities Expense	960,482.17	\$ 962,731	\$ 1,026,437	\$ 1,050,833	\$ 1,127,798	\$ 1,054,239	\$ 1,136,325	\$ 1,178,194	\$ 1,087,977	\$ 1,087,977
Total Government-Wide Expenses	\$ 73,548,312.03	\$ 61,970,543	\$ 66,239,623	\$ 64,519,730	\$ 64,746,787	\$ 61,868,783	\$ 66,027,593	\$ 55,387,895	\$ 53,470,833	\$ 53,470,833
Program Revenues:										
Governmental Activities:										
Instruction	\$ 17,587,893.03	\$ 761,213.00	\$ 786,811.00	\$ 818,469.00	\$ 784,400.00	\$ 772,617.00	\$ 676,970.00	\$ 846,425.00	\$ 597,982.00	\$ 597,982.00
Support Services	2,472,104.49	71,968.00	83,135.00	69,576.00	104,444.00	103,104.00	117,634.00	127,816.00	77,730.00	77,730.00
Charges for Services:										
Unallocated Benefits	-	1,240,437.00	10,499,548.00	10,062,740.00	10,159,309.00	10,284,412.00	9,625,976.00	284,407.00	-	-
Total Governmental Activities Program Revenues	20,059,997.52	2,073,618.00	11,369,494.00	10,950,785.00	11,048,153.00	11,160,133.00	10,420,580.00	1,258,648.00	675,712.00	675,712.00
Business-Type Activities:										
Charges for Services:										
Food Service/Community Education	590,993.94	618,045.00	651,233.00	671,189.00	729,009.00	736,254.00	767,694.00	844,403.00	797,262.00	797,262.00
Operating Grants & Contributions	306,339.88	315,571.00	359,642.00	329,979.00	336,154.00	315,712.00	295,050.00	273,139.00	229,081.00	229,081.00
Total Business Type Activities Program Revenues	897,333.82	933,616.00	1,010,875.00	1,001,168.00	1,065,163.00	1,051,966.00	1,062,744.00	1,117,542.00	1,026,343.00	1,026,343.00
Total Government-Wide Program Revenues	\$ 20,957,331.34	\$ 3,007,234.00	\$ 12,380,369.00	\$ 11,951,953.00	\$ 12,113,316.00	\$ 12,212,099.00	\$ 11,483,324.00	\$ 2,376,190.00	\$ 1,702,055.00	\$ 1,702,055.00
Net (Expense)/Revenue:										
Governmental Activities	\$ (52,527,832.34)	\$ (58,934,194.00)	\$ (53,843,692.00)	\$ (52,518,112.00)	\$ (49,580,852.00)	\$ (54,552,774.00)	\$ (52,992,922.00)	\$ (52,677,252.00)	\$ (52,677,252.00)	\$ (52,677,252.00)
Business-Type Activities	(63,148.35)	(29,115.00)	(15,562.00)	(49,665.00)	14,330.00	(75,832.00)	8,505.00	(18,783.00)	908,474.00	(91,526.00)

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

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Government-Wide Net Expense	\$ (52,590,980.69)	\$ (58,963,309.00)	\$ (53,859,254.00)	\$ (52,567,777.00)	\$ (52,633,471.00)	\$ (49,656,684.00)	\$ (54,544,269.00)	\$ (53,011,705.00)	\$ (51,768,778.00)	\$ (52,768,778.00)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 45,860,120.00	\$ 44,960,904.00	\$ 43,890,411.00	\$ 42,545,911.00	\$ 40,578,741.00	\$ 39,748,572.00	\$ 38,969,188.00	\$ 38,205,086.00	\$ 37,110,642.00	\$ 37,110,642.00
Taxes Levied for Debt Service	275,000.00	1,538,993.00	1,622,557.00	1,693,882.00	1,718,374.00	1,999,925.00	2,081,700.00	2,172,874.00	2,349,491.00	2,349,491.00
Federal & State Aid	4,163,322.75	8,968,178.00	2,490,675.00	2,736,972.00	2,368,375.00	2,277,711.00	5,669,425.00	4,515,607.00	5,904,076.00	5,904,076.00
Tuition Received	7,708,925.27	6,506,479.00	6,385,287.00	7,195,290.00	7,557,267.00	7,549,689.00	7,358,075.00	7,223,807.00	8,546,745.00	8,546,745.00
Transportation Fees	866,002.24	924,054.00	1,052,188.00	971,960.00	938,127.00	978,794.00	936,940.00	743,064.00	1,054,288.00	1,054,288.00
Investment Earnings	-	19,625.00	6,101.00	3,567.00	2,191.00	2,318.00	1,247.00	7,138.00	15,003.00	15,003.00
Adjustment of Prior Year Capital Assets	(38,636.00)	-	-	-	-	-	(59,333.00)	(39,473.00)	-	-
Unallocated Insurance Refund Proceeds	-	-	-	-	-	83,344.00	-	-	-	-
Transfer	-	-	-	-	(2,000.00)	-	(15,536.00)	-	-	-
Miscellaneous Income	139,322.80	104,155.00	81,831.00	65,815.00	126,615.00	170,859.00	393,431.00	434,881.00	474,109.00	474,109.00
Total Governmental Activities	58,974,057.06	63,022,388	63,022,388	55,529,050	53,287,690	52,811,212	55,335,137	53,262,984	55,454,354	55,454,354
Business-Type Activities:										
Investment Earnings	\$ 83.36	\$ 229.00	\$ 223.00	\$ 244.00	\$ 335.00	\$ 458.00	\$ 44.00	\$ 2,249.00	\$ 1,905.00	\$ 1,905.00
Revaluation of Capital Assets	-	-	-	-	-	-	(29,403.00)	-	-	-
Guaranteed Profit	-	-	-	42,224.00	6,523.00	4,761.00	33,873.00	-	-	-
Transfer	-	-	-	-	2,000.00	-	15,536.00	-	-	-
Total Business-Type Activities	83.36	229	223	42,468	8,858	5,219	20,050	2,249	1,905	1,905
Total Government-Wide	\$ 58,974,140.42	\$ 63,022,617	\$ 63,022,617	\$ 55,529,273	\$ 53,296,548	\$ 52,816,431	\$ 55,355,187	\$ 53,265,233	\$ 55,456,259	\$ 55,456,259
Change in Net Position:										
Governmental Activities	\$ 6,446,224.72	\$ 4,088,194	\$ 1,685,358	\$ 2,695,285	\$ 639,889	\$ 3,230,360	\$ 782,363	\$ 270,062	\$ 2,777,102	\$ 2,777,102
Business-Type Activities	(63,064.99)	(28,886)	(15,339)	(7,197)	23,188	(70,613)	28,555	(16,534)	(89,621)	(89,621)
Total Government-Wide	\$ 6,383,159.73	\$ 4,059,308	\$ 1,670,019	\$ 2,688,088	\$ 663,077	\$ 3,159,747	\$ 810,918	\$ 253,528	\$ 2,687,481	\$ 2,687,481

Source: CAFR Schedule A-2

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Restricted	\$ 14,482,392.23	\$ 13,543,234.00	\$ 8,449,262.00	\$ 9,278,889.00	\$ 6,259,328.00	\$ 4,299,332.00	\$ 599,275.00	\$ 5,176,587.00	\$ 7,380,221.00	\$ 9,699,507.00
Assigned	1,499,354.96	604,931.00	572,043.00	430,164.00	-	-	-	-	-	-
Unreserved	1,414,118.06	1,344,016.00	1,343,788.00	1,102,947.00	1,679,874.00	2,131,005.00	2,520,396.00	3,098,703.00	1,474,225.00	1,822,521.00
Total General Fund	\$ 17,395,865.25	\$ 15,492,181.00	\$ 10,365,093.00	\$ 10,812,000.00	\$ 7,939,202.00	\$ 6,430,337.00	\$ 3,119,671.00	\$ 8,275,290.00	\$ 8,854,446.00	\$ 11,522,028.00
All Other Governmental Funds:										
Restricted										
Debt Service Fund	\$ 24.39	\$ 3,870,852.00	\$ 4,559,999.00	\$ 121,775.00	\$ 15,900.00	\$ 1,230,305.00	\$ -	\$ -	\$ 327,858.00	\$ 327,858.00
Capital Projects Fund	3,773,327.79	15.00	15.00	14.00	24,500.00	112,544.00	1.00	406.00	13.00	151.00
Unreserved, Reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 3,773,352.18	\$ 3,870,867.00	\$ 4,560,014.00	\$ 121,789.00	\$ 40,400.00	\$ 1,342,849.00	\$ 1.00	\$ 406.00	\$ 327,871.00	\$ 328,009.00

Source: CAFR Schedule B-1

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Tax Levy	\$ 46,135,120.00	\$ 46,499,897.00	\$ 45,512,968.00	\$ 44,239,793.00	\$ 42,297,115.00	\$ 41,748,497.00	\$ 41,050,888.00	\$ 40,377,960.00	\$ 38,995,307.00	\$ 39,460,133.00
Tuition Charges	7,708,925.27	6,506,479.00	6,385,287.00	7,195,290.00	7,557,267.00	7,549,689.00	7,358,075.00	7,223,807.00	7,797,202.00	8,546,745.00
Transportation Fees	866,002.24	924,054.00	1,052,188.00	971,960.00	938,127.00	978,794.00	936,940.00	743,064.00	638,431.00	1,054,288.00
Interest Earnings	-	19,560.00	6,002.00	3,468.00	2,120.00	2,103.00	1,203.00	7,138.00	6,935.00	16,118.00
Miscellaneous	139,259.91	104,155.00	81,831.00	65,815.00	126,615.00	170,859.00	393,431.00	434,881.00	358,570.00	472,994.00
State Sources	11,130,139.04	8,937,259.00	7,844,497.00	7,316,222.00	6,397,356.00	6,775,706.00	5,562,022.00	4,504,761.00	6,473,361.00	5,914,126.00
Federal Sources	969,280.23	864,100.00	907,926.00	907,128.00	900,656.00	907,543.00	902,007.00	985,087.00	1,303,388.00	665,662.00
Total Revenues	66,948,726.69	63,855,504.00	61,790,699.00	60,699,676.00	58,219,256.00	58,133,191.00	56,204,566.00	54,276,698.00	55,573,194.00	56,130,066.00
Expenditures										
Instruction:										
Regular Instruction	18,967,220.91	18,731,677.00	19,182,801.00	18,489,286.00	19,091,978.00	15,030,411.00	14,372,685.00	17,101,417.00	17,959,348.00	16,704,092.00
Special Education Instruction	6,922,362.01	6,982,113.00	6,801,483.00	7,049,052.00	7,990,020.00	5,446,454.00	5,307,101.00	6,606,706.00	5,936,106.00	6,568,260.00
Other Instruction	1,750,141.80	1,685,225.00	1,598,617.00	1,638,675.00	1,616,800.00	1,539,768.00	1,485,535.00	1,603,489.00	1,855,311.00	1,775,721.00
Support Services:										
Tuition	206,701.49	394,945.00	149,919.00	318,069.00	511,071.00	767,233.00	600,243.00	493,045.00	801,599.00	704,799.00
Student & Instruction Related Services	5,467,485.33	5,763,742.00	5,986,832.00	5,808,533.00	5,644,050.00	4,182,942.00	4,055,767.00	5,180,511.00	5,286,016.00	4,510,232.00
School Administrative Services	2,170,488.92	2,140,788.00	2,171,609.00	2,080,591.00	1,946,543.00	2,055,092.00	2,001,903.00	2,695,774.00	2,609,606.00	2,942,073.00
General & Business Administration										
Services	978,144.48	992,498.00	1,062,092.00	916,905.00	880,399.00	770,084.00	782,126.00	938,972.00	877,920.00	916,877.00
Plant Operations & Maintenance	6,046,261.75	6,248,055.00	5,555,641.00	5,677,472.00	5,411,015.00	4,639,831.00	4,513,592.00	6,096,939.00	6,705,086.00	6,481,944.00
Pupil Transportation	4,018,184.88	4,034,950.00	3,956,581.00	4,113,957.00	4,399,507.00	2,949,555.00	2,937,411.00	4,423,837.00	3,812,409.00	3,881,230.00
Other Support Services	1,815,997.32	1,201,415.00	1,218,732.00	1,121,072.00	1,120,898.00	913,453.00	887,077.00	1,063,951.00	830,305.00	844,629.00
Unallocated Benefits	9,898,747.85	9,268,577.00	8,605,750.00	7,542,305.00	6,842,199.00	17,803,557.00	16,132,166.00	5,898,308.00	6,157,966.00	5,461,160.00
Special Schools	-	-	-	-	-	-	-	3,559.00	413,181.00	402,094.00
Capital Outlay	6,350,293.25	1,989,496.00	1,075,286.00	1,271,217.00	1,244,935.00	882,083.00	1,434,300.00	817,942.00	2,736,326.00	897,619.00
Debt Service:										
Principal	487,326.97	1,750,264.00	1,565,000.00	1,625,000.00	1,680,000.00	1,755,000.00	1,645,000.00	1,660,000.00	1,680,000.00	1,700,000.00
Interest & Other Charges	63,200.03	57,250.00	57,563.00	93,375.00	126,425.00	139,214.00	442,812.00	513,025.00	579,825.00	649,550.00
Total Expenditures	65,142,556.99	61,240,995.00	58,987,906.00	57,745,489.00	58,505,840.00	58,874,677.00	56,597,718.00	55,097,475.00	58,240,914.00	54,440,280.00
Excess (Deficiency) of Revenues Over/(Under) Expenditures	1,806,169.70	2,614,509.00	2,802,793.00	2,954,187.00	(286,584.00)	(741,486.00)	(393,152.00)	(820,777.00)	(2,667,720.00)	1,689,786.00
Other Financing Sources/(Uses):										
Proceeds from Capital Leases	-	-	-	-	495,000.00	-	647,664.00	-	-	-
Transfers in	3,297,600.00	1,823,432.00	3,300,000.00	413,730.00	780,928.00	2,868,000.00	5,707.00	5,649.00	1,168,691.00	1,115.00
Transfers Out	(3,297,600.00)	-	(3,300,000.00)	(413,730.00)	(782,928.00)	(1,434,000.00)	(21,243.00)	(91,493.00)	(1,168,691.00)	(1,115.00)
Total Other Financing Sources/(Uses)	-	1,823,432.00	-	-	493,000.00	1,434,000.00	632,128.00	(85,844.00)	-	-
Net Change in Fund Balances	\$ 1,806,169.70	\$ 4,437,941.00	\$ 2,802,793.00	\$ 2,954,187.00	\$ 206,416.00	\$ 692,514.00	\$ 238,976.00	\$ (906,621.00)	\$ (2,667,720.00)	\$ 1,689,786.00
Debt Service as a Percentage of Noncapital Expenditures	0.85%	3.04%	2.83%	3.07%	3.19%	3.32%	3.83%	4.11%	4.04%	4.51%

Source: CAFR Schedule B-2

EXHIBIT J-5

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

<u>FISCAL</u> <u>YEAR ENDING</u> <u>JUNE 30,</u>	<u>INTEREST</u> <u>ON</u> <u>INVESTMENTS</u>	<u>ADULT</u> <u>SCHOOL</u> <u>FEES</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
2018	\$ 33,335.49	\$ -	\$ 98,237.63	\$ 131,573.12
2017	19,163.00	-	104,155.00	123,318.00
2016	6,002.00	-	81,374.00	87,376.00
2015	3,378.00	-	65,808.00	69,186.00
2014	-	-	126,608.00	126,608.00
2013	16,404.00	-	147,623.00	164,027.00
2012	9,348.00	-	365,583.00	374,931.00
2011	69,314.00	-	344,144.00	413,458.00
2010	61,989.00	132,098.00	157,992.00	352,079.00
2009	63,153.00	113,053.00	296,788.00	472,994.00
Total	\$ 282,086.49	\$ 245,151.00	\$ 1,788,312.63	\$ 2,315,550.12

Source: District Records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

This page intentionally left blank

**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	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT SCHOOL TAX RATE
2018	\$ 33,208,200	\$ 935,636,500	\$ 36,303,852	\$ 1,156,800	\$ 1,006,305,352	\$ 130,319,700	\$ 1,136,625,052	0.2350
2017	33,681,500	929,111,400	36,664,300	1,156,800	1,000,614,000	130,119,700	1,130,733,700	0.2490
2016	33,406,600	928,665,600	37,204,437	1,156,800	1,000,433,437	129,937,700	1,130,371,137	0.1830
2015	33,984,208	925,762,300	37,315,700	1,156,800	998,219,008	129,954,000	1,128,173,008	0.2000
2014	37,240,700	919,616,400	37,246,200	1,156,800	995,260,100	129,954,000	1,125,214,100	0.2000
2013	31,333,800	926,010,800	37,501,200	1,156,800	996,002,600	129,954,000	1,125,956,600	0.2890
2012	32,457,400	923,358,200	40,433,400	1,156,800	997,405,800	130,734,400	1,128,140,200	0.2350
2011	32,457,400	923,358,200	40,433,400	1,156,800	997,405,800	130,734,400	1,128,140,200	0.2610
2010	34,515,700	920,968,900	39,078,400	1,156,800	995,719,800	139,734,400	1,135,454,200	0.2590
2009	33,914,600	999,574,100	44,462,400	1,156,800	1,079,107,900	135,023,400	1,214,131,300	0.2680

BEACH HAVEN

2018	\$ 70,975,900	\$ 1,864,116,800	\$ 130,675,110	\$ 15,022,900	\$ 2,080,790,710	\$ 60,685,600	\$ 2,141,476,310	0.3560
2017	71,041,500	1,850,883,300	131,104,600	15,022,900	2,068,052,300	60,685,600	2,128,737,900	0.3060
2016	72,703,300	1,495,079,300	104,787,941	11,888,900	1,684,459,441	50,361,200	1,734,820,641	0.3010
2015	71,052,100	1,484,137,800	104,037,792	11,888,900	1,671,116,592	51,801,708	1,722,918,300	0.3810
2014	74,759,100	1,468,222,600	104,037,792	11,888,900	1,658,908,392	51,675,508	1,710,583,900	0.3810
2013	55,884,100	1,480,412,700	104,652,392	13,936,500	1,654,885,692	52,226,208	1,707,111,900	0.3510
2012	49,565,400	1,487,564,200	105,254,692	13,936,500	1,656,320,792	52,226,208	1,708,547,000	0.3600
2011	51,021,700	1,477,800,300	107,161,192	13,888,100	1,649,871,292	52,226,208	1,702,097,500	0.3460
2010	49,278,900	1,473,932,200	107,087,692	13,888,100	1,644,186,892	52,216,508	1,696,403,400	0.3390
2009	49,142,700	1,468,876,900	107,072,492	13,888,100	1,638,980,192	52,216,508	1,691,196,700	0.3400

**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	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT SCHOOL TAX RATE
2018	\$ 315,136,600	\$ 1,212,703,200	\$ 15,124,254		\$ 1,542,964,054	\$ 43,045,600	\$ 1,586,009,654	0.2730
2017	33,832,500	1,193,289,400	14,959,100		1,242,081,000	43,090,400	1,285,171,400	0.2660
2016	27,826,900	1,196,388,500	14,228,550	-	1,238,443,950	43,090,400	1,281,534,350	0.2780
2015	18,457,500	1,262,792,400	14,062,600	-	1,295,312,500	43,819,900	1,339,132,400	0.3300
2014	20,466,200	1,199,702,200	14,340,500	-	1,234,508,900	43,819,900	1,278,328,800	0.3300
2013	14,521,800	1,206,769,000	14,340,500	-	1,235,631,300	43,819,900	1,279,451,200	0.3020
2012	18,826,600	1,202,153,700	14,184,500	-	1,235,164,800	43,819,900	1,278,984,700	0.2990
2011	16,734,300	1,205,071,100	14,088,400	-	1,235,893,800	42,537,700	1,278,431,500	0.2160
2010	21,113,700	1,194,429,000	14,646,100	-	1,230,188,800	42,537,700	1,272,726,500	0.2650
2009	31,720,100	1,326,448,600	14,316,900	-	1,372,485,600	45,456,800	1,417,942,400	0.2080

LONG BEACH TOWNSHIP

2018	\$ 250,261,600	\$ 7,513,702,465	\$ 140,767,793	\$ 4,239,500	\$ 7,908,971,358	\$ 96,687,700	\$ 8,005,659,058	0.2910
2017	231,570,900	7,472,986,765	140,232,400	4,951,800	7,849,741,865	95,011,800	7,944,753,665	0.2360
2016	246,475,000	7,383,362,865	145,412,322	4,953,200	7,780,203,387	93,033,700	7,873,237,087	0.2650
2015	259,653,500	7,294,716,515	141,317,600	5,015,200	7,700,702,815	93,032,400	7,793,735,215	0.3160
2014	275,901,100	7,186,784,875	145,320,900	5,015,200	7,613,022,075	92,443,600	7,705,465,675	0.3160
2013	169,665,200	7,250,730,665	151,950,700	5,015,200	7,577,361,765	94,179,600	7,671,541,365	0.3070
2012	176,536,165	7,228,634,700	155,483,300	5,015,200	7,565,669,365	92,331,300	7,658,000,665	0.2860
2011	187,947,900	7,183,352,800	156,909,400	5,015,200	7,533,225,300	93,793,400	7,627,018,700	0.2780
2010	164,934,200	7,178,093,700	158,656,500	5,015,200	7,506,699,600	93,788,800	7,600,488,400	0.2560
2009	175,406,200	7,112,752,800	162,314,800	5,015,200	7,455,489,000	94,311,000	7,549,800,000	0.2510

**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	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT SCHOOL TAX RATE
2018	\$ 27,642,400	\$ 1,178,083,700	\$ 115,537,551	\$ 3,149,400	\$ 1,324,413,051	\$ 71,037,107	\$ 1,395,450,158	0.3010
2017	35,815,000	1,156,328,700	116,839,700	3,149,400	1,312,132,800	70,971,307	1,383,104,107	0.2520
2016	33,876,200	983,853,300	115,437,726	2,659,900	1,135,827,126	54,215,000	1,190,042,126	0.2180
2015	41,059,900	961,920,500	114,620,700	2,659,900	1,120,261,000	52,352,100	1,172,613,100	0.2470
2014	35,066,700	950,796,400	115,001,600	2,639,900	1,103,504,600	51,821,300	1,155,325,900	0.2470
2013	23,964,400	961,839,400	115,859,800	2,639,900	1,104,303,500	52,097,600	1,156,401,100	0.2600
2012	21,665,100	970,377,500	121,454,600	2,659,900	1,116,157,100	52,444,000	1,168,601,100	0.2530
2011	22,186,600	964,525,300	121,715,700	2,659,900	1,111,087,500	51,210,800	1,162,298,300	0.2690
2010	24,532,400	958,281,800	122,299,000	2,659,900	1,107,773,100	50,657,100	1,158,430,200	0.2560
2009	22,560,300	951,354,650	122,914,300	2,659,900	1,099,489,150	50,053,500	1,149,542,650	0.2870

STAFFORD TOWNSHIP

2018	\$ 70,768,300	\$ 3,546,662,300	\$ 540,809,311	\$ 9,983,500	\$ 4,168,223,411	\$ 394,369,228	\$ 4,562,592,639	0.9540
2017	77,666,700	3,316,100,000	494,529,500	5,301,000	3,893,597,200	390,037,828	4,283,635,028	0.9910
2016	82,398,900	3,264,430,450	496,908,050	5,301,000	3,849,038,400	381,450,901	4,230,489,301	0.2360
2015	81,794,000	3,207,651,650	501,336,900	5,301,000	3,796,083,550	381,306,101	4,177,389,651	0.9510
2014	83,046,000	3,072,774,600	503,958,200	5,289,100	3,665,067,900	380,220,251	4,045,288,151	0.9510
2013	85,750,100	3,000,279,200	504,026,100	5,289,100	3,595,344,500	386,615,851	3,981,960,351	0.9700
2012	119,809,000	3,787,904,100	459,327,500	4,965,400	4,372,006,000	384,506,851	4,756,512,851	0.9550
2011	124,154,700	3,779,863,900	455,476,000	4,965,400	4,364,460,000	381,729,751	4,746,189,751	0.8120
2010	131,655,800	3,761,987,100	456,964,400	4,965,400	4,355,572,700	368,266,900	4,723,839,600	0.7850
2009	144,474,100	3,736,655,000	452,992,500	4,965,400	4,339,087,000	365,410,600	4,704,497,600	0.7690

**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	TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE
2018	\$ 16,654,900	\$ 1,503,368,695	\$ 76,744,795	\$ 1,596,768,390	\$ 50,437,900	-	\$ 1,647,206,290	0.3020
2017	18,006,800	1,485,102,800	76,553,120	1,579,662,720	50,404,100	-	1,630,066,820	0.3120
2016	27,681,500	1,460,346,700	78,219,977	1,566,248,177	50,197,700	-	1,616,445,877	0.3010
2015	27,429,100	1,448,886,900	80,490,500	1,556,806,500	50,197,700	-	1,607,004,200	0.2740
2014	26,178,900	1,441,394,000	79,948,100	1,547,521,000	50,197,700	-	1,597,718,700	0.2800
2013	15,529,600	1,451,038,000	79,932,600	1,546,500,200	49,753,200	-	1,596,253,400	0.2790
2012	16,987,400	1,443,657,500	80,412,000	1,541,056,900	49,746,000	-	1,590,802,900	0.2740
2011	16,776,800	1,437,439,400	80,408,800	1,534,625,000	49,746,000	-	1,584,371,000	0.3110
2010	18,820,400	1,426,680,200	80,440,400	1,525,941,000	40,746,000	-	1,566,687,000	0.2740
2009	14,539,300	1,424,538,400	80,649,900	1,519,727,600	48,520,100	-	1,568,247,700	0.2900

**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		TOWNSHIP OF BARNEGAT LIGHT		OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE		
					0.1890	0.2350			0.2260		0.0380
2018	0.0460	0.1890	0.2350	0.2350	0.2260	0.3440	0.0380	0.0120	0.8550		
2017	0.0460	0.2030	0.2490	0.2490	0.2270	0.3570	0.0390	0.0130	0.8850		
2016	0.0440	0.1830	0.2270	0.2270	0.2220	0.3620	0.0390	0.0120	0.8620		
2015	0.0380	0.1620	0.2000	0.2000	0.2220	0.3570	0.0390	0.0130	0.8310		
2014	0.0450	0.2440	0.2890	0.2890	0.2050	0.3570	0.0400	0.0130	0.8150		
2013	0.0430	0.1920	0.2350	0.2350	0.1850	0.3410	0.0400	0.0130	0.8680		
2012	0.0430	0.2180	0.2610	0.2610	0.1750	0.3330	0.0380	0.0140	0.7950		
2011	0.0410	0.2180	0.2590	0.2590	0.1650	0.3060	0.0350	0.0140	0.7810		
2010	0.0410	0.2270	0.2680	0.2680	0.1450	0.2790	0.0330	0.0130	0.7290		
2009	0.0430	0.2240	0.2670	0.2670	0.1350	0.2940	0.0350	0.0140	0.7460		

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			TOTAL DIRECT	OVERLAPPING RATES					TOTAL DIRECT AND OVERLAPPING TAX RATE	
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL		BOROUGH OF BEACH HAVEN		OCEAN COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE		
					0.4060	0.3560			0.3520		0.0130
2018	0.0960	0.2600	0.3560	0.3560	0.4060	0.3520	N/A	0.0130	1.1270		
2017	0.0880	0.2180	0.3060	0.3060	0.4060	0.3520	N/A	0.0120	1.0760		
2016	0.1080	0.3010	0.4090	0.4090	0.4340	0.4290	N/A	0.0140	1.2860		
2015	0.1020	0.2790	0.3810	0.3810	0.4510	0.4220	N/A	0.0150	1.2690		
2014	0.1010	0.2500	0.3510	0.3510	0.4260	0.4090	N/A	0.0140	1.2300		
2013	0.0900	0.2700	0.3600	0.3600	0.3460	0.3880	N/A	0.0150	1.1000		
2012	0.0890	0.2570	0.3460	0.3460	0.3710	0.3670	N/A	0.0150	1.1130		
2011	0.0850	0.2540	0.3390	0.3390	0.3510	0.3480	N/A	0.0160	1.0610		
2010	0.0820	0.2580	0.3400	0.3400	0.3380	0.3370	N/A	0.0160	1.0300		
2009	0.0160	0.2650	0.2810	0.2810	0.3310	0.3310	N/A	0.0160	1.0180		

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			
											TOWNSHIP OF		
2018	0.0470	0.2260	0.2730	0.2660	0.3480	0.0380	0.0120	0.9370		0.9370			
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			

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			
											TOWNSHIP OF		
2018	0.0500	0.2410	0.2910	0.2500	0.3780	0.0410	0.0130	0.9730		0.9730			
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			

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	
2018	0.0480	0.2530		0.3010	0.3620	0.0400		0.0130	1.0600
2017	0.0440	0.2080		0.2520	0.3490	0.0380		0.0120	0.9910
2016	0.0470	0.2180		0.2650	0.3930	0.0430		0.0130	1.1070
2015	0.0410	0.2060		0.2470	0.3850	0.0420		0.0130	1.0800
2014	0.0480	0.2120		0.2600	0.3880	0.0430		0.0140	1.0660
2013	0.0470	0.2060		0.2530	0.3720	0.0430		0.0140	1.0520
2012	0.0460	0.2230		0.2690	0.3540	0.0410		0.0150	1.0050
2011	0.0450	0.2110		0.2560	0.3350	0.0380		0.0150	0.9770
2010	0.0480	0.2390		0.2870	0.3250	0.0390		0.0150	0.9400
2009	0.0480	0.2390		0.2870	0.3250	0.0390		0.0150	0.9710

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		OTHER
2018	0.7140	0.2400		0.9540	0.8980	0.3600	0.0390	0.0130	0.0140	2.2780
2017	0.7520	0.2390		0.9910	0.9110	0.3820	0.0410	0.0130	0.0150	2.3530
2016	0.7520	0.2360		0.9880	0.8950	0.3770	0.0410	0.0130	0.0150	2.3290
2015	0.7280	0.2230		0.9510	0.8600	0.3610	0.0390	0.0120	0.0240	2.2470
2014	0.7340	0.2360		0.9700	0.8740	0.3600	0.0410	0.0130	0.0440	2.2830
2013	0.7170	0.2380		0.9550	0.8740	0.3480	0.0400	0.0150	0.0130	2.2600
2012	0.5980	0.2140		0.8120	0.7170	0.3160	0.0360	0.0130	0.0130	2.0500
2011	0.5840	0.2010		0.7850	0.6740	0.3270	0.0360	0.0140	0.0100	1.8730
2010	0.5750	0.1940		0.7690	0.6450	0.3690	0.0360	0.0140	0.0100	1.8590
2009	0.5800	0.1970		0.7770	0.6190	0.3670	0.0360	0.0140	0.0100	1.8150

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		
2018	0.0510	0.2510	0.3020	0.2790	0.3800	0.0410	0.0130	1.0150	
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	

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	
2018	N/A	N/A	N/A	N/A
2017	\$ 9,011,724	\$ 8,872,489	98.45%	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

**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	
2018	N/A	N/A	N/A	N/A
2017	\$ 22,332,470	\$ 22,062,018	98.79%	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

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	
2018	N/A	N/A	N/A	N/A
2017	\$ 11,973,094	\$ 11,833,052	98.83%	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

**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	
2018	N/A	N/A	N/A	N/A
2017	\$ 77,264,635	\$ 76,713,403	99.29%	N/A
2016	77,331,817	76,585,103	99.03%	\$ 556,916
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

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	
2018	N/A	N/A	N/A	N/A
2017	\$ 13,147,115	\$ 12,960,287	98.58%	N/A
2016	N/A	N/A	N/A	\$ 225,644
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

**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	
2018	N/A	N/A	N/A	N/A
2017	\$ 92,715,159	\$ 91,976,721	99.20%	N/A
2016	90,747,342	89,902,074	99.07%	N/A
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

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	
2018	N/A	N/A	N/A	N/A
2017	\$ 16,397,493	\$ 16,233,244	99.00%	N/A
2016	15,808,132	15,649,897	99.00%	N/A
2015	15,041,725	14,852,747	98.74%	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

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

This page intentionally left blank

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for historical view of the School District's outstanding debt and its debt capacity.

This page intentionally left blank

**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			
2018	\$ -	\$ 616,051	\$ 616,051	N/A	17.68
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	0.2664%	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

**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			
2018	\$ -	\$ 616,051	-	0.0031%	17.68
2017	-	958,324.00	-	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, 2018**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Barnegat Light	\$ 2,787,171	100.00%	\$ 2,787,171
Beach Haven	16,634,630	100.00%	16,634,630
Harvey Cedars	2,986,685	100.00%	2,986,685
Long Beach Township	12,886,448	100.00%	12,886,448
Borough of Ship Bottom	7,966,578	100.00%	7,966,578
Stafford Township	59,638,500	100.00%	59,638,500
Stafford Township School District	14,007,822	100.00%	14,007,822
Surf City	1,755,908	100.00%	1,755,908
Ocean County General Obligation Debt	468,706,376	20.40%	95,616,101
Subtotal, Overlapping Debt			214,279,843
Southern Regional School District Direct Debt	-	100.00%	-
Total Direct & Overlapping Debt			<u>\$ 214,279,843</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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	\$ 18,793,661,923
Debt Limit (4 % of Average Equalization Value)	\$ 751,746,477
Net Bonded School Debt	\$ 751,746,477
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

Demographic and Economic Information

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

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

This page intentionally left blank

**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				
2018	587	N/A	N/A	3.6%
2017	587	N/A	N/A	4.5%
2016	576	27,309,888	47,413	6.8%
2015	580	26,903,300	46,385	5.3%
2014	575	25,503,550	44,354	5.3%
2013	573	24,612,642	42,954	5.0%
2012	570	24,279,720	42,596	5.0%
2011	574	23,802,058	41,467	7.4%
2010	846	33,663,186	39,791	7.3%
2009	839	33,363,674	39,766	6.9%
BEACH HAVEN BOROUGH				
2018	1,182	N/A	N/A	6.2%
2017	1,173	N/A	N/A	7.8%
2016	1,172	55,568,036	47,413	7.4%
2015	1,180	54,734,300	46,385	7.8%
2014	1,177	52,204,658	44,354	6.4%
2013	1,177	50,556,858	42,954	6.4%
2012	1,175	50,050,300	42,596	15.9%
2011	1,174	48,682,258	41,467	15.6%
2010	1,403	55,826,773	39,791	14.9%
2009	1,391	55,314,506	39,766	9.2%
HARVEY CEDARS BOROUGH				
2018	342	N/A	N/A	5.8%
2017	340	N/A	N/A	5.8%
2016	341	16,167,833	47,413	9.7%
2015	344	15,956,440	46,385	7.9%
2014	343	15,213,422	44,354	8.7%
2013	341	14,647,314	42,954	8.70%
2012	340	14,482,640	42,596	
2011	341	14,140,247	41,467	0%
2010	398	15,836,818	39,791	0%
2009	394	15,667,804	39,766	0%
LONG BEACH TOWNSHIP				
2018	3,065	N/A	N/A	5.9%
2017	3,050	N/A	N/A	6.2%
2016	3,027	143,519,151	47,413	6.6%
2015	3,060	141,938,100	46,385	7.3%
2014	3,062	135,811,948	44,354	4.5%
2013	3,068	131,782,872	42,954	4.5%
2012	3,062	130,428,952	42,596	11.6%
2011	3,054	126,640,218	41,467	11.4%
2010	3,578	142,372,198	39,791	10.9%
2009	3,552	141,248,832	39,766	9.2%

**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				
2018	1,143	N/A	N/A	5.7%
2017	1,139	N/A	N/A	6.0%
2016	1,135	53,813,755	47,413	6.6%
2015	1,148	53,249,980	46,385	6.9%
2014	1,159	51,406,286	44,354	6.4%
2013	1,158	49,740,732	42,954	6.4%
2012	1,157	49,283,572	42,596	15.6%
2011	1,155	47,894,385	41,467	15.3%
2010	1,462	58,174,442	39,791	14.7%
2009	1,451	57,700,466	39,766	9.2%
STAFFORD TOWNSHIP				
2018	27,346	N/A	N/A	4.9%
2017	27,153	N/A	N/A	5.3%
2016	26,959	1,278,207,067	47,413	5.9%
2015	26,809	1,243,535,465	46,385	7.1%
2014	26,936	1,194,719,344	44,354	8.1%
2013	26,949	1,157,567,346	42,954	8.1%
2012	* 26,643	1,134,885,228	42,596	10.3%
2011	26,592	1,102,690,464	41,467	9.4%
2010	26,818	1,067,115,038	39,791	9.5%
2009	26,491	1,053,441,106	39,766	9.2%
SURF CITY BOROUGH				
2018	1,187	N/A	N/A	5.3%
2017	1,178	N/A	N/A	5.8%
2016	1,204	57,085,252	47,413	6.0%
2015	1,216	56,404,160	46,385	7.1%
2014	1,212	53,757,048	44,354	9.2%
2013	1,207	51,845,478	42,954	9.2%
2012	1,206	51,370,776	42,596	10.9%
2011	1,206	50,009,202	41,467	10.7%
2010	1,567	62,352,497	39,791	10.2%
2009	1,559	61,995,194	39,766	9.2%

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

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

NOT AVAILABLE

Operating Information

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

This page intentionally left blank

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

Function/Program	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Regular	172	175	178	178	180	180	180	180	185	186
Special Education	65	68	70	72	72	72	72	72	72	70
Support Services:										
Student & Instruction Related Services	60	49	51	52	52	52	52	52	52	52
School Administrative Services	27	29	29	29	29	29	29	29	30	31
General & Business Administrative Services	12	12	12	12	12	12	12	12	12	12
Plant Operations & Maintenance	41	41	41	41	42	42	42	42	42	42
Pupil Transportation	61	64	64	64	62	62	62	64	64	65
Business & Other Support Services	8	8	8	8	8	8	8	8	8	8
Total	446	446	453	456	457	457	457	459	465	466

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	HIGH SCHOOL	SENIOR SCHOOL				
2018	2,838	\$ 58,913,497	\$ 20,759	0.31%	229	N/A	N/A	2,847	2,669	0.14%	93.75%	
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%	

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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	948	939	889	990	990	994	981	1,018	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	1,000	1,085	1,058	1,058	1,080	1,090	1,015	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	899	905	888	949	949	904	902	960	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, 2018:
 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
2018	\$ 559,906	\$ 1,446,447	\$ -	\$ 2,006,353
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

**INSURANCE SCHEDULE
JUNE 30, 2018**

	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

SINGLE AUDIT SECTION

Fourth Section

This page intentionally left blank



HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333
618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612
912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

www.hfacpas.com

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, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 12, 2019.

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 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, #1148

Toms River, New Jersey
February 12, 2019

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, 2018. 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

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, 2018.

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, #1148

Toms River, New Jersey
February 12, 2019

SOUTHERN REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE OR CLUSTER	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD	BALANCE JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	ADJUSTMENTS	UNEARNED REVENUE	BALANCE JUNE 30, 2018	
												UNRECORDED REVENUE	(ACCOUNTS RECEIVABLE)
U.S. Department of Health and Human Services Passed Through New Jersey Department of Human Services: Medical Assistance Program (SEMI)	93-778	1806N5MAP	100-054-7540-211	\$ 28,928.75	7/1/17-6/30/18	\$ -	28,928.75	(28,928.75)	-	-	\$ -	\$ -	\$ -
Total U.S. Department of Health and Human Services				28,928.75		-	28,928.75	(28,928.75)	-	-	-	-	-
U.S. Department of Agriculture Passed Through New Jersey Department of Agriculture: Child Nutrition Cluster: School Breakfast Program School Breakfast Program	10-553 10-553	181N304N1099 171N304N1099	100-010-3350-028 100-010-3350-028	35,717.08 29,518.00	7/1/17-6/30/18 7/1/16-6/30/17	- (694.00)	34,165.53 694.00	(35,717.08)	-	-	-	(1,551.55)	-
National School Lunch Program National School Lunch Program Healthy Hunger-Free Kids Act Healthy Hunger-Free Kids Act Food Distribution Program (Noncash Assistance)	10-555 10-555 10-555 10-555 10-555	181N304N1099 171N304N1099 181N304N1099 171N304N1099 181N304N1099	100-010-3350-028 100-010-3350-028 100-010-3350-026 100-010-3350-026 Unavailable	188,144.51 202,633.00 7,306.14 7,949.00 68,712.47	7/1/17-6/30/18 7/1/16-6/30/17 7/1/17-6/30/18 7/1/16-6/30/17 7/1/17-6/30/18	- (4,109.00) - (154.00) 870.00 (3,393.00)	180,813.77 4,109.00 7,029.30 154.00 68,712.47	(188,144.51) (7,306.14) (68,820.57) (264,271.22)	-	-	761.90	(1,551.55) (7,330.74) (276.84) -	-
Total Child Nutrition Cluster				295,678.07		(4,087.00)	295,678.07	(299,988.30)	-	-	761.90	(9,159.13)	-
Total U.S. Department of Agriculture				295,678.07		(4,087.00)	295,678.07	(299,988.30)	-	-	761.90	(9,159.13)	-
U.S. Department of Education Passed Through New Jersey Department of Education: No Child Left Behind (N.C.L.B.): Title I - Part A Title I - Part A	84-010 84-010	S010A160030 S010A150030	100-034-5064-194 100-034-5064-194	261,925.00 198,653.00	7/1/17-6/30/18 7/1/16-6/30/17	- (44,090.00)	227,690.56 15,362.44	(313,325.56)	-	-	-	(85,635.00)	-
Title II - Part A, Supporting Effective Instruction Title II - Part A, Supporting Effective Instruction	84-567 84-567	S367A160029 S367A150029	100-034-5063-290 100-034-5063-290	61,678.00 40,067.00	7/1/17-6/30/18 7/1/16-6/30/17	- (44,155.00)	38,974.25 6,232.75	(75,375.25)	-	-	-	(16,401.00)	-
Title III - Immigrant Title III - Immigrant	84-365 84-365	S365A160030 S365A150030	100-034-5064-187 100-034-5064-187	2,578.00 2,332.00	7/1/17-6/30/18 7/1/16-6/30/17	- (199.00)	- 199.00	(2,107.98)	-	(0.02)	-	(2,108.00)	-
Title IV - Part A Special Education Cluster: LD.E.A. Part B LD.E.A. Part B	84-424 84-027 84-027	S424A180031 H027A160100 H027A140100	100-034-5063-348 100-034-5065-016 100-034-5065-016	10,000.00 392,386.00 444,719.00	7/1/17-6/30/18 7/1/17-6/30/18 7/1/16-6/30/17	- - (105,077.00)	7,813.00 560,590.90 104,987.10	(10,000.00) (572,735.90)	-	-	-	(2,187.00) (12,145.00)	-
Total Special Education Cluster				665,578.00		(105,077.00)	665,578.00	(572,735.90)	-	89.90	-	(12,145.00)	-
Total U.S. Department of Education				981,850.00		(193,521.00)	981,850.00	(973,544.69)	-	66,739.69	-	(118,476.00)	-
Total Expenditures of Federal Awards				1,306,456.82		(197,608.00)	1,306,456.82	(1,302,461.74)	-	66,739.69	761.90	(127,635.13)	\$ -

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

SOUTHERN REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE, JUNE 30, 2018		DUE TO GRANTOR	BUDGETARY RECEIVABLE	MEMO CUMULATIVE TOTAL EXPENDITURES	
									UNEARNED REVENUE	(ACCOUNTS RECEIVABLE)				
New Jersey Department of Education:														
General Fund:														
State Aid Public:														
Special Education Categorical Aid	495-034-5120-089	\$ 1,491,463.00	7/1/17-6/30/18	-	\$ 1,491,463.00	\$ (1,491,463.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 142,457.74	1,491,463.00	
Security Aid	495-034-5120-084	204,023.00	7/1/17-6/30/18	-	204,023.00	(204,023.00)	-	-	-	-	-	19,487.35	204,023.00	
PARCC Readiness Aid	495-034-5120-098	25,970.00	7/1/17-6/30/18	-	25,970.00	(25,970.00)	-	-	-	-	-	2,480.54	25,970.00	
Per Pupil Growth Aid	495-034-5120-097	25,970.00	7/1/17-6/30/18	-	25,970.00	(25,970.00)	-	-	-	-	-	2,480.54	25,970.00	
Professional Learning Community Aid	495-034-5120-101	24,560.00	7/1/17-6/30/18	-	24,560.00	(24,560.00)	-	-	-	-	-	2,345.86	24,560.00	
Total State Aid Public					1,771,986.00	(1,771,986.00)						169,252.02	1,771,986.00	
Transportation Aid	495-034-5120-014	299,208.00	7/1/17-6/30/18	-	299,208.00	(299,208.00)	-	-	-	-	-	28,578.98	299,208.00	
Extraordinary Aid	495-034-5120-044	495,742.00	7/1/17-6/30/18	-	495,742.00	(495,742.00)	-	-	-	(495,742.00)	-	-	495,742.00	
Extraordinary Aid	495-034-5120-044	473,737.00	7/1/17-6/30/18	-	473,737.00	-	-	-	-	-	-	-	-	
Additional Non-Public Transportation Aid	495-034-5120-014	11,041.00	7/1/17-6/30/18	-	-	(11,041.00)	-	-	-	(11,041.00)	-	-	11,041.00	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	1,577,541.00	7/1/16-6/30/17	-	7,934.00	-	-	-	-	-	-	-	-	
Reimbursed TPAF Social Security Contributions	495-034-5094-003	1,579,982.93	7/1/17-6/30/18	-	1,503,124.01	(1,579,982.93)	-	-	-	(76,858.92)	-	-	1,579,982.93	
TPAF - Post Retirement	495-034-5094-001	2,107,568.00	7/1/17-6/30/18	-	2,107,568.00	(2,107,568.00)	-	-	-	-	-	-	2,107,568.00	
TPAF - Pension	495-034-5094-002	3,263,101.00	7/1/17-6/30/18	-	3,263,101.00	(3,263,101.00)	-	-	-	-	-	-	3,263,101.00	
TPAF - Long-Term Disability	495-034-5094-004	2,142.00	7/1/17-6/30/18	-	2,142.00	(2,142.00)	-	-	-	-	-	-	2,142.00	
Total General Fund					9,440,766.01	(9,530,770.93)				(883,641.92)		197,831.00	9,530,770.93	
Special Revenue Fund:														
Non-Public Aid:														
Textbooks	100-034-5120-064	2,794.00	7/1/17-6/30/18	-	2,794.00	(836.65)	-	-	-	-	1,957.35	-	836.65	
Nursing Services	100-034-5120-070	4,947.00	7/1/17-6/30/18	-	4,947.00	(4,947.00)	-	-	-	-	-	-	4,947.00	
Nursing Services	100-034-5120-070	4,680.00	7/1/16-6/30/17	-	-	-	-	(2,764.00)	-	-	-	-	-	
Teacher Pay Initiative	100-034-5120-373	1,887.00	7/1/17-6/30/18	-	1,887.00	(1,886.46)	-	-	-	-	0.54	-	1,886.46	
Auxiliary Services Aid (Chapter 192)	100-034-5120-067	16,429.00	7/1/17-6/30/18	-	16,429.00	(16,429.00)	-	-	-	-	-	-	16,429.00	
Auxiliary Services Aid (Chapter 192)	100-034-5120-067	18,872.00	7/1/16-6/30/17	-	-	-	-	(12,294.00)	-	-	-	-	-	
Handicapped Services (Chapter 193)	100-034-5120-066	18,852.00	7/1/17-6/30/18	-	18,852.00	(18,852.00)	-	-	-	-	-	-	18,852.00	
Handicapped Services (Chapter 193)	100-034-5120-066	20,007.00	7/1/16-6/30/17	-	-	-	-	(10,049.00)	-	-	-	-	-	
Total Special Revenue Fund					44,909.00	(42,951.11)		(25,107.00)			1,957.89		42,951.11	
Capital Projects Fund:														
New Jersey School Development Authority:														
Middle School Window Project	4950-060-14-G22V	275,760.00	Until Complete	-	-	-	-	-	-	(213,174.00)	-	-	213,174.00	
High School Renovations	4950-060-14-1001-G04	2,992,350.00	Until Complete	-	-	(1,575,633.00)	-	-	-	(2,060,602.00)	-	-	2,060,602.00	
Total Capital Projects Fund						(1,575,633.00)				(2,273,776.00)			2,273,776.00	
New Jersey Department of Agriculture:														
Enterprise Fund:														
National School Lunch Program	100-010-3350-023	6,351.58	7/1/17-6/30/18	-	6,110.58	(6,351.58)	-	-	-	(241.00)	-	-	6,351.58	
National School Lunch Program	100-010-3350-023	6,178.00	7/1/16-6/30/17	-	121.00	-	-	-	-	-	-	-	-	
Total Enterprise Fund					6,231.58	(6,351.58)				(241.00)			6,351.58	
Total State Financial Assistance					\$ 9,491,906.59	\$(11,155,706.62)		\$(25,107.00)		\$(2,857,658.92)		1,957.89	\$ 197,831.00	\$ 11,853,849.62
State Financial Assistance Programs not Subject to Calculation for Major Program Determination:														
TPAF - Post Retirement	495-034-5094-001	\$ 2,107,568.00	7/1/17-6/30/18		\$ -	2,107,568.00								
TPAF - Pension	495-034-5094-002	3,263,101.00	7/1/17-6/30/18			3,263,101.00								
TPAF - Long-Term Disability	495-034-5094-004	2,142.00	7/1/17-6/30/18			2,142.00								
Total State Financial Assistance Subject to Calculation for Major Program Determination						\$(5,782,895.62)								

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule

SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018

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, 2018. 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, 2018.

SOUTHERN REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2018 (Continued)

Note 3. Relationship to Basic Financial Statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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 (\$19,216.00) for the general fund and (\$33,193.21) 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	\$ 28,928.75	\$ 9,511,554.93	\$ 9,540,483.68
Special Revenue Fund	940,351.48	42,951.11	983,302.59
Capital Projects Fund	-	1,575,633.00	1,575,633.00
Food Service Fund	299,988.30	6,351.58	306,339.88
Total Awards & Financial Assistance	<u>\$ 1,269,268.53</u>	<u>\$ 11,136,490.62</u>	<u>\$ 12,405,759.15</u>

Note 4. Relationship to Federal and State Financial Reports

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

Note 5. Federal and State Loans Outstanding

The Southern Regional School District had no expenditures for loan or loan guarantee programs for the year ended June 30, 2018.

**SOUTHERN REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	_____	Unmodified
Internal control over financial reporting:		
1) Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
2) Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no

Federal Awards

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	Special Education Cluster:
84.027	H027A160100	I.D.E.A. Part B
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to determine Type A programs	\$ _____	750,000.00
Auditee qualified as low-risk auditee?	_____ <u>X</u> yes	_____ no

**SOUTHERN REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results (Continued)

State Financial Assistance

Dollar threshold used to determine Type A programs	\$	750,000.00
Auditee qualified as low-risk auditee?	<u> X </u> yes	<u> </u> no
Internal control over major programs:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs		Unmodified

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-089	State Aid Public:
495-034-5120-084	Special Education Categorical Aid
495-034-5120-098	Security Aid
495-034-5120-097	PARCC Readiness Aid
495-034-5120-101	Per Pupil Growth Aid
	Professional Learning Community Aid
4950-050-14-1001-G04	SDA Grant

**SOUTHERN REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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.

**SOUTHERN REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

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 Principals, 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
YEAR ENDED JUNE 30, 2018**

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 Principals, 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.