

***DELAWARE TOWNSHIP  
BOARD OF EDUCATION***

***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

***FISCAL YEAR ENDED JUNE 30, 2009***

***DELAWARE TOWNSHIP***

***BOARD OF EDUCATION***

***Delaware Township Board of Education  
Sergeantsville, New Jersey***

***Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2009***

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

***Prepared by***

***Delaware Township Board of Education  
Finance Department***

***And***

***Barre & Company, CPAs***

**STATE BOARD OF EDUCATION**

JOSEPHINE E. HERNANDEZ ..... Union  
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**Lucille E. Davy, Commissioner  
Secretary, State Board of Education**

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
TABLE OF CONTENTS**

	<b>Page</b>
<b>INTRODUCTORY SECTION .....</b>	<b>1</b>
Letter of Transmittal.....	2
Organizational Chart.....	7
Roster of Officials.....	8
Consultants and Advisors .....	9
<b>FINANCIAL SECTION .....</b>	<b>10</b>
Independent Auditor's Report .....	11
<b>REQUIRED SUPPLEMENTARY INFORMATION – PART I .....</b>	<b>13</b>
Management's Discussion and Analysis.....	14
<b>BASIC FINANCIAL STATEMENTS.....</b>	<b>25</b>
<b>SECTION A – DISTRICT-WIDE FINANCIAL STATEMENTS .....</b>	<b>26</b>
A-1 Statement of Net Assets .....	27
A-2 Statement of Activities.....	28
<b>SECTION B - FUND FINANCIAL STATEMENTS .....</b>	<b>29</b>
<b>GOVERNMENTAL FUNDS .....</b>	<b>30</b>
B-1 Combining Balance Sheet.....	31
B-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	32
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	33
<b>PROPRIETARY FUNDS .....</b>	<b>34</b>
B-4 Statement of Fund Net Assets .....	35
B-5 Statement of Revenues, Expenses, and Changes in Net Assets.....	36
B-6 Statement of Cash Flows .....	37
<b>FIDUCIARY FUNDS .....</b>	<b>38</b>
B-7 Combining Statement of Fiduciary Net Assets.....	39
B-8 Statement of Changes in Fiduciary Net Assets.....	40
<b>NOTES TO BASIC FINANCIAL STATEMENTS .....</b>	<b>41</b>

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
TABLE OF CONTENTS**

	<b>Page</b>
<b>FINANCIAL SECTION (CONTINUED)</b>	
<b>REQUIRED SUPPLEMENTARY INFORMATION – PART II .....</b>	<b>68</b>
<b>SECTION C – BUDGETARY COMPARISON SCHEDULES .....</b>	<b>69</b>
C-1 Budgetary Comparison Schedule – General Fund.....	70
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual.....	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund .....	75
<b>NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.....</b>	<b>76</b>
C-3 Budget-To-GAAP Reconciliation.....	77
<b>OTHER SUPPLEMENTARY INFORMATION .....</b>	<b>78</b>
<b>SECTION D – ABBOTT SCHEDULES.....</b>	<b>N/A</b>
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
D-4 Schedule of DEOA Expenditures – Budget and Actual.....	N/A
<b>SECTION E – SPECIAL REVENUE FUND .....</b>	<b>79</b>
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis .....	80
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis .....	N/A
<b>SECTION F – CAPITAL PROJECTS FUND .....</b>	<b>81</b>
F-1 Summary Schedule of Project Expenditures.....	82
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis .....	83
<b>SECTION G – PROPRIETARY FUND.....</b>	<b>84</b>
<b>ENTERPRISE FUND .....</b>	<b>N/A</b>
G-1 Combining Statement of Net Assets .....	N/A
G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	N/A
G-3 Combining Statement of Cash Flows.....	N/A

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
TABLE OF CONTENTS**

	<b>Page</b>
<b>FINANCIAL SECTION (CONTINUED)</b>	
<b>INTERNAL SERVICE FUND .....</b>	<b>N/A</b>
G-4 Combining Statement of Net Assets .....	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	N/A
G-6 Combining Statement of Cash Flows .....	N/A
<b>SECTION H – FIDUCIARY FUNDS .....</b>	<b>85</b>
H-1 Combining Statement of Fiduciary Net Assets.....	86
H-2 Statement of Changes in Fiduciary Net Assets.....	87
H-3 Student Activity Agency Fund – Schedule of Receipts and Disbursements .....	88
H-4 Payroll Agency Fund – Schedule of Receipts and Disbursements.....	89
<b>SECTION I – LONG-TERM DEBT SCHEDULES .....</b>	<b>90</b>
I-1 Schedule of Serial Bonds.....	91
I-2 Schedule of Obligations under Capital Leases.....	92
I-3 Debt Service Fund Budgetary Comparison Schedule .....	93
<b>STATISTICAL SECTION (UNAUDITED).....</b>	<b>94</b>
<b>INTRODUCTION TO THE STATISTICAL SECTION.....</b>	<b>95</b>
<b>FINANCIAL TRENDS .....</b>	<b>96</b>
J-1 Net Assets by Component .....	97
J-2 Changes in Net Assets.....	98
J-3 Fund Balances – Governmental Funds.....	100
J-4 Changes in Fund Balances - Governmental Funds.....	101
J-5 General Fund Other Local Revenue by Source .....	103
<b>REVENUE CAPACITY.....</b>	<b>104</b>
J-6 Assessed Value and Estimated Actual Value of Taxable Property .....	105
J-7 Direct and Overlapping Property Tax Rates.....	106
J-8 Principal Property Taxpayers*.....	107
J-9 Property Tax Levies and Collections.....	108
<b>DEBT CAPACITY .....</b>	<b>109</b>
J-10 Ratios of Outstanding Debt by Type .....	110
J-11 Ratios of General Bonded Debt Outstanding .....	111
J-12 Direct and Overlapping Governmental Activities Debt .....	112
J-13 Legal Debt Margin Information.....	113

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**STATISTICAL SECTION (CONTINUED)**

**DEMOGRAPHIC AND ECONOMIC INFORMATION ..... 114**

- J-14 Demographic and Economic Statistics ..... 115
- J-15 Principal Employers ..... 116

**OPERATING INFORMATION..... 117**

- J-16 Full-time Equivalent District Employees by Function/Program ..... 118
- J-17 Operating Statistics ..... 119
- J-18 School Building Information ..... 120
- J-19 Schedule of Required Maintenance Expenditures by School Facility..... 121
- J-20 Insurance Schedule ..... 122

\*Private citizens should be listed as individual taxpayer 1, individual taxpayer 2, etc.

**SINGLE AUDIT SECTION ..... 123**

- K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*..... 124
- K-2 Report on Compliance with Requirements Applicable To Each Major Program and On Internal Control over Compliance In Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04..... 126
- K-3 Schedule of Expenditures of Federal Awards, Schedule A ..... 129
- K-4 Schedule of Expenditures Of State Financial Assistance, Schedule B ..... 130
- K-5 Notes to the Schedules of Expenditures of Awards and Financial Assistance..... 131
- K-6 Schedule of Findings and Questioned Costs ..... 134
- K-7 Summary Schedule of Prior Audit Findings and Questioned Costs ..... 137

***INTRODUCTORY SECTION***

***DELAWARE TOWNSHIP BOARD OF EDUCATION  
501 ROSEMONT-RINGOES ROAD, P.O. BOX 1000  
SERGEANTSVILLE, NEW JERSEY 08557  
609-397-2375***

September 16, 2009

Honorable President and  
Members of the Board of Education  
Delaware Township Board of Education  
County of Hunterdon  
Sergeantsville, New Jersey

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Delaware Township Board of Education (District) for the fiscal year ended June 30, 2009. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34.

The District has elected to adopt this new financial reporting model which we believe will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board).

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Delaware Township Board of Education with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

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

- The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;

- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;
- The Single Audit Section — The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U.S. Office of Management and Budget Circular A-133, “*Audits of States, Local Governments and Non-Profit Organizations*”, and the State Treasury Circular Letter 04-04 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, are included in the single audit section of this report.

### **School District Organization**

An elected nine-member Board of Education (the “Board”) serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District tax money.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Business Administrator/Board Secretary is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

**1) REPORTING ENTITY AND ITS SERVICES:** The Delaware Township Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Delaware Township Board of Education and all of its schools constitute the District’s reporting entity.

The District provided a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2008-2009 school year with an enrollment of 458 students. The following details the changes in the student enrollment of the District over the last five years.

**REPORTING ENTITY AND ITS SERVICES (CONTINUED):**

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2008-2009	458	-4.80%
2007-2008	480	-0.42%
2006-2007	482	-5.81%
2005-2006	510	-2.55%
2004-2005	523	-0.19%

**2) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

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

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

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

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

## **BUDGETARY CONTROLS (CONTINUED):**

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2009.

**4) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in, "Notes to Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**5) RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in J-20.

## **6) OTHER INFORMATION:**

**Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Barre & Company, Certified Public Accountants, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the Single Audit Act Amendment of 1996 and the related OMB Circular A-133, "*Audits of State, Local Governments and Non-Profit Organization*" and State Treasury Circular Letter 04-04 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.*" The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports, related specifically to the single audit, are included in the single audit section of this report.

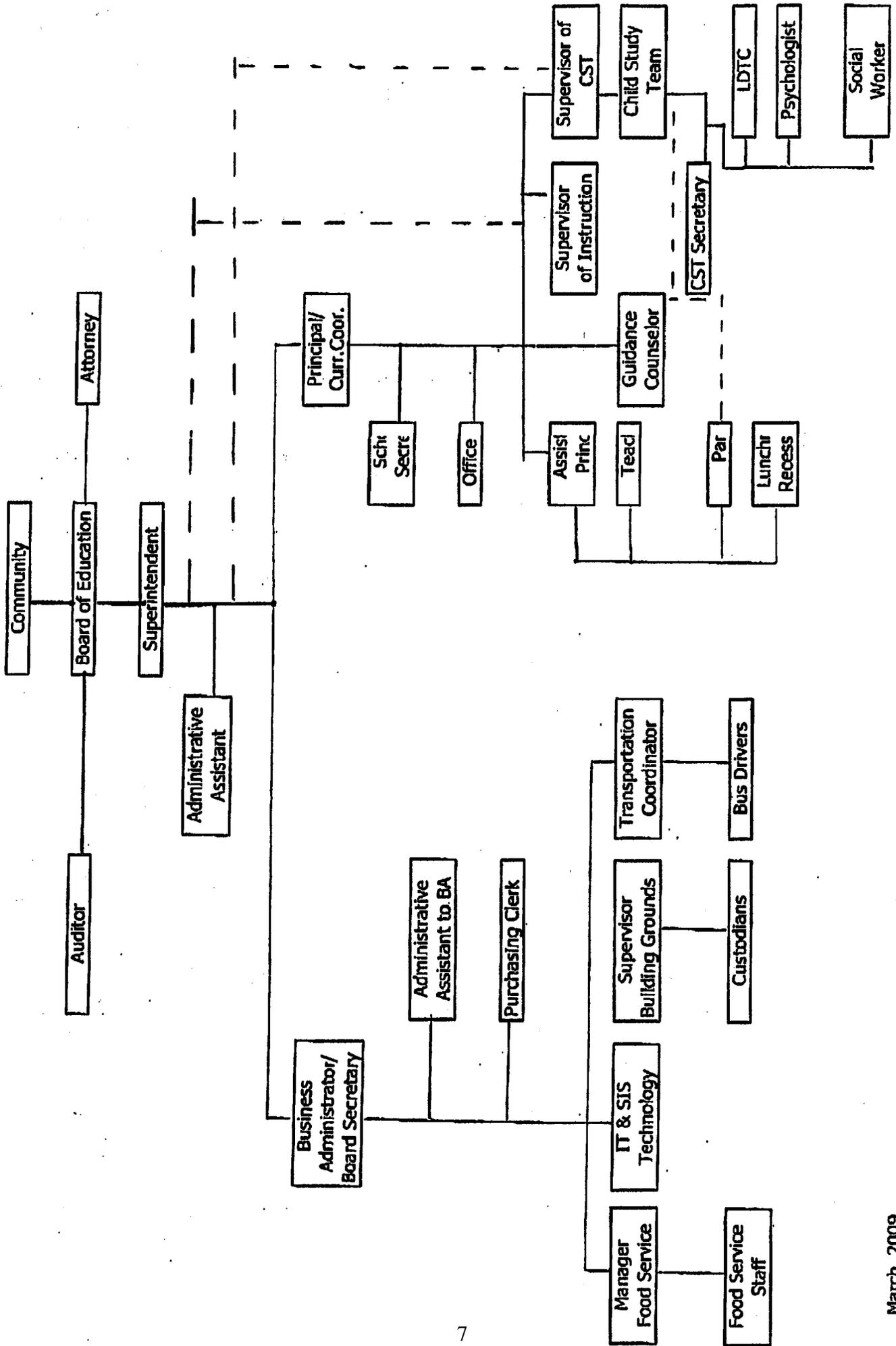
7) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Delaware Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

A handwritten signature in cursive script that reads "Gary Johnston".

Gary Johnston  
Business Administrator

DELAWARE TOWNSHIP BOARD OF EDUCATION  
ORGANIZATIONAL CHART



**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2009**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
Mrs. Linda Ubry, President	2010
Mr. Thomas Bruhl	2012
Mr. Lawrence Wohl	2010
Mrs. Catherine Mumford	2010
Mr. Joseph Pulkowski, Vice President	2012
Mrs. Kathy Roethel	2012
Mr. Scott Falk	2011
Mr. Kenneth Novak	2011
Mr. James Harkness	2011

**OTHER OFFICIALS**

Dr. Richard Wiener, Superintendent

Mrs. Patricia Ryan, Principal

Mr. Gary Johnston, Business Administrator

Mrs. Linda Zengel, Treasurer

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

***Audit Firm***

Barre & Company  
Certified Public Accountants  
2204 Morris Avenue  
Union, New Jersey 07083

***Attorney***

Comegno Law Group  
521 Pleasant Valley Avenue  
Moorestown, NJ 08057

***Architect***

Vincek & Petrocci, Architects  
145 North Franklin Turnpike  
Ramsey, NJ 07446

***Official Depository***

PNC Bank  
P.O. Box 6000  
Bridgewater, NJ 08807-0010

***FINANCIAL SECTION***

***BARRE & COMPANY***  
***CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS***

*2204 Morris Avenue, Suite 303*  
*Union, New Jersey 07083*  
*(908) 686-3484*  
*FAX (908) 686-6055*

**Independent Auditor's Report**

Honorable President and  
Members of the Board of Education  
Delaware Township Board of Education  
County of Hunterdon  
Sergeantsville, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented components units, each major fund and the aggregate remaining fund information of the Delaware Township Board of Education, in the County of Hunterdon, State of New Jersey, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Delaware Township Board of Education's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, and each major fund, and the aggregate remaining fund information of the Delaware Township Board of Education, in the County of Hunterdon, State of New Jersey, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. The Management's Discussion and Analysis and the Budgetary Comparison Information starting on pages 14 and 69, respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Delaware Township Board of Education's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, financial schedules and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *"Audits for States, Local Governments, and Non-Profit Organizations,"* and New Jersey OMB's Circular 04-04, *"Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid"* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Richard M. Barre, CPA  
Licensed Public School Accountant  
No. CS-01181  
Barre & Company, CPA's

September 16, 2009

***REQUIRED SUPPLEMENTARY INFORMATION – PART I***

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED**

The discussion and analysis of Delaware Township Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 — *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2008-2009) and the prior year (2007-2008) is required to be presented in the MD&A.

### **Financial Highlights**

Key financial highlights for 2009 are as follows:

- ❖ General revenues accounted for \$8,297,199 in revenue or 94% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$531,886 or 6% of total revenues of \$8,829,085.
- ❖ The School District had \$9,044,605 in expenses; only \$531,886 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$8,297,199 were not adequate to provide for these programs.
- ❖ Among governmental funds, the General Fund had \$7,990,981 in revenues and \$8,238,641 in expenditures and other financing sources. The General Fund's fund balance decreased \$247,660 over 2008. This decrease was anticipated by the Board of Education.

### **Using this Comprehensive Annual Financial Report (CAFR)**

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

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(CONTINUED)**

**Using this Comprehensive Annual Financial Report (CAFR) (Continued)**

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Delaware Township Board of Education, the General Fund is by far the most significant fund.

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2009?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- ❖ **Governmental Activities** — All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business-Type Activities** — These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service Fund is reported as business activities.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(CONTINUED)**

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

**Fund Financial Statements**

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

**Governmental Funds**

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

**Enterprise Fund**

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

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 41 of this report.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(CONTINUED)**

**The School District as a Whole**

Recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for 2009 and 2008.

**Table 1  
Net Assets**

	2009	2008
<b>Assets</b>		
Current and Other Assets	\$ 824,518	\$ 4,924,134
Capital Assets	<u>10,817,042</u>	<u>11,008,368</u>
<b>Total Assets</b>	<u>11,641,560</u>	<u>15,932,502</u>
<b>Liabilities</b>		
Account and Other Payables	21,422	127,861
Other Current Liabilities	85,104	172,151
Long-Term Liabilities	<u>4,713,041</u>	<u>8,594,977</u>
<b>Total Liabilities</b>	<u>4,819,567</u>	<u>8,894,989</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	6,197,521	2,516,526
Restricted	547,159	4,475,545
Unrestricted	<u>77,313</u>	<u>45,442</u>
<b>Total Net Assets</b>	<u>\$ 6,821,993</u>	<u>\$ 7,037,513</u>

The District's combined net assets were \$6,821,993 on June 30, 2009, and \$7,037,513 for 2008.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(CONTINUED)**

**The School District as a Whole (Continued)**

Table 2 shows changes in net assets for fiscal years ended 2009 and 2008.

**Table 2  
Changes in Net Assets**

	2009	2008
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 146,012	\$ 145,546
Operating Grants and Contributions	385,874	444,357
General Revenues:		
Property Taxes	6,733,159	6,432,373
Grants and Entitlements	1,370,057	1,690,851
Other	<u>193,983</u>	<u>205,704</u>
Total Revenues	<u>8,829,085</u>	<u>8,918,831</u>
<b>Program Expenses</b>		
Instruction	4,855,375	5,015,422
Support Services:		
Tuition	184,945	73,527
Student and Instruction Related	1,203,725	1,137,694
General and Business Administrative	554,574	482,857
School Administrative	268,544	272,169
Plant Operations and Maintenance	828,280	853,707
Pupil Transportation	456,409	499,934
Capital Outlay	245,230	69,944
Interest on Long-Term Debt	284,865	378,735
Unallocated Depreciation	26,333	17,456
Food Service	<u>136,325</u>	<u>141,027</u>
Total Program Expenses	<u>9,044,605</u>	<u>8,942,472</u>
<b>Changes in Net Assets</b>	<u>\$ (215,520)</u>	<u>\$ (23,641)</u>

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(CONTINUED)**

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the School District operations. Property taxes made up \$6,733,159 for 2009 and \$6,432,373 for 2008 of revenues for governmental activities for the Delaware Township Board of Education. The District's total revenues were \$8,703,396 for the year ended June 30, 2009, and \$8,778,312 for 2008. Federal, state, and local grants accounted for another 20% for 2009 and 24% for 2008 of revenues which includes \$514,851 for 2009 and \$766,308 for 2008 of state reimbursed TPAF pension and TPAF social security contributions.

The total cost of all program and services was \$8,908,280 for 2009 and \$8,801,445 for 2008. Instruction comprises 55% for 2009 and 57% for 2008 of District's expenses.

**Business-Type Activities**

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

- ❖ Food service expenses exceeded revenues by \$10,636 for 2009 and \$508 for 2008.
- ❖ Charges for services represent \$111,637 for 2009 and \$124,746 for 2008 of revenues. This represents amounts paid by patrons for daily food.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and breakfast, and food distribution program were \$14,052 for 2009 and \$15,773 for 2008.

**Governmental Activities**

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

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(CONTINUED)**

**Governmental Activities (Continued)**

**Table 3**

	<b>Total Cost of Services</b>	
	<b>2009</b>	<b>2008</b>
Instruction	\$ 4,855,375	\$ 5,015,422
Support Services:		
Tuition	184,945	73,527
Student and Instruction Related	1,203,725	1,137,694
General and Business Administrative	554,574	482,857
School Administrative	268,544	272,169
Plant Operations and Maintenance	828,280	853,707
Pupil Transportation	456,409	499,934
Capital Outlay	245,230	69,944
Interest on Long-Term Debt	284,865	378,735
Unallocated Depreciation	26,333	17,456
<b>Total Expenses</b>	<b>\$ 8,908,280</b>	<b>\$ 8,801,445</b>

	<b>Net Cost of Services</b>	
	<b>2009</b>	<b>2008</b>
Instruction	\$ 4,580,715	\$ 4,742,352
Support Services:		
Tuition	184,945	73,527
Student and Instruction Related	1,203,725	1,137,694
General and Business Administrative	554,574	482,857
School Administrative	268,544	272,169
Plant Operations and Maintenance	828,280	853,707
Pupil Transportation	324,872	323,620
Capital Outlay	245,230	69,944
Interest on Long-Term Debt	284,865	378,735
Unallocated Depreciation	26,333	17,456
<b>Total Expenses</b>	<b>\$ 8,502,083</b>	<b>\$ 8,352,061</b>

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(CONTINUED)**

**Governmental Activities (Continued)**

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

Tuition and Students and Instruction Related expenses include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General and Business Administration and School Administration expenses include expenses associated with administrative and financial supervision of the District.

Plant Operations and Maintenance expenses involve keeping the school grounds, buildings, and equipment in an effective working condition.

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

Interest on Long-Term Debt expenses involves the transactions associated with the payment of interest and other related charges to debt of the School District.

Other expenses include Capital Outlay and Unallocated Depreciation.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$8,703,396 for 2009 and \$8,778,312 for 2008 and expenditures were \$12,684,048 for 2009 and \$8,813,055 for 2008. The net change in fund balance for the year was a decrease of \$3,980,652 for 2009 and \$34,743 for 2008. The negative change is most significant in the debt service fund for 2009 and capital projects fund for 2008.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2009, and the amount and percentage of increases and decreases in relation to prior year revenues.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(CONTINUED)**

**The School District's Funds (Continued)**

Revenues	Amount	Percent of Total	Increase/ (Decrease) From 2008	Percent of Increase/ (Decrease)
Local Sources	\$ 6,961,517	79.99%	\$ 302,640	4.54%
State Sources	1,623,317	18.65%	(309,057)	-15.99%
Federal Sources	118,562	1.36%	(68,499)	-36.62%
<b>Total</b>	<b>\$ 8,703,396</b>	<b>100.00%</b>	<b>\$ (74,916)</b>	

Local revenues increased by \$302,640. The increase in local revenues was due to a tax increase needed to fund the additional expenditures associated with an increase in enrollment and higher operating costs.

Federal revenues decreased due to a decrease in IDEA and Title funds.

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2009, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase/ (Decrease) From 2008	Percent of Increase/ (Decrease)
<b>Current Expense:</b>				
Instruction	\$ 3,441,625	27.13%	\$ 30,995	0.91%
Undistributed	4,486,041	35.37%	(90,947)	-1.99%
Capital Outlay	524,881	4.14%	330,476	169.99%
Debt Service	4,231,501	33.36%	3,600,469	570.57%
<b>Total</b>	<b>\$ 12,684,048</b>	<b>100.00%</b>	<b>\$ 3,870,993</b>	

Changes in expenditures were the results of varying factors. Current expense increased due to salary increases, additional staff and students, and increased health benefits and utility costs.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(CONTINUED)**

**General Fund Budgeting Highlights**

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

Over the course of the year, the District revised the annual operating budget in accordance with state regulations. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

**Capital Assets**

The School District had \$10,757,486 at June 30, 2009 and \$10,940,395 for 2008 invested in land, building, furniture and equipment, and vehicles. Table 4 shows the balances of capital assets (net of depreciation) for fiscal years 2009 and 2008.

**Table 4  
Capital Assets (Net of Depreciation) at June 30,**

	2009	2008
Land	\$ 20,000	\$ 20,000
Land Improvements	280,129	117,708
Buildings and Buildings Improvements	10,238,921	9,970,602
Machinery and Equipment	218,436	183,781
Construction in Progress	-	648,304
Total	\$ 10,757,486	\$ 10,940,395

For more detailed information, please refer to the Notes to the Basic Financial Statements.

**Debt Administration**

At June 30, 2009, the School District had \$4,713,041 of outstanding debt. Of this amount, \$87,780 is for compensated absences and \$4,625,261 is for serial bonds for school construction.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
SERGEANTSVILLE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
UNAUDITED  
(CONTINUED)**

**Debt Administration (Continued)**

**Table 5  
Outstanding Debt at June 30,**

	2009	2008
1993 General Obligation Bonds	\$ 381,579	\$ 457,895
1993 General Obligation Bonds	493,682	580,647
2001 General Obligation Bonds	-	3,697,000
2005 General Obligation Bonds	3,750,000	3,750,000
Total	\$ 4,625,261	\$ 8,485,542

**For the Future**

The Delaware Township Board of Education is in good financial condition presently. The School District is proud of its community support of the public schools. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes. Delaware Township Board of Education's budget for 2009-2010 as presented for voter approval and was approved.

In conclusion, the Delaware Township Board of Education has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Administrator at Delaware Township Board of Education, Administration Building, 501 Rosemont-Ringoes Road, P.O. Box 1000, Sergeantsville, New Jersey 08557. Please visit our website at <http://www.dtsk8.org>.

***BASIC FINANCIAL STATEMENTS***

## **SECTION A – DISTRICT-WIDE FINANCIAL STATEMENTS**

***The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 692,458	\$ 22,869	\$ 715,327
Interfund Receivables	6,745		6,745
Other Receivables	7,882	1,044	8,926
Deferred Bond Issuance Costs, Net	93,520		93,520
Capital Assets, Net	10,757,486	59,556	10,817,042
<b>Total Assets</b>	<b>11,558,091</b>	<b>83,469</b>	<b>11,641,560</b>
<b>LIABILITIES:</b>			
Interfund Payable		6,721	6,721
Accounts Payable	14,701		14,701
Accrued Interest	85,104		85,104
Noncurrent Liabilities:			
Due Within One Year	256,865		256,865
Due Beyond One Year	4,456,176		4,456,176
<b>Total Liabilities</b>	<b>4,812,846</b>	<b>6,721</b>	<b>4,819,567</b>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	6,137,965	59,556	6,197,521
Restricted for:			
Other Purposes	547,159		547,159
Unrestricted	60,121	17,192	77,313
<b>Total Net Assets</b>	<b>\$ 6,745,245</b>	<b>\$ 76,748</b>	<b>\$ 6,821,993</b>

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes In Net Assets	
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
<b>GOVERNMENTAL ACTIVITIES:</b>							
Instruction:							
Regular	\$ 2,646,478	\$ 801,937	\$ 34,375	\$ -	\$ -	\$ (3,414,040)	\$ (3,414,040)
Special Education	744,008	267,905		240,285		(771,628)	(771,628)
Other Special Education	219,288	77,130				(296,418)	(296,418)
Other Instruction	75,668	22,961				(98,629)	(98,629)
Support Services:							
Tuition	184,945					(184,945)	(184,945)
Student and Instruction Related Services	952,426	251,299				(1,203,725)	(1,203,725)
General and Business Administrative Services	444,742	109,832				(554,574)	(554,574)
School Administrative Services	199,468	69,076				(268,544)	(268,544)
Plant Operations and Maintenance	754,821	73,459				(828,280)	(828,280)
Pupil Transportation	404,780	51,629		131,537		(324,872)	(324,872)
Capital Outlay	245,230					(245,230)	(245,230)
Interest on Long-Term Debt	284,865					(284,865)	(284,865)
Unallocated Depreciation	26,333					(26,333)	(26,333)
<b>Total Governmental Activities</b>	<b>7,183,052</b>	<b>\$ 1,725,228</b>	<b>34,375</b>	<b>371,822</b>	<b>-</b>	<b>(8,502,083)</b>	<b>(8,502,083)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Food Service	136,325		111,637	14,052		(10,636)	(10,636)
Total Business-Type Activities	136,325		111,637	14,052		(10,636)	(10,636)
Total Primary Government	\$ 7,319,377		\$ 146,012	\$ 385,874	\$ -	\$ (8,502,083)	\$ (8,512,719)
<b>GENERAL REVENUES:</b>							
Property Taxes Levied For:							
General Purposes					\$ 6,276,426	\$ -	\$ 6,276,426
Debt Service					456,733		456,733
Federal and State Aid Not Restricted					1,370,057		1,370,057
Investment Earnings					160,014		160,014
Miscellaneous Income					33,969		33,969
Total General Revenues					8,297,199	-	8,297,199
Change in Net Assets					(204,884)	(10,636)	(215,520)
Net Assets - Beginning					6,950,129	87,384	7,037,513
Net Assets - Ending					6,745,245	76,748	6,821,993

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

**SECTION B - FUND FINANCIAL STATEMENTS**

*The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.*

***GOVERNMENTAL FUNDS***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 692,458	\$ -	\$ -	\$ -	\$ 692,458
Interfund Receivables	6,745				6,745
Receivables From Other Governments	7,882				7,882
<b>Total Assets</b>	<b><u>\$ 707,085</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 707,085</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 14,701	\$ -	\$ -	\$ -	\$ 14,701
<b>Total Liabilities</b>	<b><u>14,701</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>14,701</u></b>
<b>Fund Balances:</b>					
<b>Reserved For:</b>					
Encumbrances	115,540				115,540
Legally Restricted - Designated for Subsequent Year's Expenditures	85,576				85,576
Capital Reserve Account	279,956				279,956
Excess Surplus	66,087				66,087
<b>Unreserved:</b>					
General Fund	145,225				145,225
<b>Total Fund Balances</b>	<b><u>692,384</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>692,384</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 707,085</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets. The bond issuance costs are \$162,980 and the accumulated amortization is \$69,460.	93,520
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$15,258,913 and the accumulated depreciation is \$4,501,427.	10,757,486
Some liabilities are not due and payable in the current year and therefore are not reported in the funds. Those liabilities consist of accrued interest on bond.	(85,104)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(4,713,041)</u>
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 6,745,245</u></b>

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 6,276,426	\$ -	\$ -	\$ 456,733	\$ 6,733,159
Tuition	34,375				34,375
Interest on Investments	22,894			137,120	160,014
Miscellaneous	33,969				33,969
Total Local Sources	6,367,664	-	-	593,853	6,961,517
State Sources	1,623,317				1,623,317
Federal Sources		118,562			118,562
Total Revenues	7,990,981	118,562	-	593,853	8,703,396
EXPENDITURES:					
Current:					
Instruction:					
Regular	2,333,925	68,736			2,402,661
Special Education	744,008				744,008
Other Special Education	219,288				219,288
Other	75,668				75,668
Support Services and Undistributed Costs:					
Tuition	184,945				184,945
Student and Instruction Related Services	901,820	49,826			951,646
General and Business Administrative Services	456,782				456,782
School Administrative Services	199,468				199,468
Plant Operations and Maintenance	596,276				596,276
Pupil Transportation	371,696				371,696
Employee Benefits	1,725,228				1,725,228
Capital Outlay	493,000		31,881		524,881
Debt Service:					
Interest				371,221	371,221
Principal				3,860,280	3,860,280
Total Expenditures	8,302,104	118,562	31,881	4,231,501	12,684,048
Excess (Deficiency) of Revenues Over (Under) Expenditures	(311,123)	-	(31,881)	(3,637,648)	(3,980,652)
OTHER FINANCING SOURCES (USES):					
Interfund Transfers:					
Transfers In	63,463				63,463
Transfers Out				(63,463)	(63,463)
Total Other Financing Sources (Uses)	63,463	-	-	(63,463)	-
NET CHANGE IN FUND BALANCES	(247,660)	-	(31,881)	(3,701,111)	(3,980,652)
FUND BALANCES, JULY 1	940,044	-	31,881	3,701,111	4,673,036
FUND BALANCES, JUNE 30	\$ 692,384	\$ -	\$ -	\$ -	\$ 692,384

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Total net change in fund balances - governmental funds (B-2)		\$ (3,980,652)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets which are capitalized are allocated over their estimated useful lives as depreciation expense in the current fiscal year.</p>		
Depreciation Expense	\$ (462,559)	
Capital Outlay	279,651	(182,908)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
		3,860,280
<p>Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds.</p>		
		(9,615)
<p>In the statement of activities, certain expenses, e.g., compensated absences (vacations &amp; sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		480
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds. The increase in capital leases is a reduction to the reconciliation.</p>		
		12,967
<p>In the statement of activities, early retirement payments for the year are an addition to the reconciliation</p>		
		8,208
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest net is a deduction in the reconciliation.</p>		
		86,356
Change in net assets of governmental activities		\$ (204,884)

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

***PROPRIETARY FUNDS***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2009

<b>Business- type Activities - Enterprise Funds</b>	<u>Food Service</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 22,869
Receivables from Other Governments	<u>1,044</u>
Total Current Assets	<u>23,913</u>
Noncurrent Assets:	
Machinery and Equipment	126,247
Less: Accumulated Depreciation	<u>(66,691)</u>
Total Noncurrent Assets	<u>59,556</u>
Total Assets	<u><u>\$ 83,469</u></u>
<b>LIABILITIES AND NET ASSETS:</b>	
Liabilities:	
Interfund Accounts Payable	<u>\$ 6,721</u>
Total Liabilities	<u>6,721</u>
Net Assets:	
Invested in Capital Assets	\$ 59,556
Unrestricted	<u>17,192</u>
Total Net Assets	<u>76,748</u>
Total Liabilities and Net Assets	<u><u>\$ 83,469</u></u>

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<b>Business-Type Activities - Enterprise Funds</b>	<u>Food Service</u>
<b>OPERATING REVENUES:</b>	
Charges for Services:	
Daily Sales Non-reimbursable Program	<u>\$ 111,637</u>
Total Operating Revenues	<u>111,637</u>
<b>OPERATING EXPENSES:</b>	
Salaries	42,571
Support Services - Employee Benefits	5,851
Purchased Property Services	6,092
Supplies and Materials	4,642
Depreciation Expense	8,417
Cost of Sales	52,490
Miscellaneous Expenditures	<u>16,262</u>
Total Operating Expenses	<u>136,325</u>
<b>OPERATING LOSS</b>	<u>(24,688)</u>
<b>NONOPERATING REVENUES:</b>	
State Sources:	
State Lunch Program	1,358
Federal Sources:	
Federal Lunch Program	<u>12,694</u>
Total Nonoperating Revenues	<u>14,052</u>
<b>CHANGE IN NET ASSETS</b>	<u>(10,636)</u>
<b>TOTAL NET ASSETS - JULY 1</b>	<u>87,384</u>
<b>TOTAL NET ASSETS - JUNE 30</b>	<u><u>\$ 76,748</u></u>

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<b>Business-Type Activities - Enterprise Funds</b>	<u>Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash Received from Customers	\$ 111,416
Cash Payments to Suppliers and Employees	<u>(127,960)</u>
Net Cash Used In Operating Activities	<u>(16,544)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Cash Received From State And Federal Reimbursements	<u>14,052</u>
Net Cash Provided By Noncapital Financing Activities	<u>14,052</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(2,492)
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	<u>25,361</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<u><u>\$ 22,869</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used In Operating Activities:</b>	
Operating Loss	\$ (24,688)
Depreciation	8,417
Change In Assets And Liabilities:	
Increase In Receivables From Other Governments	(221)
Increase In Interfund Payable	6,721
Decrease In Accounts Payable	<u>(6,773)</u>
<b>Net Cash Provided Used In Operating Activities</b>	<u><u>\$ (16,544)</u></u>

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

***FIDUCIARY FUNDS***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2009

	Unemployment Compensation Trust	Flexible Spending Account	Agency Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
ASSETS:			
Cash and Cash Equivalents	\$ 178,326	\$ 4,752	\$ 13,788
Total Assets	<u>178,326</u>	<u>4,752</u>	<u>\$ 13,788</u>
LIABILITIES:			
Interfund Accounts Payable			\$ 24
Accrued Salaries and Benefits			31
Due to Student Groups			<u>13,733</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 13,788</u>
NET ASSETS:			
Reserved for Unemployment Claims	178,326		
Reserved for Flexible Spending		<u>4,752</u>	
Total Net Assets	<u>\$ 178,326</u>	<u>\$ 4,752</u>	

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 FIDUCIARY NET ASSETS  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Unemployment Compensation Insurance	Flexible Spending Account
	<u>                    </u>	<u>                    </u>
ADDITIONS:		
Contributions	\$ 8,321	\$ 25,743
	<u>                    </u>	<u>                    </u>
Total Additions	8,321	25,743
	<u>                    </u>	<u>                    </u>
DEDUCTIONS:		
Payment of Claims	-	
Funding Payments		19,632
Miscellaneous Expenses		1,359
	<u>                    </u>	<u>                    </u>
Total Deductions	-	20,991
	<u>                    </u>	<u>                    </u>
CHANGE IN NET ASSETS	8,321	4,752
	<u>                    </u>	<u>                    </u>
NET ASSETS - BEGINNING OF THE YEAR	170,005	-
	<u>                    </u>	<u>                    </u>
NET ASSETS - END OF THE YEAR	<u>\$ 178,326</u>	<u>\$ 4,752</u>

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

***NOTES TO BASIC FINANCIAL STATEMENTS***

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Delaware Township Board of Education have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity:**

The Board is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the District functions independently through a Board of Education. The board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District the purpose of the District is to educate students in grades K-8. The Delaware Township Board of Education had an approximate enrollment at June 30, 2009 of 458.

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

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

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

**B. Basis of Presentation, Basis of Accounting:**

The School District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting (Continued)**

Basis of Presentation

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

The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting (Continued)**

The District reports the following governmental funds:

General Fund – The General Fund is the general operating fund of the District. It 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 equipment which are classified in the Capital Outlay sub fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly financial capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources to budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting (Continued)**

The District reports the following proprietary funds:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for the assets held by the District on behalf of others and include the Student Activities, Payroll Agency, Unemployment Compensation Trust Fund and Flexible Spending Account.

Basis of Accounting

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

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

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation, Basis of Accounting (Continued)**

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

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

**C. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets/Budgetary Control (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 last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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 following presents a reconciliation of the special revenue funds from the budgetary basis of accounting:

Total Revenues & Expenditures (Budgetary Basis)	\$ 118,562
Adjustments:	
Less Encumbrances at June 30, 2009	(690)
Plus Encumbrances at June 30, 2008	<u>690</u>
Total Revenues and Expenditures (GAAP Basis)	<u>\$ 118,562</u>

**D. Encumbrances Accounting**

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

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Encumbrances Accounting (Continued)**

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

**E. Assets, Liabilities, and Equity**

**Interfund Transactions:**

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Inventories:**

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

**Allowance for Uncollectible Accounts:**

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & computer equipment	5-10
Instructional equipment	10
Grounds equipment	15

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:

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

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary-related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligibility requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-Term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**Net Assets:**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**Revenues — Exchange and Non-exchange Transactions**

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**Operating Revenues and Expenses:**

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

**Allocation of Indirect Expenses:**

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

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, and Equity (Continued)**

Extraordinary and Special Items:

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

Management Estimates:

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

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments. Category 1 includes deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 2 includes uninsured and unregistered deposits/investments held by the Board's custodial bank trust department or agent in the Board's name. Category 3 includes uninsured or unregistered deposits/investments held by a broker or dealer, or held by the Board's custodial bank trust department or agent but not in the Board's name. These categories are not broad representations that deposits or investments are "safe" or "unsafe".

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Deposits**

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

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

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

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

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

**Investments**

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

As of June 30, 2009, cash and cash equivalents of the District consisted of the following:

	General Fund	Proprietary Fund	Fiduciary Funds	Total
Operating				
Account	\$ 692,458	\$ 22,869	\$ 196,866	\$ 912,193

The carrying amount of the Board's cash and cash equivalents at June 30, 2009 was \$912,193 and the bank balance was \$1,011,983. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**Risk Category**

All bank deposits, as of the balance sheet date, are entirely insured or collateralized by a collateral pool maintained by public depositories as required by the Governmental Unit Deposit Protection Act. In general, bank deposits are classified as to credit risk by three categories described below:

Category 1 — Insured or collateralized with securities held by the Board or by its agent in the Board's name.

Category 2 — Collateralized with securities held by the pledging public depository's trust department or agent in the Board's name.

Category 3 — Uncollateralized, including any deposits that are collateralized with securities held by the pledging public depository, or by its trust department or agent, but not in the Board's name.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2009, consisted of accounts (tuition), intergovernmental, grants, and miscellaneous.

All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 3: RECEIVABLES (CONTINUED)**

	Governmental Fund Financial Statements	Governmental Wide Financial Statements
State Aid	\$ 7,882	\$ 7,982
Federal Aid	-	944
Other	-	-
Gross Receivables	<u>7,882</u>	<u>8,926</u>
Less: Allowance for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 7,882</u>	<u>\$ 8,926</u>

**NOTE 4: INTERFUND TRANSFERS AND BALANCES**

Transfers between funds are used to (1) move investment income earned in the Capital Projects Fund that is required to be transferred to General Fund; (2) repay expenses paid by another fund.

The following interfund balances remained on the fund financial statements at June 30, 2009:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 6,745	\$ -
Proprietary Fund		6,721
Fiduciary Fund		<u>24</u>
Total	<u>\$ 6,745</u>	<u>\$ 6,745</u>

**NOTE 5 DEFERRED BOND ISSUANCE COSTS**

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (15 to 20 years). The costs associated with the issues of the various bonds amounted to \$162,980. The amortization expense for the fiscal year ended June 30, 2009 amounted to \$9,615.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 6      CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Construction in Progress	648,304	-	648,304	-
Total Capital Assets Not Being Depreciated	<u>668,304</u>	<u>-</u>	<u>648,304</u>	<u>20,000</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	185,059	179,000	-	364,059
Building and Building Improvements	13,425,166	648,304	-	14,073,470
Machinery and Equipment	737,380	100,650	36,646	801,384
Totals at Historical Cost	<u>14,347,605</u>	<u>927,954</u>	<u>36,646</u>	<u>15,238,913</u>
Less Accumulated Depreciation For:				
Land Improvements	67,351	16,579	-	83,930
Building and Building Improvements	3,454,564	379,985	-	3,834,549
Machinery and Equipment	553,599	65,995	36,646	582,948
Total Accumulated Depreciation	<u>4,075,514</u>	<u>462,559</u>	<u>36,646</u>	<u>4,501,427</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>10,272,091</u>	<u>465,395</u>	<u>-</u>	<u>10,737,486</u>
Government Activity Capital Assets, Net	<u>\$ 10,940,395</u>	<u>\$ 465,395</u>	<u>\$ 648,304</u>	<u>\$ 10,757,486</u>
<b>Business-Type Activities:</b>				
<i>Capital Assets Being Depreciated:</i>				
Machinery and Equipment	\$ 126,247	\$ -	\$ -	\$ 126,247
Less Accumulated Depreciation	(58,274)	(8,417)	-	(66,691)
Enterprise Fund Capital Assets, Net	<u>\$ 67,973</u>	<u>\$ (8,417)</u>	<u>\$ -</u>	<u>\$ 59,556</u>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 6      CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions as follows:

Instructional	\$ 243,817
Student and Instruction Related Services	780
Plant Operations and Maintenance	158,545
Transportation	33,084
Unallocated	26,333
Total	<u>\$ 462,559</u>

**NOTE 7      LONG-TERM OBLIGATION**

**A. Long-Term Obligation Activity**

Changes in long-term obligations for the year ended June 30, 2009 are as follows:

	Balance			Balance	Amounts
	July 1, 2008	Increase	Decrease	June 30, 2009	Due Within
					One Year
Bonds Payable	\$ 8,485,542	\$ -	\$ 3,860,281	\$ 4,625,261	\$ 256,865
Obligations Under					
Capital Lease	12,967	-	12,967	-	-
Compensated Absences					
Payable	88,260	5,280	5,760	87,780	-
Retirement Contracts					
Payable	8,208	-	8,208	-	-
Total	<u>\$ 8,594,977</u>	<u>\$ 5,280</u>	<u>\$ 3,887,216</u>	<u>\$ 4,713,041</u>	<u>\$ 256,865</u>

Compensated absences, capital leases, and retirement contracts payable have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 7      LONG-TERM OBLIGATION (CONTINUED)**

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceed legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the fiscal year ended June 30, 2009, it is not necessary for the Board to establish a liability for arbitrage rebate.

**B. Debt Service Requirements**

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

Bonds payable at June 30, 2009 are comprised of the following issues:

	<u>Government Activities</u>			
	<u>Issue</u>	<u>Interest</u>	<u>Date of</u>	<u>Balance</u>
	<u>Dates</u>	<u>Rates</u>	<u>Maturity</u>	<u>June 30, 2009</u>
Bonds Payable	8/18/93	1.50%	7/15/13	\$ 381,579
	8/18/93	5.29%	7/15/13	493,682
	7/1/05	3.50%	1/15/21	3,750,000
<b>Total Bonds</b>				<u><u>\$ 4,625,261</u></u>

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 7      LONG-TERM OBLIGATION (CONTINUED)**

\$1,450,000, 1993 Bonds, due  
in \$76,316 annual installments  
through July 15, 2013, interest  
rate 1.50% \$    381,579

Principal and interest due on these bonds outstanding are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$    76,316	\$     5,151	\$    81,467
2011	76,316	4,007	80,323
2012	76,316	2,862	79,178
2013	76,316	1,717	78,033
2014	76,314	572	76,886
	<u>\$    381,578</u>	<u>\$    14,309</u>	<u>\$    395,887</u>

\$1,450,000, 1993 Bonds, due  
in variable annual installments  
through July 15, 2013, interest  
rate 5.29% \$    493,682

Principal and interest due on these bonds outstanding are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$    90,549	\$    23,712	\$    114,261
2011	94,408	18,822	113,230
2012	98,466	13,722	112,188
2013	102,836	8,400	111,236
2014	107,423	2,840	110,263
	<u>\$    493,682</u>	<u>\$     67,496</u>	<u>\$    561,178</u>

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 7      LONG-TERM OBLIGATION (CONTINUED)**

In July 2001 the District permanently bonded part of the temporary notes payable and sold school bonds in the amount of \$4,049,000. The bonds have a twenty year maturity with the interest rate of 4.9% from 2002 through 2018 and from 2019 through maturity date of 2021 an interest rate of 5.0%. At June 30, 2009, this bond is paid off.

On July 15, 2005, the Board of Education issued \$3,750,000 Refunding School Bonds, Series 2005 bearing interest from 3.5% to 4.25% due 2021. The proceeds of the bonds will be used to advance refund the \$3,597,000 outstanding 2001 school bonds dated July 1, 2001 in the original principal amount of \$4,049,000.

\$3,750,000, 2005 Bonds, due in variable annual installments through January 15, 2021, interest rate 3.50%	<u><u>\$ 3,750,000</u></u>
---	----------------------------

Principal and interest due on these bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 90,000	\$ 153,850	\$ 243,850
2011	135,000	150,700	285,700
2012	140,000	145,975	285,975
2013	150,000	140,025	290,025
2014	190,000	133,650	323,650
Thereafter	<u>3,045,000</u>	<u>1,087,175</u>	<u>4,132,175</u>
	<u><u>\$ 3,750,000</u></u>	<u><u>\$ 1,811,375</u></u>	<u><u>\$ 5,561,375</u></u>

**C. Obligations Under Capital Leases**

The District is leasing school buses and office equipment under several capital leases. All capital leases are for terms not exceeding five (5) years. At June 30, 2009, the last lease payments under these capital leases are paid off.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 8: PENSION PLANS**

**Description of Plans**

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

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

The Teachers' Pension and Annuity Fund was established as of January 1, 1995, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirements, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 8: PENSION PLANS**

**Vesting and Benefit Provisions**

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

Members 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.

**Significant Legislation**

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 2000, and to allow for a reduction in the employee's rate after calendar year 2000, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Significant Legislation (Continued)**

114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**Contribution Requirements**

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$75,207	100%	\$75,207
6/30/08	None	100%	None
6/30/07	None	100%	None

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$235,044	100%	None
6/30/08	\$508,565	100%	None
6/30/07	\$464,130	100%	None

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 8: PENSION PLANS (CONTINUED)**

**Contribution Requirements (Continued)**

During the year ended June 30, 2009, the State of New Jersey contributed \$235,044 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$279,807 during the year ended June 30, 2009 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 24.

**NOTE 9: POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2008, there were 80,181 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State made post-retirement (PRM) contributions of \$592.7 million for TPAF and \$224.3 million for PERS in Fiscal Year 2008.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.0 million toward Chapter 126 benefits for 12,545 eligible retired members in Fiscal Year 2008.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009**

**NOTE 10: DEFERRED COMPENSATION**

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

**NOTE 11: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance**

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

**New Jersey Unemployment Compensation Insurance**

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2008-2009	\$ -	\$ 8,321	\$ -	\$ 178,326
2007-2008	-	7,605	-	170,005
2006-2007	-	7,401	-	162,400

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009**

**NOTE 12: CONTINGENT LIABILITIES**

Grant Programs

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

**NOTE 13: FUND BALANCE APPROPRIATED**

**General Fund** – Of the \$692,384 in General Fund fund balance at June 30, 2009, \$85,576 has been appropriated and included as anticipated revenue in the 2009-2010 budget, \$115,540 is reserved for encumbrances, \$66,087 is excess surplus to be included as anticipated revenue; \$279,956 is reserved for capital reserve account; and \$145,225 is unreserved and undesignated.

**NOTE 14: CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2009 is \$66,087.

***REQUIRED SUPPLEMENTARY INFORMATION – PART II***

***SECTION C – BUDGETARY COMPARISON SCHEDULES***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 6,276,426	\$ -	\$ 6,276,426	\$ 6,276,426	\$ -
Tuition	10,400		10,400	34,375	23,975
Earnings on Investments				22,894	22,894
Other Revenues from Local Sources				33,969	33,969
<b>Total Local Sources</b>	<b>6,286,826</b>	<b>-</b>	<b>6,286,826</b>	<b>6,367,664</b>	<b>80,838</b>
State Sources:					
Transportation Aid	135,123		135,123	135,123	-
Special Education Aid	251,465		251,465	251,465	-
Security Aid	34,062		34,062	34,062	-
Adjustment Aid	763,397	(28,742)	734,655	734,655	-
Other Unrestricted State Aid		7,882	7,882	7,882	-
On-Behalf TPAF Pension Contributions				235,044	235,044
Reimbursed TPAF Social Security Contributions				279,807	279,807
<b>Total State Sources</b>	<b>1,184,047</b>	<b>(20,860)</b>	<b>1,163,187</b>	<b>1,678,038</b>	<b>514,851</b>
<b>Total Revenues</b>	<b>7,470,873</b>	<b>(20,860)</b>	<b>7,450,013</b>	<b>8,045,702</b>	<b>595,689</b>
<b>EXPENDITURES:</b>					
Current Expenses:					
Instruction:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	179,431	7,600	187,031	185,966	1,065
Grades 1-5	1,152,844	10,750	1,163,594	1,163,551	43
Grades 6-8	888,987	(28,250)	860,737	859,646	1,091
Home Instruction	1,500	100	1,600	1,562	38
<b>Total Regular Programs - Instruction</b>	<b>2,222,762</b>	<b>(9,800)</b>	<b>2,212,962</b>	<b>2,210,725</b>	<b>2,237</b>
Regular Programs - Undistributed Instruction:					
Purchased Prof/Ed Services		1,000	1,000	530	470
Purchased Technical Services		1,000	1,000	595	405
Other Purchased Services	14,000	(1,500)	12,500	8,435	4,065
General Supplies	87,500	4,636	92,136	74,722	17,414
Textbooks	30,000	10,570	40,570	34,168	6,402
Miscellaneous Expenditures	4,900		4,900	4,750	150
<b>Total Regular Programs - Undistributed Instruction</b>	<b>136,400</b>	<b>15,706</b>	<b>152,106</b>	<b>123,200</b>	<b>28,906</b>
<b>Total Regular Programs</b>	<b>2,359,162</b>	<b>5,906</b>	<b>2,365,068</b>	<b>2,333,925</b>	<b>31,143</b>
Special Education:					
Multiple Disabilities:					
Salaries of Teachers	59,167	1,000	60,167	59,135	1,032
Other Salaries for Instruction	106,542	(19,500)	87,042	82,866	4,176
<b>Total Multiple Disabilities</b>	<b>165,709</b>	<b>(18,500)</b>	<b>147,209</b>	<b>142,001</b>	<b>5,208</b>
Resource Room/Resource Center:					
Salaries of Teachers	453,562	8,000	461,562	461,219	343
Other Salaries for Instruction	108,706	8,200	116,906	116,880	26
General Supplies	6,100		6,100	5,196	904
Textbooks	2,500		2,500		2,500
<b>Total Resource Room/Resource Center</b>	<b>570,868</b>	<b>16,200</b>	<b>587,068</b>	<b>583,295</b>	<b>3,773</b>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	18,717	300	19,017	18,443	574
General Supplies	1,500	(1,200)	300	269	31
<b>Total Preschool Disabilities - Part-Time</b>	<b>20,217</b>	<b>(900)</b>	<b>19,317</b>	<b>18,712</b>	<b>605</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

DELAWARE TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 201,490	\$ 20,500	\$ 221,990	\$ 212,628	\$ 9,362
General Supplies	12,300	489	12,789	5,921	6,868
Textbooks	1,000	8,600	9,600	477	9,123
Other Objects	1,000	(500)	500	212	288
<b>Total Basic Skills/Remedial</b>	<b>215,790</b>	<b>29,089</b>	<b>244,879</b>	<b>219,238</b>	<b>25,641</b>
Bilingual Education:					
General Supplies		500	500	50	450
<b>Total Bilingual Education</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>50</b>	<b>450</b>
<b>Total Special Education</b>	<b>972,584</b>	<b>26,389</b>	<b>998,973</b>	<b>963,296</b>	<b>35,677</b>
Other Instructional Programs:					
School-Sponsored Co-Curricular and Extra-Curricular Activities:					
Salaries	31,500	-	31,500	25,837	5,663
Supplies and Materials	5,200		5,200	1,026	4,174
Other Objects	1,000		1,000		1,000
<b>Total School-Sponsored Co-Curricular and Extra-Curricular Activities</b>	<b>37,700</b>	<b>-</b>	<b>37,700</b>	<b>26,863</b>	<b>10,837</b>
School-Sponsored Athletics:					
Salaries	40,123		40,123	37,461	2,662
Purchased Services	12,480	(1,000)	11,480	6,700	4,780
Supplies and Materials	2,000	2,000	4,000	3,996	4
Other Objects	1,500	(533)	967	648	319
<b>Total School-Sponsored Athletics</b>	<b>56,103</b>	<b>467</b>	<b>56,570</b>	<b>48,805</b>	<b>7,765</b>
<b>Total Other Instructional Programs</b>	<b>93,803</b>	<b>467</b>	<b>94,270</b>	<b>75,668</b>	<b>18,602</b>
<b>Total Instruction</b>	<b>3,425,549</b>	<b>32,762</b>	<b>3,458,311</b>	<b>3,372,889</b>	<b>85,422</b>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special Education	12,000	(10,000)	2,000	1,000	1,000
Tuition to Private Schools for the Disabled Within the State	145,300	43,200	188,500	183,945	4,555
<b>Total Instruction</b>	<b>157,300</b>	<b>33,200</b>	<b>190,500</b>	<b>184,945</b>	<b>5,555</b>
Health Services:					
Salaries	63,348	2,800	66,148	65,837	311
Purchased Prof/Tech Services	2,000	(500)	1,500	980	520
Supplies and Materials	2,700	147	2,847	2,218	629
Other Objects	100		100		100
<b>Total Health Services</b>	<b>68,148</b>	<b>2,447</b>	<b>70,595</b>	<b>69,035</b>	<b>1,560</b>
Other Support Services Students - Related Services:					
Salaries	83,161	26,000	109,161	108,276	885
Purchased Prof/Ed Services	40,000		40,000	39,159	841
Supplies and Materials	1,600		1,600	1,319	281
<b>Total Other Support Services Students - Related Services</b>	<b>124,761</b>	<b>26,000</b>	<b>150,761</b>	<b>148,754</b>	<b>2,007</b>
Other Support Services Students - Regular Services:					
Salaries of Other Professional Staff	69,571	1,500	71,071	70,352	719
Supplies and Materials	1,650		1,650	828	822
Other Objects	100		100		100
<b>Total Other Support Services Students - Regular Services</b>	<b>71,321</b>	<b>1,500</b>	<b>72,821</b>	<b>71,180</b>	<b>1,641</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

DELAWARE TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Other Support Services Students - Special Services:					
Salaries of Other Professional Staff	\$ 19,671	\$ 72,000	\$ 91,671	\$ 90,837	\$ 834
Salaries of Secretarial and Clerical Assistants	34,646	(3,500)	31,146	30,681	465
Other Salaries	60,945	17,000	77,945	76,762	1,183
Purchased Prof/Ed Services	60,000	(53,000)	7,000	2,382	4,618
Other Purchased Prof/Tech Services	15,000	735	15,735	9,322	6,413
Miscellaneous Purchased Services	5,000	(500)	4,500	2,195	2,305
Supplies and Materials	1,000		1,000	1,000	-
Other Objects	200		200	164	36
<b>Total Other Support Services Students - Special Services</b>	<b>196,462</b>	<b>32,735</b>	<b>229,197</b>	<b>213,343</b>	<b>15,854</b>
Improvement of Instruction Services:					
Salaries of Other Professional Staff	110,393	(3,700)	106,693	106,657	36
Salaries of Secretarial and Clerical Assistants	12,865	500	13,365	12,941	424
Purchased Prof/Ed Services	15,900		15,900	8,268	7,632
Supplies and Materials	3,000	(1,000)	2,000	780	1,220
<b>Total Improvement of Instruction Services</b>	<b>142,158</b>	<b>(4,200)</b>	<b>137,958</b>	<b>128,646</b>	<b>9,312</b>
Educational Media/Library:					
Salaries	133,502	(3,000)	130,502	130,420	82
Purchased Prof/Tech Services	78,000	16,100	94,100	93,968	132
Other Purchased Services	1,000	400	1,400	1,398	2
Supplies and Materials	23,000	5,411	28,411	28,317	94
Other Objects	500	(250)	250	135	115
<b>Total Educational Media/Library</b>	<b>236,002</b>	<b>18,661</b>	<b>254,663</b>	<b>254,238</b>	<b>425</b>
Instructional Staff Training Services:					
Purchased Prof/Ed Services	15,750	(5,600)	10,150	7,141	3,009
Other Purchased Services	3,500		3,500	830	2,670
Supplies and Materials	3,300	5,600	8,900	8,653	247
Other Objects	500		500		500
<b>Total Instructional Staff Training Services</b>	<b>23,050</b>	<b>-</b>	<b>23,050</b>	<b>16,624</b>	<b>6,426</b>
Support Services General Administration:					
Salaries	148,227	1,000	149,227	149,091	136
Legal Fees	25,000		25,000	22,684	2,316
Audit Fees	15,000		15,000	14,800	200
Other Purchased Professional Fees	20,500	8,800	29,300	28,898	402
Communications/Telephone	35,000	2,116	37,116	36,683	433
Other Purchased Services	23,500	1,009	24,509	20,420	4,089
General Supplies	4,000		4,000	2,137	1,863
BOE In-House Training/Meeting Supplies	2,000		2,000	583	1,417
Miscellaneous Expenditures	5,000	(865)	4,135	4,017	118
BOE Membership Dues and Fees	7,000	1,000	8,000	7,974	26
<b>Total Support Services General Administration</b>	<b>285,227</b>	<b>13,060</b>	<b>298,287</b>	<b>287,287</b>	<b>11,000</b>
Support Services School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	134,774	1,000	135,774	135,723	51
Salaries of Secretarial and Clerical Assistants	55,929	115	56,044	54,700	1,344
Purchased Prof/Tech Services	2,500		2,500	2,278	222
Other Purchased Services	500		500		500
Supplies and Materials	4,920	246	5,166	2,548	2,618
Other Objects	7,250		7,250	4,219	3,031
<b>Total Support Services School Administration</b>	<b>205,873</b>	<b>1,361</b>	<b>207,234</b>	<b>199,468</b>	<b>7,766</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

DELAWARE TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Central Services:					
Salaries	\$ 148,101	\$ 8,000	\$ 156,101	\$ 153,688	\$ 2,413
Purchased Professional Services	2,000		2,000		2,000
Travel	200		200	19	181
Miscellaneous Purchased Services	7,000	5,268	12,268	12,238	30
Supplies and Materials	3,000		3,000	1,018	1,982
Miscellaneous Expenditures	2,000	600	2,600	2,532	68
<b>Total Central Services</b>	<b>162,301</b>	<b>13,868</b>	<b>176,169</b>	<b>169,495</b>	<b>6,674</b>
Required Maintenance for School Facilities:					
Salaries	52,772	7,000	59,772	57,301	2,471
Cleaning, Repair and Maintenance Services	75,000	8,158	83,158	77,313	5,845
General Supplies	15,000	1,914	16,914	16,869	45
Other Objects	1,000	2,419	3,419	2,469	950
<b>Total Required Maintenance for School Facilities</b>	<b>143,772</b>	<b>19,491</b>	<b>163,263</b>	<b>153,952</b>	<b>9,311</b>
Other Operation and Maintenance of Plant Services:					
Salaries	164,181	(10,000)	154,181	145,205	8,976
Cleaning, Repair and Maintenance Services	38,000	(3,859)	34,141	32,808	1,333
Other Purchased Property Services	40,000	4,749	44,749	35,518	9,231
Insurance	25,000	(11,015)	13,985	13,962	23
General Supplies	25,000	(9,000)	16,000	14,899	1,101
Energy (Heat and Electricity)	240,000	(41,250)	198,750	198,732	18
Other Objects	500	1,000	1,500	1,200	300
<b>Total Other Operation and Maintenance of Plant Services</b>	<b>532,681</b>	<b>(69,375)</b>	<b>463,306</b>	<b>442,324</b>	<b>20,982</b>
Student Transportation Services:					
Salaries for Pupil Transportation (B/T Home & School) - Regular	170,594	(28,250)	142,344	142,327	17
Other Purchased Professional and Technical Services	4,000		4,000	3,754	246
Cleaning, Repair and Maintenance Services	55,000	2,200	57,200	57,183	17
Lease Purchased Payments - School Buses	28,000	26,300	54,300	54,243	57
Contracted Services - Aid In Lieu of Payment for Non-public School Students	25,000	(3,700)	21,300	20,786	514
Contracted Services - Transportation (B/T Home & School) - Vendors	1,000		1,000	371	629
Contracted Services - Transport (Other Than B/T Home & School) - Vendors	3,000	1,500	4,500	4,400	100
Contracted Services (Special Ed Students) - Joint Agreements	30,000	(8,300)	21,700	21,653	47
Contracted Services (Special Ed Students) - ESC & CTSA			17,300	17,229	71
Miscellaneous Purchased Services - Transportation	11,000	(2,000)	9,000	8,016	984
Supplies and Materials	32,000	7,000	39,000	38,402	598
Other Objects	1,000	2,500	3,500	3,332	168
<b>Total Student Transportation Services</b>	<b>360,594</b>	<b>14,550</b>	<b>375,144</b>	<b>371,696</b>	<b>3,448</b>
Unallocated Benefits - Employee Benefits:					
Social Security Contribution	100,000	900	100,900	100,810	90
Other Retirement Contributions - Regular	60,000	15,258	75,258	75,217	41
Workmen's Compensation	60,000	(5,900)	54,100	54,087	13
Health Benefits	1,033,000	(113,539)	919,461	919,441	20
Tuition Reimbursement	20,000	14,315	34,315	34,223	92
Other	5,000	22,000	27,000	26,599	401
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>1,278,000</b>	<b>(66,966)</b>	<b>1,211,034</b>	<b>1,210,377</b>	<b>657</b>
On-Behalf TPAF Pension Contributions (Non-Budgeted)				235,044	(235,044)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				279,807	(279,807)
<b>Total Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>514,851</b>	<b>(514,851)</b>
<b>Total Undistributed Expenditures</b>	<b>3,987,650</b>	<b>36,332</b>	<b>4,023,982</b>	<b>4,436,215</b>	<b>(412,233)</b>
<b>Total Expenditures - Current Expenses</b>	<b>7,413,199</b>	<b>69,094</b>	<b>7,482,293</b>	<b>7,809,104</b>	<b>(326,811)</b>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

DELAWARE TOWNSHIP BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
(Continued from Prior Page)					
Capital Outlay:					
Instructional Expenditures (Equipment):					
School-Sponsored Co-Curricular/Extra-Curricular Activities	\$ -	\$ 3,633	\$ 3,633	\$ 3,633	\$ -
Total Instructional Expenditures (Equipment)	-	3,633	3,633	3,633	-
Undistributed Expenditures (Equipment):					
Instruction		29,661	29,661	29,661	-
Operation and Maintenance of Plant Services		24,845	24,845	24,845	-
Other Support Services		20,128	20,128	20,121	7
Total Undistributed Expenditures (Equipment)	-	74,634	74,634	74,627	7
Facilities Acquisition and Construction Services:					
Other Purchased Prof/Tech Services	25,000	45,419	70,419	70,392	27
Construction Services	225,000	143,600	368,600	344,348	24,252
Total Facilities Acquisition and Construction Services	250,000	189,019	439,019	414,740	24,279
Total Capital Outlay	250,000	267,286	517,286	493,000	24,286
Total Expenditures	7,663,199	336,380	7,999,579	8,302,104	(302,525)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(192,326)	(357,240)	(549,566)	(256,402)	293,164
OTHER FINANCING SOURCES:					
Fund Transfers:					
Fund Transfers from Debt Service Fund				63,463	63,463
Total Other Financing Sources	-	-	-	63,463	63,463
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(192,326)	(357,240)	(549,566)	(192,939)	356,627
FUND BALANCES, JULY 1	997,980	-	997,980	997,980	-
FUND BALANCES, JUNE 30	\$ 805,654	\$ (357,240)	\$ 448,414	\$ 805,041	\$ 356,627
RECAPITULATION:					
Reserved For:					
Encumbrances - Current Year				\$ 115,540	
Capital Reserve Account				279,956	
Excess Surplus				66,087	
Unreserved:					
Unreserved Fund Balance				257,882	
Designated Fund Balance				85,576	
				805,041	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(112,657)	
Fund Balance Per Governmental Funds (GAAP)				\$ 692,384	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

DELAWARE TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUE SOURCES:					
Federal	\$ 138,500	\$ 28,472	\$ 166,972	\$ 118,562	\$ (48,410)
Total Revenues	<u>138,500</u>	<u>28,472</u>	<u>166,972</u>	<u>118,562</u>	<u>(48,410)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		20,250	20,250	20,250	-
Other Salaries for Instruction		25,000	25,000	25,000	-
Purchased Prof/Tech Services	92,000	(92,000)	-	-	-
Other Purchased Services		7,000	7,000	7,000	-
General Supplies	6,500	9,149	15,649	15,649	-
Other Objects		837	837	837	-
Total Instruction	<u>98,500</u>	<u>(29,764)</u>	<u>68,736</u>	<u>68,736</u>	<u>-</u>
Support Services:					
Salaries		3,500	3,500	3,500	-
Personal Services - Employee Benefits		7,849	7,849	7,849	-
Purchased Professional Services		20,496	20,496	20,496	-
Other Purchased Prof/Tech Services		10,000	10,000	10,000	-
Other Purchased Services		5,898	5,898	5,898	-
Supplies and Materials	40,000	10,493	50,493	2,083	48,410
Total Support Services	<u>40,000</u>	<u>58,236</u>	<u>98,236</u>	<u>49,826</u>	<u>48,410</u>
Total Expenditures	<u>138,500</u>	<u>28,472</u>	<u>166,972</u>	<u>118,562</u>	<u>48,410</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NOTE TO RSI  
 FISCAL YEAR ENDED JUNE 30, 2009

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	[C-1] \$ 8,045,702	[C-2] \$ 118,562
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized		-
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	57,936	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(112,657)</u>	
Total revenues as reports on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2] \$ <u>7,990,981</u>	[B-2] \$ <u>118,562</u>
<b>Uses/Outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 8,238,641	[C-2] \$ 118,562
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial accounting purposes.		-
Transfers to and from other fund are presented as outflows of budgetary resources but are not expenditures for financial accounting purposes.		
Net Transfers (Outflows) to/from general fund.	<u>63,463</u>	
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ <u>8,302,104</u>	[B-2] \$ <u>118,562</u>

***OTHER SUPPLEMENTARY INFORMATION***

**SECTION E – SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

***Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	NCLB Title I	I.D.E.A. Part B	I.D.E.A. Part B Preschool	NCLB Title II Part A	NCLB Title II Part B	NCLB Title IV	Grand Total
<b>REVENUE SOURCES:</b>							
Federal	\$ 9,922	\$ 91,623	\$ 6,199	\$ 9,898	\$ 83	\$ 837	\$ 118,562
<b>Total Revenues</b>	9,922	91,623	6,199	9,898	83	837	118,562
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers		16,250	4,000				20,250
Other Salaries for Instruction		25,000					25,000
Other Purchased Services		7,000					7,000
General Supplies	9,426	5,024	1,199			837	15,649
Other Objects							837
<b>Total Instruction</b>	9,426	53,274	5,199	-	-	837	68,736
Support Services:							
Salaries		3,500					3,500
Personal Services - Employee Benefits		6,849	1,000				7,849
Purchased Professional Services	496	15,000		5,000			20,496
Purchased Property Services		10,000					10,000
Other Purchased Services		3,000		2,898			5,898
Supplies and Materials				2,000	83		2,083
<b>Total Support Services</b>	496	38,349	1,000	9,898	83	-	49,826
<b>Total Expenditures</b>	9,922	91,623	6,199	9,898	83	837	118,562
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**SECTION F – CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

*The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.*

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>Project Title</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2009</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Construction of Addition to the K-8 School and Related Site Improvements	12/14/1999	\$ -	\$ -	\$ -	\$ -
Total		\$ -	\$ -	\$ -	\$ -

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Revenues and Other Financing Sources:	<u>\$</u>	-
Expenditures and Other Financing Uses:		
Construction Services		<u>31,881</u>
Total Expenditures		<u>31,881</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		(31,881)
Fund Balance - Beginning		<u>31,881</u>
Fund Balance - Ending	<u>\$</u>	<u>-</u>

**SECTION G – PROPRIETARY FUND  
DETAIL STATEMENTS**

*Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.*

*Food Services Fund – This fund provides for the operation of food services in all schools within the school district.*

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5, AND B-6.**

**SECTION H – FIDUCIARY FUNDS  
DETAIL STATEMENTS**

***Fiduciary Funds are used to account for funds received by the school district for a specific purpose.***

***Unemployment Insurance Compensation Trust Fund – This expendable trust fund is used to account for deductions from employee’s salaries which are utilized to pay unemployment compensation claims as they arise.***

***Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.***

***Student Activity Fund – This agency fund is used to account for student funds held at the schools.***

***Payroll Agency Fund – This agency fund is used to account for the payroll transactions of the school district.***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AS OF JUNE 30, 2009

	Trust			Agency			Total Agency Fund
	Unemployment Compensation Insurance	Flexible Spending Account	Total Trust Fund	Student Activities	Payroll Agency	Net Payroll	
ASSETS:							
Cash and Cash Equivalents	\$ 178,326	\$ 4,752	\$ 183,078	\$ 13,733	\$ 24	\$ 31	\$ 13,788
Total Assets	178,326	4,752	183,078	13,733	24	31	13,788
LIABILITIES:							
Interfund Accounts Payable				\$ -	\$ 24	\$ -	\$ 24
Accrued Salaries and Benefits Due to Student Groups				13,733		31	31
Total Liabilities	-	-	-	13,733	24	31	13,788
NET ASSETS:							
Reserved Net Assets	178,326	4,752	183,078				
Total Net Assets	\$ 178,326	\$ 4,752	\$ 183,078				

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 TRUST FUND  
 FOR FISCAL YEAR ENDED JUNE 30, 2009

	Unemployment Compensation Insurance	Flexible Spending Account	Total Trusts
ADDITIONS:			
Contributions	\$ 8,321	\$ 25,743	\$ 34,064
Total Additions	<u>8,321</u>	<u>25,743</u>	<u>34,064</u>
DEDUCTIONS:			
Payment of Claims	-		-
Funding Payments		19,632	19,632
Miscellaneous Expenses		1,359	1,359
Total Deductions	<u>-</u>	<u>20,991</u>	<u>20,991</u>
CHANGE IN NET ASSETS	8,321	4,752	13,073
NET ASSETS - BEGINNING OF THE YEAR	<u>170,005</u>	<u>-</u>	<u>170,005</u>
NET ASSETS - END OF THE YEAR	<u>\$ 178,326</u>	<u>\$ 4,752</u>	<u>\$ 183,078</u>

DELAWARE TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Balance July 1, 2008</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2009</u>
Elementary Schools	<u>\$ 15,188</u>	<u>\$ 51,491</u>	<u>\$ 52,946</u>	<u>\$ 13,733</u>
Total	<u><u>\$ 15,188</u></u>	<u><u>\$ 51,491</u></u>	<u><u>\$ 52,946</u></u>	<u><u>\$ 13,733</u></u>

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 FIDUCIARY FUNDS  
 PAYROLL AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 30,012	\$ 2,178,231	\$ 2,208,219	\$ 24
Interfund Accounts Receivable	85	-	85	-
<b>Total Assets</b>	<b>\$ 30,097</b>	<b>\$ 2,178,231</b>	<b>\$ 2,208,304</b>	<b>\$ 24</b>
<b>LIABILITIES:</b>				
Interfund Accounts Payable	\$ -	\$ 24	\$ -	\$ 24
Payroll Deductions and Withholdings	30,097	2,178,207	2,208,304	-
<b>Total Liabilities</b>	<b>\$ 30,097</b>	<b>\$ 2,178,231</b>	<b>\$ 2,208,304</b>	<b>\$ 24</b>

**SECTION I – LONG-TERM DEBT SCHEDULES**

***The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF SERIAL BONDS  
 AS OF JUNE 30, 2009

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance	
						June 30, 2008	June 30, 2009
School Addition and Alterations	8/18/1993	\$ 1,450,000	7/15/02-2013	\$ 76,316	1.5%	\$ 457,895	\$ 381,579
School Addition and Alterations	8/18/1993	1,450,000	7/15/02-2013	Various	5.288%	580,647	493,682
School Addition and Alterations	7/1/2001	4,049,000	1/15/03-11/15/21	Various	4.90%	3,697,000	-
School Addition and Alterations	7/1/2005	3,750,000	7/1/05-1/15/21	Various	3.50%	3,750,000	3,750,000
<b>Total</b>						<b>\$ 8,485,542</b>	<b>\$ 4,625,261</b>

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 AS OF JUNE 30, 2009

Series	Amount of Issue	Interest Rate	Balance July 1, 2008	Current Year Addition	Current Year Retired	Balance June 30, 2009
Two 54 Passenger Busses	\$ 58,911	4.58%	\$ 12,967	\$ -	\$ 12,967	\$ -
Total			<u>\$ 12,967</u>	<u>\$ -</u>	<u>\$ 12,967</u>	<u>\$ -</u>

DELAWARE TOWNSHIP BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 456,733	\$ -	\$ 456,733	\$ 456,733	\$ -
Interest on Investments				137,120	137,120
<b>Total Revenues</b>	<b>456,733</b>	<b>-</b>	<b>456,733</b>	<b>593,853</b>	<b>137,120</b>
<b>EXPENDITURES:</b>					
Debt Service - Regular					
Interest	371,221		371,221	371,221	-
Redemption of Principal	263,280	3,597,000	3,860,280	3,860,280	-
<b>Total Expenditures</b>	<b>634,501</b>	<b>3,597,000</b>	<b>4,231,501</b>	<b>4,231,501</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(177,768)	(3,597,000)	(3,774,768)	(3,637,648)	137,120
<b>OTHER FINANCING USES:</b>					
Operating Transfer Out				63,463	63,463
<b>Total Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,463</b>	<b>63,463</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures And Other Financing Uses	(177,768)	(3,597,000)	(3,774,768)	(3,701,111)	73,657
<b>FUND BALANCE, JULY 1</b>	<b>3,701,111</b>	<b>-</b>	<b>3,701,111</b>	<b>3,701,111</b>	<b>-</b>
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 3,523,343</b>	<b>\$ (3,597,000)</b>	<b>\$ (73,657)</b>	<b>\$ -</b>	<b>\$ 73,657</b>

**STATISTICAL SECTION (UNAUDITED)**

***GASB requires that ten years of statistical data be presented. The following information is presented utilizing information available. Each year thereafter, an additional year's data will be included until ten years of data is presented.***

**Contents**

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

**Operating Information**

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

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.*

***FINANCIAL TRENDS***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
NET ASSETS BY COMPONENT  
LAST SIX FISCAL YEARS  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,					
	2009	2008	2007	2006	2005	2004
<b>Governmental Activities</b>						
Invested in capital assets, net of related debt	\$ 6,137,965	\$ 2,448,553	\$ 920,042	\$ 3,235,539	\$ 3,117,280	\$ (3,449,498)
Restricted	547,159	4,475,545	4,410,797	1,461,280	832,683	215,075
Unrestricted	60,121	26,031	196,828	78,182	62,916	192,936
<b>Total Governmental Activities Net Assets</b>	<b>\$ 6,745,245</b>	<b>\$ 6,950,129</b>	<b>\$ 5,527,667</b>	<b>\$ 4,775,001</b>	<b>\$ 4,012,879</b>	<b>\$ (3,041,487)</b>
<b>Business-Type Activities</b>						
Invested in capital assets, net of related debt	\$ 59,556	\$ 67,973	\$ 76,390	\$ 84,807	\$ 93,224	\$ 101,641
Restricted	-	-	-	-	-	-
Unrestricted	17,192	19,411	11,502	17,098	25,608	10,283
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 76,748</b>	<b>\$ 87,384</b>	<b>\$ 87,892</b>	<b>\$ 101,905</b>	<b>\$ 118,832</b>	<b>\$ 111,924</b>
<b>District-wide</b>						
Invested in capital assets, net of related debt	\$ 6,197,521	\$ 2,516,526	\$ 996,432	\$ 3,320,346	\$ 3,210,504	\$ (3,347,857)
Restricted	547,159	4,475,545	4,410,797	1,461,280	832,683	215,075
Unrestricted	77,313	45,442	208,330	95,280	88,524	203,219
<b>Total District-wide Net Assets</b>	<b>\$ 6,821,993</b>	<b>\$ 7,037,513</b>	<b>\$ 5,615,559</b>	<b>\$ 4,876,906</b>	<b>\$ 4,131,711</b>	<b>\$ (2,929,563)</b>

DELAWARE TOWNSHIP BOARD OF EDUCATION  
CHANGES IN NET ASSETS  
LAST SIX FISCAL YEARS  
(*accrual basis of accounting*)

	Fiscal Year Ending June 30,					
	2009	2008	2007	2006	2005	2004
<b>Expenses</b>						
Governmental Activities:						
Instruction:						
Regular	\$ 3,448,415	\$ 3,509,160	\$ 3,444,849	\$ 3,122,564	\$ 3,068,021	\$ 2,742,926
Special Education	1,011,913	1,054,973	815,604	756,576	519,357	640,677
Other Special Education	296,418	283,058	328,312	262,142	214,026	210,318
Other Instruction	98,629	168,231	85,244	71,974	68,984	63,185
Support Services:						
Tuition	184,945	73,527	57,738	11,743	10,346	56,865
Student and Instruction Related Services	1,203,725	1,137,694	1,098,492	847,391	753,928	884,182
General and Business Administration Services	554,574	482,857	456,692	407,824	408,812	678,765
School Administrative Services	268,544	272,169	146,014	119,521	221,205	240,156
Plant Operations and Maintenance	828,280	853,707	674,431	607,477	561,092	520,493
Pupil Transportation	456,409	499,934	418,742	469,429	405,103	458,014
Capital Outlay	245,230	69,944	61,741	491,039	60,130	304,500
Interest on Long-Term Debt	284,865	378,735	386,326	390,018	115,598	401,995
Unallocated Depreciation	26,333	17,456	27,698	322,316	7,739	-
Total Governmental Activities Expenses	8,908,280	8,801,445	8,001,883	7,880,014	6,414,341	7,202,076
Business-Type Activities:						
Food Service	136,325	141,027	148,040	150,221	115,239	140,049
Total Business-Type Activities Expenses	136,325	141,027	148,040	150,221	115,239	140,049
Total District Expenses	\$ 9,044,605	\$ 8,942,472	\$ 8,149,923	\$ 8,030,235	\$ 6,529,580	\$ 7,342,125
<b>Program Revenues</b>						
Governmental Activities:						
Charges for Services	\$ 34,375	\$ 20,800	\$ 14,500	\$ -	\$ -	\$ 3,147
Operating Grants and Contributions	371,822	428,584	429,118	430,820	406,210	429,187
Capital Grants and Contributions	-	-	-	-	-	-
Total Governmental Activities Expenses	406,197	449,384	443,618	430,820	406,210	432,334

DELAWARE TOWNSHIP BOARD OF EDUCATION  
CHANGES IN NET ASSETS  
LAST SIX FISCAL YEARS  
(*accrual basis of accounting*)

	Fiscal Year Ending June 30,					
	2009	2008	2007	2006	2005	2004
<b>Business-Type Activities:</b>						
Charges for Services	\$ 111,637	\$ 124,746	\$ 116,552	\$ 120,156	\$ 108,061	\$ 120,217
Operating Grants and Contributions	14,052	15,773	17,475	13,138	14,086	9,312
Capital Grants and Contributions	-	-	-	-	-	-
Total Business-Type Activities Expenses	125,689	140,519	134,027	133,294	122,147	129,529
Total District Program Revenues	\$ 531,886	\$ 589,903	\$ 577,645	\$ 564,114	\$ 528,357	\$ 561,863
<b>Net (Expense)/Revenue</b>						
Governmental Activities	\$ (8,502,083)	\$ (8,352,061)	\$ (7,558,265)	\$ (7,449,194)	\$ (6,008,131)	\$ (6,769,742)
Business-Type Activities	(10,636)	(508)	(14,013)	(16,927)	6,908	(10,520)
Total District-wide Net Expense	\$ (8,512,719)	\$ (8,352,569)	\$ (7,572,278)	\$ (7,466,121)	\$ (6,001,223)	\$ (6,780,262)
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental Activities:						
Property Taxes Levied For:						
General Purposes	\$ 6,276,426	\$ 6,035,994	\$ 6,035,994	\$ 6,071,925	\$ 5,408,530	\$ 4,927,732
Debt Service	456,733	396,379	425,212	474,005	324,197	445,358
Federal and State Aid Not Restricted	1,370,057	1,690,851	1,637,196	1,348,191	1,168,508	1,382,702
Investment Earnings	160,014	195,302	203,901	215,933	9,994	3,214
Bond Proceeds	-	-	-	70,875	-	-
Miscellaneous Income	33,969	10,402	8,628	30,387	1,131	79,489
Total Governmental Activities	8,297,199	8,328,928	8,310,931	8,211,316	6,912,360	6,838,495
Business-Type Activities:						
Miscellaneous Income	-	-	-	-	-	1,521
Total Business-Type Activities	-	-	-	-	-	1,521
Total District-wide	\$ 8,297,199	\$ 8,328,928	\$ 8,310,931	\$ 8,211,316	\$ 6,912,360	\$ 6,840,016
<b>Change in Net Assets</b>						
Governmental Activities	\$ (204,884)	\$ (23,133)	\$ 752,666	\$ 762,122	\$ 904,229	\$ 68,753
Business-Type Activities	(10,636)	(508)	(14,013)	(16,927)	6,908	(8,999)
Total District	\$ (215,520)	\$ (23,641)	\$ 738,653	\$ 745,195	\$ 911,137	\$ 59,754

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 LAST SEVEN FISCAL YEARS  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,						
	2009	2008	2007	2006	2005	2004	2003
General Fund							
Reserved	\$ 547,159	\$ 742,553	\$ 641,732	\$ 1,429,150	\$ 853,541	\$ 198,301	\$ 213,101
Unreserved	145,225	197,491	196,828	78,182	62,916	192,936	317,815
Total General Fund	\$ 692,384	\$ 940,044	\$ 838,560	\$ 1,507,332	\$ 916,457	\$ 391,237	\$ 530,916
All Other Governmental Funds							
Reserved	\$ -	\$ 3,701,111	\$ 3,750,000	\$ 3,750,000	\$ -	\$ -	\$ 8,257
Unreserved, Reported In:							
Capital Projects Fund	-	31,881	-	(48,862)	(48,862)	(49,229)	1,659,094
Debt Service Fund	-	-	19,065	80,992	28,004	66,003	40,747
Total All Other Governmental Funds	\$ -	\$ 3,732,992	\$ 3,769,065	\$ 3,782,130	\$ (20,858)	\$ 16,774	\$ 1,708,098

DELAWARE TOWNSHIP BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST SIX FISCAL YEARS  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>						
Local Sources:						
Local Tax Levy	\$ 6,733,159	\$ 6,432,373	\$ 6,461,206	\$ 6,545,930	\$ 5,732,727	\$ 5,373,090
Tuition	34,375	20,800	14,500	-	-	3,147
Interest In Investments	160,014	195,302	203,901	215,933	9,994	3,214
Miscellaneous	33,969	10,402	8,628	30,387	-	79,489
Intermediate Sources	-	-	-	-	1,131	-
State Sources	1,623,317	1,932,374	1,849,198	1,657,403	1,457,545	1,614,281
Federal Sources	118,562	187,061	217,116	121,608	117,173	197,608
<b>Total Revenues</b>	<b>8,703,396</b>	<b>8,778,312</b>	<b>8,754,549</b>	<b>8,571,261</b>	<b>7,318,570</b>	<b>7,270,829</b>
<b>Expenditures:</b>						
Instruction:						
Regular	2,402,661	2,336,310	2,346,913	2,263,313	2,139,749	2,039,340
Special Education	744,008	743,445	580,443	537,965	387,621	487,404
Other Special Education	219,288	202,322	235,800	186,650	159,389	161,288
Other Instruction	75,668	128,553	63,964	53,851	53,007	50,161
Support Services:						
Tuition	184,945	73,527	57,738	11,743	10,346	56,865
Student and Instructional Related Services	951,646	919,320	849,620	642,898	582,320	720,572
General and Business Administration Services	456,782	439,463	445,414	462,875	474,335	483,925
School Administrative Services	199,468	193,873	105,838	85,362	168,165	189,150
Plant Operations and Maintenance	596,276	633,856	563,709	507,289	484,335	452,912
Pupil Transportation	371,696	360,142	291,102	392,387	285,872	352,948
Employee Benefits	1,725,228	1,956,807	1,794,024	1,672,762	1,333,275	1,244,342
Capital Outlay	524,881	194,405	1,474,731	508,985	390,372	2,442,823
Debt Service:						
Interest and Other Charges	371,221	381,281	390,670	322,716	121,166	257,622
Principal	3,860,280	249,751	236,420	261,497	241,030	162,480
Bond Issuance Costs	-	-	-	87,980	-	-
<b>Total Expenditures</b>	<b>12,684,048</b>	<b>8,813,055</b>	<b>9,436,386</b>	<b>7,998,273</b>	<b>6,830,982</b>	<b>9,101,832</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(3,980,652)</b>	<b>(34,743)</b>	<b>(681,837)</b>	<b>572,988</b>	<b>487,588</b>	<b>(1,831,003)</b>

DELAWARE TOWNSHIP BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST SIX FISCAL YEARS  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	2009	2008	2007	2006	2005	2004
<b>Other Financing Sources (Uses):</b>						
Transfers In	\$ 63,463	\$ 77,606	\$ 48,862	\$ -	\$ 50,000	86,014
Transfers Out	(63,463)	(77,606)	(48,862)	-	(50,000)	(86,014)
Proceeds of Refunding Bonds	-	-	-	3,820,875	-	-
Total Other Financing Sources (Uses)	-	-	-	3,820,875	-	-
Net Change in Fund Balance	\$ (3,980,652)	\$ (34,743)	\$ (681,837)	\$ 4,393,863	\$ 487,588	\$ (1,831,003)
Debt service as a percentage of noncapital expenditures	34.80%	7.32%	7.88%	8.98%	5.62%	6.31%

**Source: District records**

Note: Noncapital expenditures are total expenditures less capital outlay.  
Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.  
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
 LAST SIX FISCAL YEARS  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	Miscellaneous Revenue
2009	\$ 33,969
2008	10,402
2007	8,628
2006	30,387
2005	-
2004	79,489

Source: District records

***REVENUE CAPACITY***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Year Ended June 30,	Total Total Assessed Value	Less: Tax Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2009	\$ 903,131,420	N/A	N/A	\$ 903,131,420	\$ 1,002,365,616	N/A
2008	896,606,420	N/A	N/A	896,606,420	1,041,475,688	N/A
2007	891,389,319	N/A	N/A	891,389,319	1,049,784,418	N/A
2006	888,197,519	N/A	N/A	888,197,519	920,327,151	N/A
2005	876,960,532	N/A	N/A	876,960,532	849,033,654	N/A
2004	732,200,010	N/A	N/A	732,200,010	740,212,083	N/A
2003	722,512,441	N/A	N/A	722,512,441	689,983,815	N/A
2002	608,547,042	N/A	N/A	608,547,042	659,498,905	N/A
2001	562,845,773	N/A	N/A	562,845,773	585,687,589	N/A
2000	412,008,687	N/A	N/A	412,008,687	493,069,276	N/A

**Source: Municipal Tax Assessor**

**Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

**a** Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

**b** Tax rates are per \$100

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(rate per \$100 of assessed value)

Year Ended December 31,	Delaware School District Direct Rate			Overlapping Rates		
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	(From J-6) Total Direct School Tax Rate	Municipality of Delaware	Hunterdon County	Total Direct and Overlapping Tax Rate
2008	N/A	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A

**Source: Municipal Tax Collector**

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

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

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

**From Old J-5:**

ASSESSMENT YEAR	DELAWARE TOWNSHIP SCHOOL DISTRICT	DELAWARE TOWNSHIP	MUNICIPAL OPEN SPACE	COUNTY OPEN SPACE	HUNTERDON CENTRAL REGIONAL HIGH SCHOOL	COUNTY	COUNTY LIBRARY	Total
2009	0.806	0.232	0.059	0.034	0.581	0.321	0.027	2.06
2008	0.781	0.233	0.060	0.036	0.595	0.325	0.029	2.06
2007	0.767	0.222	0.060	0.036	0.598	0.328	0.029	2.04
2006	0.692	0.206	0.034	0.031	0.581	0.309	0.026	1.88
2005	0.688	0.179	0.040	0.030	0.534	0.308	0.025	1.80
2004	0.775	0.174	0.040	0.027	0.594	0.352	0.030	1.99
2003	0.736	0.162	0.041	0.028	0.548	0.354	0.026	1.90
2002	0.808	0.180	0.021	0.033	0.591	0.422	0.035	2.09
2001	0.733	0.164	0.021	0.032	0.603	0.414	0.033	2.00
2000	0.896	0.214	0.021	0.036	0.769	0.483	0.041	2.46

**Source: Municipal Audits**

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND SEVEN YEARS AGO

Taxpayer	Taxed Assessed Value	
	2009	2003
Texas Eastern Transmission Corp.	\$ 3,984,900	\$ 2,590,000
Trap Rock Industries, Inc.	3,750,800	3,497,000
Cane Poultry Farm, Inc.	3,031,500	2,452,400
Hendersen, Jane E.	-	2,617,400
Locandro, Roger & Holly	2,537,100	-
Befeler, David & Sheila Buchblinder	2,322,000	2,430,000
Feary, Vaughan M.	2,257,600	-
Tulach Mhoir LLC	2,023,000	2,598,800
Hullin, Tod R. & Susan L.	1,946,500	1,648,800
Davis, Ott H. &Carolyn K.	-	1,832,200
Kean, Stewart	-	1,644,200
Skeuse-Hart, Carol	-	1,611,300
To, Choshi; Alex & Anthony Chell	1,877,300	-
Brook Hollow Farms of Sergeantsville LLC	1,759,100	-
<b>Total</b>	<b>\$ 25,489,800</b>	<b>\$ 22,922,100</b>

**Source:** Municipal Tax Assessor

DELAWARE TOWNSHIP BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 18,647,744	\$ 18,440,908	98.89%	N/A
2007	18,369,999	18,160,970	98.86%	N/A
2006	16,943,988	16,706,439	98.60%	N/A
2005	15,957,364	15,687,428	98.31%	N/A
2004	14,828,137	14,687,428	99.05%	N/A
2003	13,709,091	13,644,425	99.53%	N/A
2002	13,077,781	12,871,588	98.42%	N/A
2001	11,418,691	11,065,339	96.91%	N/A
2000	10,419,234	10,224,790	98.13%	N/A
1999	9,216,146	9,029,384	97.97%	N/A

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

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

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

*DEBT CAPACITY*

DELAWARE TOWNSHIP BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST SEVEN FISCAL YEARS

Fiscal Year Ended June 30,	Governmental Activities				Bond Anticipation Notes (BANS)		Business-Type Activities		Percentage of Personal Income <sup>a</sup>		Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Capital Leases	Capital Leases	Capital Leases	Total District	Personal Income <sup>a</sup>	0.00%	0.00%	
2009	\$ 4,625,261	\$ -	\$ -	\$ -	\$ -	\$ -	4,625,261	0.00%	0.00%	\$ -	
2008	8,485,542	-	12,967	-	-	-	8,498,509	0.00%	0.00%	-	
2007	8,735,293	-	25,885	-	-	-	8,761,178	0.00%	0.00%	-	
2006	8,971,713	-	54,726	-	-	-	9,026,439	0.00%	0.00%	-	
2005	5,483,210	-	102,194	-	-	-	5,585,404	0.00%	0.00%	-	
2004	5,620,222	-	162,322	-	-	-	5,782,544	0.00%	0.00%	-	
2003	5,782,703	-	193,213	-	-	-	5,975,916	0.00%	0.00%	-	

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

- a** See J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding.

DELAWARE TOWNSHIP BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST SEVEN FISCAL YEARS

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>a</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 4,625,261	\$ -	\$ 4,625,261	0.44%	\$ -
2008	8,485,542	-	8,485,542	0.81%	-
2007	8,735,293	-	8,735,293	0.95%	-
2006	8,971,713	-	8,971,713	1.06%	-
2005	5,483,210	-	5,483,210	0.74%	-
2004	5,620,222	-	5,620,222	0.81%	-
2003	5,782,703	-	5,782,703	0.88%	-

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

**a** See J-6 for property tax data.

**b** Population data can be found in J-14.

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 AS OF JUNE 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Delaware Township Municipality	\$ 8,748,881	0.860%	\$ 75,240
Hunterdon County General Obligation Debt	N/A	0.000%	N/A
Other Debt			
Municipal Water Authority - Delaware township District's Share	N/A	0.000%	<u>N/A</u>
Subtotal, Overlapping Debt			75,240
<b>Delaware Township District Direct Debt</b>			<u>N/A</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 75,240</u></u>

**Source:** Assessed value data used to estimate applicable percentages provided by the Hunterdon County Board of Taxation.

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

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST SEVEN FISCAL YEARS

**Legal Debt Margin Calculation for Fiscal Year 2009**

Equalized Valuation Basis	
2009	\$ 904,532,341
2008	956,415,895
2007	1,033,598,049
	\$ 2,894,546,285
Average Equalized Valuation of Taxable Property \$ 964,848,762	
Debt Limit (4% of Average Equalization Value) 38,593,950 <b>a</b>	
Total Net Debt Applicable To Limit 4,625,261	
Legal Debt Margin \$ 33,968,689	

	2009	2008	2007	2006	2005	2004	2003
Debt Limit	\$ 38,593,950	\$ 39,413,678	\$ 24,593,154	\$ 22,110,313	\$ 16,031,030	\$ 21,514,240	\$ 16,060,465
Total Net Debt Applicable to Limit	4,625,261	8,485,542	8,735,293	8,971,713	5,483,210	5,620,222	5,782,703
Legal Debt Margin	\$ 33,968,689	\$ 30,928,136	\$ 15,857,861	\$ 13,138,600	\$ 10,547,820	\$ 15,894,018	\$ 10,277,762
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	11.98%	21.53%	35.52%	40.58%	34.20%	26.12%	36.01%

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

**a** Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

***DEMOGRAPHIC AND ECONOMIC INFORMATION***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2009	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	3.10%
2003	4,669	N/A	N/A	3.70%
2002	4,622	N/A	N/A	3.50%
2001	4,585	N/A	N/A	2.10%
2000	4,478	N/A	\$ 51,018	1.60%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

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

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND NINE YEARS AGO

Employer	2009			2000		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment
Company	N/A		N/A	N/A		N/A
Individual	N/A		N/A	N/A		N/A
	-		0.00%	-		0.00%

Source: \_\_\_\_\_

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

***OPERATING INFORMATION***

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

Function/Program	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Instruction:										
Regular	36	36	34	N/A						
Special Education	8	6	6	N/A						
Other Special Education	4	3	3	N/A						
Other Instruction	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Support Services:										
Tuition	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Student and Instruction Related Services	14	9	8	N/A						
General and Business Administration Services	4	4	4	N/A						
School Administrative Services	3	3	3	N/A						
Plant Operations and Maintenance	5	5	6	N/A						
Pupil Transportation	8	8	10	N/A						
Special Schools	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Food Service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>82</b>	<b>74</b>	<b>74</b>	-	-	-	-	-	-	-

**Source:** District Personnel Records

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST SEVEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	Percent Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2009	458	\$ 7,927,666	\$ 17,309	4.02%	48	1:18	N/A	N/A	458	439	-4.80%	95.85%
2008	480	7,987,618	16,641	9.36%	45	1:18	N/A	N/A	480	458	-0.42%	95.42%
2007	482	7,334,565	15,217	13.84%	43	1:19	N/A	N/A	482	N/A	-5.81%	0.00%
2006	510	6,817,095	13,367	15.01%	86	1:19	N/A	N/A	510	N/A	-2.55%	0.00%
2005	523	6,078,414	11,622	-2.39%	89	1:10	N/A	N/A	523	500	-0.19%	95.60%
2004	524	6,238,907	11,906	9.33%	83	1:10	N/A	N/A	524	497	-0.76%	94.85%
2003	528	5,750,006	10,890	9.27%	83	1:10	N/A	N/A	528	504	-0.19%	95.45%

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 certified staff.

c Average daily enrollment and average daily attendance are obtained from School Register Summary (SRS).

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>District Building</b>										
<u>Elementary</u>										
Name of School (Year)										
Square Feet	91,575	91,575	91,575	91,575	91,575	91,575	91,575	91,575	91,575	69,925
Capacity (students)	620	620	620	620	620	620	620	620	620	482
Enrollment	458	480	482	510	523	524	528	N/A	N/A	N/A
<u>Other</u>										
Name of Building (Year)	N/A									
Square Feet										

Number of Schools at June 30, 2009

Elementary = 1

Other = \_\_\_\_\_

**Source: District Facilities Office**

Note: Increases in square footage and capacity are the result of and additions.

Enrollment is based on the annual October District count.

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
 SCHEDULE OF REQUIRED MAINTENANCE  
 LAST SEVEN FISCAL YEARS

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

* School Facilities	Project # (s)	2009	2008	2007	2006	2005	2004	2003
Delaware Township	N/A	\$ 153,952	\$ 173,875	\$ 186,635	\$ 171,734	\$ 161,199	\$ 166,764	\$ 120,676
Other		-	-	-	-	-	-	-
<b>Grand Total</b>		<b>\$ 153,952</b>	<b>\$ 173,875</b>	<b>\$ 186,635</b>	<b>\$ 171,734</b>	<b>\$ 161,199</b>	<b>\$ 166,764</b>	<b>\$ 120,676</b>

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

Source: District records

DELAWARE TOWNSHIP BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2009  
UNAUDITED

<u>Bonds</u>	School Alliance Insurance Fund
Custodian of School Monies	175,000 *
Business Administrator/School Board Secretary	175,000 *
<u>Joint Insurance Package Policy</u>	School Alliance Insurance Fund
<b>Property:</b>	
Buildings, Contents, Boiler and Machinery, Extra Expense, Valuable Papers, Property in Transit, EDP Equipment/Media	1,000,000,000 *
Newly Acquired Property	5,000,000
Builders Risk	5,000,000
Contractors Mobile - Equipment	5,000,000
Unnamed Locations	5,000,000
Earthquake/Flood (\$100,000,000 Fund Aggregate)	10,000,000
Fine Arts	200,000
Loss of Rents	200,000
Accounts Receivable	200,000
<b>Comprehensive General and Automobile Liability:</b>	
Comprehensive General Liability	5,000,000
Employee Benefit Liability	5,000,000
Business Automobile Liability	5,000,000
Worker's Compensation	Statutory Limits
Supplemental Worker's Compensation*	Compensation Difference
School Board Legal Liability	\$ 5,000,000 / \$ 5,000,000*
Excess Liability*	5,000,000
Pollution Liability*	1,000,000

\*Changes in Prior Coverage

***SINGLE AUDIT SECTION***

**BARRE & COMPANY**  
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K-1  
Page 1

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

Honorable President and  
Members of the School District  
Delaware Township Board of Education  
County of Hunterdon  
Sergeantsville, New Jersey

We have audited the financial statements of the School District of Delaware Township Board of Education, in the County of Hunterdon, State of New Jersey, as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated September 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Delaware Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Delaware Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Delaware Township Board of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than

a remote likelihood that a misstatement of that entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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

(We noted certain matters that we reported to the Delaware Township Board of Education School District in a separate entitled, *Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance* dated September 16, 2009.)

This report is intended solely for the information and use of the audit committee, management, the Delaware Township Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Richard M. Barre  
Licensed Public School Accountant  
No. CS-01181  
Barre & Company, CPA's

September 16, 2009

**BARRE & COMPANY**  
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K-2  
Page 1

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and  
Members of the School District  
Delaware Township Board of Education  
County of Hunterdon  
Sergeantsville, New Jersey

**Compliance**

We have audited the compliance of the School District of the Delaware Township Board of Education, in the County of Hunterdon, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended June 30, 2009. Delaware Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Delaware Township Board of Education's management. Our responsibility is to express an opinion on Delaware Township Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*

Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Delaware Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Delaware Township Board of Education's compliance with those requirements.

In our opinion, the School District of the Delaware Township Board of Education, in County of Hunterdon, State of Sergeantsville New Jersey, complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, and which are described in the accompanying schedule of findings and questioned costs as items.

### **Internal Control Over Compliance**

The management of the School District of the Delaware Township Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Delaware Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Delaware Township Board of Education's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Delaware Township Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Delaware Township Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Delaware Township Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Richard M. Barre  
Licensed Public School Accountant  
No. CS-01181  
Barre & Company, CPA's

September 16, 2009

DELAWARE TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE, 30, 2009

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment Of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2009	
				From	To							Deferred Revenue	Due to Grantor
<b>U.S. Department of Education</b>													
<b>Passed-through State Department of Education</b>													
Special Revenue Fund:													
Title I Part A	84.010A	NCLB104009	\$ 9,922	9/1/08	8/31/09	-	9,922	(9,922)	-	-	-	-	-
Title II Part A NCLB	84.367A	NCLB104009	9,888	9/1/08	8/31/09	-	9,888	(9,888)	-	-	-	-	-
Title II Part D NCLB	84.318X	NCLB104009	83	9/1/08	8/31/09	-	83	(83)	-	-	-	-	-
Title IV	84.784	NCLB104009	837	9/1/08	8/31/09	-	837	(837)	-	-	-	-	-
I.D.E.A. Part B, Basic	84.027	IDEA104009	91,623	9/1/08	8/31/09	-	91,623	(91,623)	-	-	-	-	-
I.D.E.A. Part B, Preschool	84.173	IDEA104009	6,199	9/1/08	8/31/09	-	6,199	(6,199)	-	-	-	-	-
REAP Grant	84.358A	S358A081830	48,410	9/1/08	8/31/09	-	-	-	-	-	-	-	-
Total Special Revenue Fund						-	118,562	(118,562)	-	-	-	-	-
<b>U.S. Department of Agriculture</b>													
<b>Passed-through State Department of Education</b>													
Enterprise Fund:													
National School Lunch Program	10.555	N/A	12,694	7/1/08	6/30/09	-	11,750	(12,694)	-	-	(944)	-	-
National School Lunch Program	10.555	N/A	14,206	7/1/07	6/30/08	-	737	-	-	-	-	-	-
Total U.S. Department of Agriculture						-	12,487	(12,694)	-	-	(944)	-	-
Total Federal Financial Assistance						-	131,049	(131,256)	-	-	(944)	-	-

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

DELAWARE TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

State Grantor/Program Title	Grant Number	Program or Award Amount	Grant Period		Balance at June 30, 2008			Balance at June 30, 2009			MEMO				
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	(Accounts Receivable)	Interfund Payable/ Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>															
General Fund:															
Additional Formula Aid	08-100-034-5120-068	\$ 66,637	7/1/07	6/30/08	\$ (1,738)	\$ -	\$ 1,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation Aid	09-495-034-5120-014	135,123	7/1/08	6/30/09	(9,270)	-	122,267	(135,123)	-	(12,856)	-	-	-	12,856	135,123
Transportation Aid	08-495-034-5120-014	176,568	7/1/07	6/30/08	-	-	9,270	-	-	-	-	-	-	-	-
Special Education Aid	09-495-034-5120-011	251,465	7/1/08	6/30/09	(12,746)	-	227,539	(251,465)	-	(23,926)	-	-	-	23,926	251,465
Special Education Aid	08-495-034-5120-011	249,115	7/1/07	6/30/08	(31,285)	-	12,746	-	-	-	-	-	-	-	-
Stabilization Aid	08-495-034-5120-030	806,525	7/1/07	6/30/08	-	-	31,285	-	-	-	-	-	-	-	-
Security Aid	09-495-034-5120-084	34,062	7/1/08	6/30/09	(2,897)	-	30,821	(34,062)	-	(3,241)	-	-	-	3,241	34,062
Adjustment Aid	09-495-034-5120-085	763,397	7/1/08	6/30/09	-	-	662,021	(734,655)	-	(72,634)	-	-	-	101,376	734,655
Consolidated Aid	08-495-034-5120-057	58,481	7/1/07	6/30/08	-	-	2,897	-	-	(7,882)	-	-	-	7,882	7,882
Other State Aid	09-495-034-5120-057	7,882	7/1/08	6/30/09	-	-	235,044	(235,044)	-	-	-	-	-	-	235,044
On-Behalf TPAF Pension Contributions	09-495-034-5095-001	235,044	7/1/08	6/30/09	-	-	279,807	(279,807)	-	-	-	-	-	-	279,807
Reimbursed TPAF Social Security Contributions	09-495-034-5095-002	279,807	7/1/08	6/30/09	-	-	-	-	-	-	-	-	-	-	-
Total General Fund					(57,936)	-	1,615,435	(1,678,038)	-	(120,539)	-	-	-	149,281	1,678,038
<b>State Department of Agriculture</b>															
Enterprise Fund:															
State School Lunch Program	09-100-010-3350-023	1,358	7/1/08	6/30/09	(86)	-	1,258	(1,358)	-	(100)	-	-	-	100	1,358
State School Lunch Program	08-100-010-3350-023	1,567	7/1/07	6/30/08	(86)	-	86	-	-	-	-	-	-	-	-
Total Enterprise Fund					(86)	-	1,344	(1,358)	-	(100)	-	-	-	100	1,358
Total State Financial Assistance					(58,022)	-	\$ 1,616,779	\$ (1,679,396)	-	\$ (120,639)	-	-	-	\$ 149,381	\$ 1,679,396

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

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL  
ASSISTANCE  
JUNE 30, 2009**

**NOTE 1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Delaware Township Board of Education. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL  
ASSISTANCE  
JUNE 30, 2009**

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$54,721) for the general fund and \$0 for the special revenue fund. See Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,623,317	\$ 1,623,317
Special Revenue Fund	118,562	-	118,562
Food Service Fund	12,694	1,358	14,052
Total Awards & Financial Assistance	<u>\$ 131,256</u>	<u>\$ 1,624,675</u>	<u>\$ 1,755,931</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**

Delaware Township Board of Education has no loan balances outstanding at June 30, 2009.

**NOTE 6. OTHER**

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 District for the year ended June 30, 2009. 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, 2009.

**DELAWARE TOWNSHIP BOARD OF EDUCATION  
NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL  
ASSISTANCE  
JUNE 30, 2009**

**NOTE 7. SCHOOLWIDE PROGRAM FUNDS**

Schoolwide programs are not separate Federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditure of Federal Awards. The following funds by program are included in schoolwide programs in the district.

Program	Total
Title I, Part A: <i>Improving Basic Programs Operated by Local Education Agencies</i>	\$ 9,922
Title II, Part A: <i>Teacher and Principal Training and Recruiting</i>	9,898
Title II, Part D: <i>Enhancing Education Through Technology</i>	83
Title IV, Part A: <i>Safe and Drug-Free Schools and Communities</i>	<u>837</u>
Total	<u><u>\$ 20,740</u></u>



DELAWARE TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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***Section II – Schedule of 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 paragraphs 5.18 through 5.20 of Government Auditing Standards.

**Finding**

No matters were reported.

DELAWARE TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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***Section III – Federal Awards and State Financial Assistance  
Findings and Questioned Costs***

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04.

**FEDERAL AWARDS**

**Findings**

There were no matters reported.

**STATE AWARDS**

**Findings**

There were no matters reported.

DELAWARE TOWNSHIP BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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**STATUS OF PRIOR YEAR FINDINGS**

There were no matters reported.