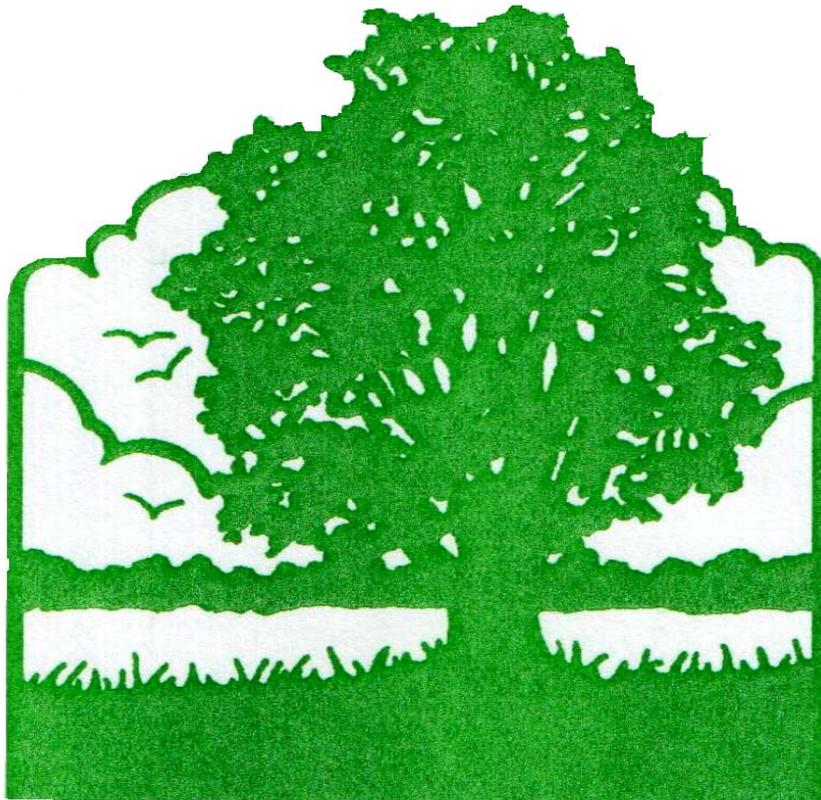


**BOARD OF EDUCATION OF THE TOWNSHIP OF
DELANCO SCHOOL DISTRICT
DELANCO, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

TOWNSHIP OF DELANCO SCHOOL DISTRICT
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INTRODUCTORY SECTION



**Delanco Board of Education
1301 Burlington Ave.
Delanco, NJ 08075
Phone: 856-461-1905
Fax: 856-461-1627**



November 11, 2010

Honorable President and
Members of the Board of Education
Delanco Township School District
1301 Burlington Avenue
Delanco, New Jersey 08075

Dear Board Members:

The Comprehensive Annual Financial Report of the Delanco School District for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and

regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Delanco School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Delanco Board of Education, Walnut Street School, and M. Joan Pearson School constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These services include regular education, as well as special education for disabled youngsters. The District completed the 2009-2010 fiscal year with an enrollment of 393 students, which is 5 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2009-10	397.1	1.9%
2008-09	389.7	(.44%)
2007-08	391.4	4.09%
2006-07	376.0	4.17%
2005-06	359.4	(0.77%)

Students in grades kindergarten through fifth are housed in the M. Joan Pearson School and grades sixth through eighth in the Walnut Street School. For grades ninth through twelfth students are sent to Riverside High School on a tuition basis.

2) ECONOMIC CONDITION AND OUTLOOK: The District has seen growth in student population from new housing developments. September 2007 enrollment figures showed an increase of 30 students compared to September

2006 enrollment figures. However, with the present state of the economy the growth has not continued at that same rate. Both schools completed construction projects in 2006 to prepare the district for growth if it begins again.

The District experienced a reduction of \$650,049 in its State aid payments during the fiscal year as ordered by the State of New Jersey to address the State's fiscal crisis. To make up for the current year loss in revenue the District froze expenditures except for those expenses that were crucial, and then dissolved its Maintenance and Emergency Reserves.

The annual school election during April 2010 resulted in a defeated budget.

The Federal government's American Recovery and Reinvestment Act funded the district \$385,561 for the 2009/10 school year but the State withheld an equal amount of State aid. A.R.R.A. funds increased Title I, I.D.E.A. Basic and I.D.E.A. Preschool grants by \$149,877 which can be used during the school years of 2009/10 and 2010/11.

3) MAJOR INITIATIVES: By utilizing funds from the Bond Referendum the district has done upgrades to the technology available to staff and students. Smartboard technology has been installed in the majority of the classrooms.

The District successfully completed New Jersey Quality Single Accountability Continuum (NJ QSAC) monitoring by the State Department of Education during the fall of 2008.

4) 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; and (2)

the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for insuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or 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, 2010.

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

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted 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.

8) 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.

9) DEBT ADMINISTRATION: As of June 30, 2010 the District's outstanding debt issues includes \$6,386,000.00 in general obligation bonds

9) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP 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 OMB Circular A-133 and State of New Jersey Circular 04-04-OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: Without the continued support of the staff, parents, and community, along with the tireless efforts of the members Delanco Board of Education, the District would not have repeated successful Comprehensive Annual Financial Reports. The Board of Education's concern and commitment to excellence 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, is to be commended. The efforts and dedication of the Administration and their staff, and especially

the staff of the Board of Education Office, are instrumental in the successful findings in this report.

Respectfully submitted,

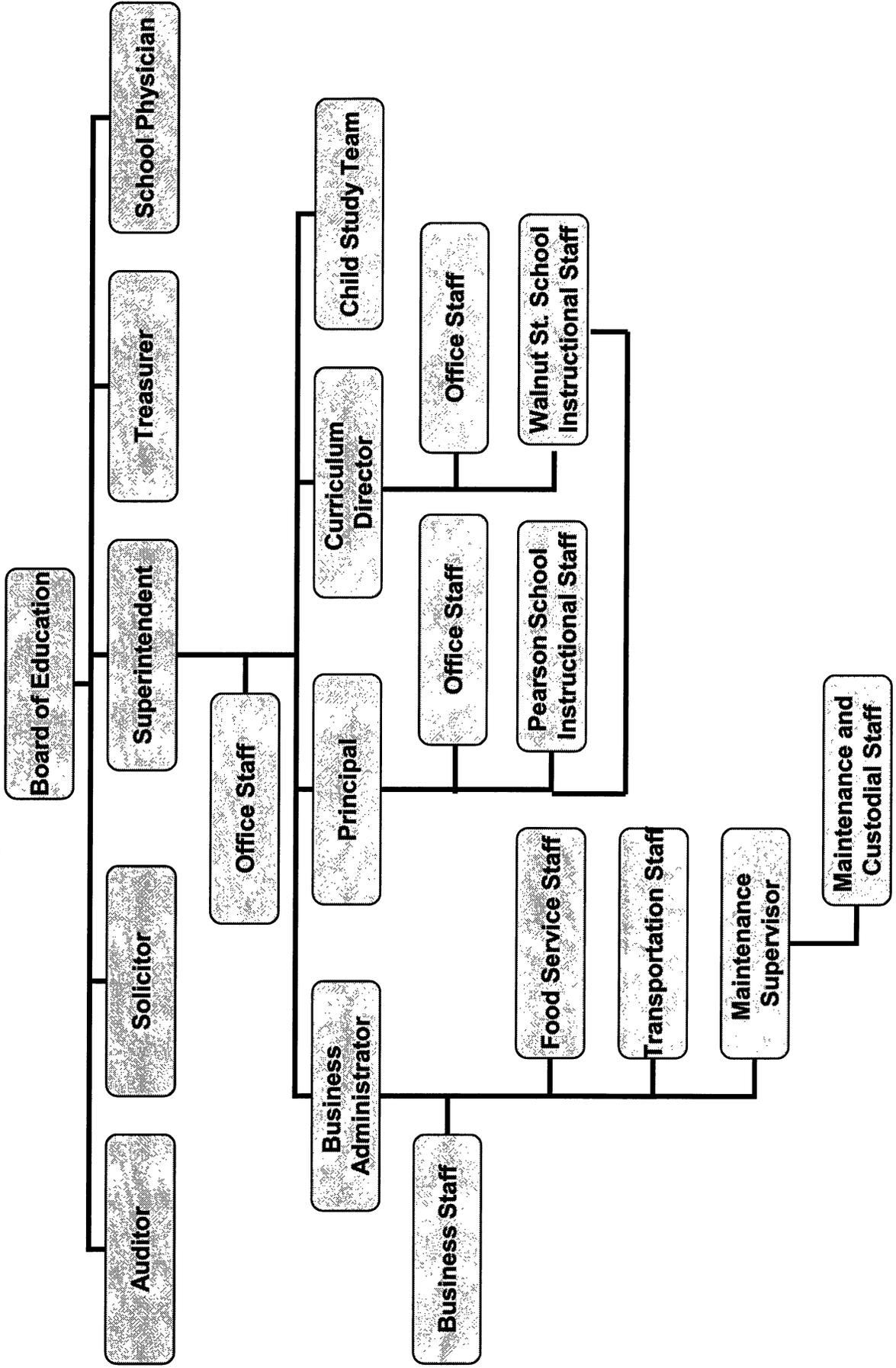


Barbara A. Behnke
Acting Superintendent
Principal



Judith F. Jackson
School Business Administrator
Board Secretary

Delanco Board of Education Organizational Chart



**DELANCO BOARD OF EDUCATION
DELANCO, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2010**

Members of the Board of Education	<u>Term Expires</u>
Dennis Bryski, President	2011
Phil Jenkins	2012
Kenneth Adams	2011
James DiMiero	2013
JoAnn Donnelly	2013
Daniel Faust	2011
Eric Hoffman	2012
David Martin	2013
Cynthia Wagstaff	2012

Other Officials

Barbara Behkne, Acting Superintendent/Principal

Judith Jackson, School Business Administrator/Board Secretary

Robert Hudnell, Treasurer

Parker McCay, Solicitor

DELANCO BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

Bowman & Company LLP
601 White Horse Road
Voorhees, NJ 08043

Attorney

Parker McCay
Suite 401, 3 Greentree Court
Route 73 & Greentree Road
Marlton, NJ 08053

Official Depositories

Delanco Federal Savings Bank
615 Burlington Avenue
Delanco, NJ 08075

Beneficial Bank
53 East Main Street
Moorestown, NJ 08057

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Delanco School District
County of Burlington
Delanco, New Jersey 08075

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of the Township of Delanco School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Delanco School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we express no such opinion. 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.

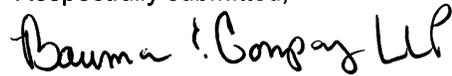
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Township of Delanco School District in the County of Burlington, State of New Jersey as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2010 on our consideration of the Township of Delanco School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Delanco School District's basic financial statements. 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 Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the financial statements. In addition, the introductory section, combining statements and related major fund supporting statements and schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance, combining statements and related major fund supporting statements and 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 and statistical sections 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.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Joseph J. Hoffmann
Certified Public Accountant
Public School Accountant No. CS 00759

Voorhees, New Jersey
November 10, 2010

**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**

The Honorable President and
Members of the Board of Education
Township of Delanco School District
County of Burlington
Delanco, New Jersey 08075

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Township of Delanco School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated November 10, 2010. 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 in compliance with 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 Township of Delanco School District'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 School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the school district's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 Township of Delanco School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

This report is intended solely for the information and use of the management of the School District, the Division of Finance of the New Jersey Department of Education, and 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.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Joseph J. Hoffmann
Certified Public Accountant
Public School Accountant No. CS 00759

Voorhees, New Jersey
November 10, 2010

REQUIRED SUPPLEMENTARY INFORMATION
PART I

Delanco Township Board of Education School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

This section of the Delanco Township Board of Education School District annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2009-10 fiscal year include the following:

- Net Assets for Governmental and Business-Type activities were \$9,650,495 and \$142,440, respectively.
- Net Assets for both activities decreased by \$805,839 from July 1, 2009 to June 30, 2010.
- The General Fund, fund balance as of June 30, 2010 was \$938,459 a decrease of \$548,151 when compared with the beginning balance as of July 1, 2009 of \$1,486,610.
- The Delanco Township School District's outstanding debt at June 30, 2010 is \$6,386,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Delanco School District.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Delanco Township School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Delanco Township School District, reporting the Delanco Township School District's operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities that the Delanco Township School District operates like businesses.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Table A-1 summarizes the major features of the Delanco Township School District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Delanco Township Board of Education School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Table A-1

MAJOR FEATURES OF THE DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

	Fund Financial Statements		
	District-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education, building maintenance and transportation	Activities the district operates similar to private businesses: Food Service Fund and Internal Service Fund
Required Financial Statements	Statements of net assets	Balance sheet	Statement of net assets
	Statement of activities	Statement of revenue, expenditures and changes in fund balances	Statement of revenue, expenses and changes in fund net assets
			Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

District-wide Statements

The district-wide statements report information about the Delanco Township School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the district's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the Delanco Township School District's net assets and how they have changed. Net assets – the difference between the district's assets and liabilities – are a measure of the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether the financial position is improving or deteriorating, respectively.
- To assess the overall health of the district you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the district's activities are shown in two categories:

Delanco Township Board of Education School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

District-wide Statements (cont'd)

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, administration, and maintenance. Aid from the State of New Jersey and from the Federal government along with local property taxes finances most of these activities.
- *Business-type activities*-The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund and Internal Service Fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on the most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

- **Governmental funds** - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds** - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Delanco Township Board of Education School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

FINANCIAL ANALYSIS OF THE DELANCO TOWNSHIP SCHOOL DISTRICT AS A WHOLE

Net Assets. The District's net assets for governmental and business-type activities were \$9,650,495 and \$142,440, respectively, as of June 30, 2010.

TOWNSHIP OF DELANCO SCHOOL DISTRICT'S NET ASSETS						
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 1,444,122	\$ 2,076,474	\$ 17,005	\$ 14,852	\$ 1,461,127	\$ 2,091,326
Capital Assets	15,291,333	15,448,791	125,435	138,632	15,416,768	15,587,423
Total Assets	16,735,455	17,525,265	142,440	153,484	16,877,895	17,678,749
Long-term Liabilities Outstanding	6,496,691	6,505,553			6,496,691	6,505,553
Other Liabilities	588,269	574,421			588,269	574,421
Total Liabilities	7,084,960	7,079,974	-	-	7,084,960	7,079,974
Net Assets:						
Invested in Capital Assets, Net of Related Debt	8,935,364	9,116,733	125,435	138,632	9,060,799	9,255,365
Restricted	702,688	922,047			702,688	922,047
Unrestricted	12,443	406,511	17,005	14,852	29,448	421,363
Total Net Assets	\$ 9,650,495	\$ 10,445,291	\$ 142,440	\$ 153,484	\$ 9,792,935	\$ 10,598,775

The District's financial position, for governmental and business-type activities, is the product of the following factors:

- Program revenues were \$836,396.
 - ✓ Operating Grants & Contributions--\$745,744.
 - ✓ Charges for Services--\$90,652.
- General revenues, Special Items, Extraordinary Items and Transfers amounted to \$7,476,573.
- Net Expenditures were \$8,282,412.
- Total District revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net assets of \$9,792,935 as of June 30, 2010.
- Revenues (\$7,476,573) + Beginning assets (\$10,598,775) – Net expenditures (\$8,282,412) = Net Assets of \$9,792,936.

Delanco Township Board of Education School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Change in Net Assets. Net assets for governmental and business-type activities, decreased by \$805,573, from July 1, 2009, to June 30, 2010.

TOWNSHIP OF DELANCO SCHOOL DISTRICT'S CHANGES IN NET ASSETS						
	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 8,998	\$ 14,064	\$ 81,654	\$ 81,224	\$ 90,652	\$ 95,288
Operating Grants and Contributions	678,432	594,190	67,312	51,914	745,744	646,104
General Revenues:						
Property Taxes	5,396,101	5,143,864			5,396,101	5,143,864
Grants and Contributions Restricted to Specific Programs						
Grants and Contributions not Restricted to Specific Programs	1,936,458	2,326,436			1,936,458	2,326,436
Other	143,858	66,459	155	238	144,013	66,697
Total Revenues	8,163,847	8,145,013	149,121	133,376	8,312,968	8,278,389
Expenses:						
Instruction	3,413,299	3,608,264			3,413,299	3,608,264
Support Services	5,267,158	4,589,219			5,267,158	4,589,219
Charter Schools						-
Unallocated Depreciation						-
Interest on Debt	278,186	280,858			278,186	280,858
Food Service			160,165	145,909	160,165	145,909
Total Expenses	8,958,643	8,478,340	160,165	145,909	9,118,808	8,624,249
Increase in Net Assets before Transfers	(794,796)	(333,327)	(11,044)	(12,534)	(805,840)	(345,861)
Transfers					-	-
Increase in Net Assets	(794,796)	(333,327)	(11,044)	(12,534)	(805,840)	(345,861)
Net Assets, July 1	10,445,291	10,778,618	153,484	166,017	10,598,775	10,944,635
Net Assets, June 30	\$ 9,650,495	\$ 10,445,291	\$ 142,440	\$ 153,484	\$ 9,792,935	\$ 10,598,774

Total revenues for the District were \$8,312,968. Government funding was the source of 32.27% of the district's revenues. This includes the State of New Jersey and Federal sources.

Property taxes of \$5,396,101 provided 64.91% of revenues which was similar to fiscal year 2009.

Other miscellaneous revenues of \$144,013 (net of asset items) represent 1.73% of the district revenues. The make-up of miscellaneous revenues was primarily provided from interest, rentals, and refunds.

Delanco Township Board of Education School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Change in Net Assets (cont'd) - The District's expenses for government activities are predominantly related to instruction and support services. Instruction including tuition totaled \$5,740,134 (64.07%) of total expenditures. Student support services excluding tuition, transportation and administration, totaled \$3,218,509 (35.93%) of total expenditures.

Total expenditures exceeded revenues for governmental activities, decreasing net assets \$794,796 from the beginning balance as of July 1, 2009.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The financial performance of the Delanco Township School District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As the District completed the year, its governmental funds reported a combined fund balance of \$1,056,604. At June 30, 2009 the fund balance was \$1,670,141. The General Fund balance decreased by \$548,151.

All governmental funds had total revenues of \$8,068,530 and total expenditures of \$8,771,303.

GENERAL FUND BUDGETING HIGHLIGHTS

The 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.

The General Fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 8 including pupil transportation activities and capital outlay projects.

One of the primary sources of funding for the district is received from local property taxes and accounted for 67.90% of total revenues. State aid accounted for 26.09% of total revenues.

Total General Fund revenue decreased by \$200,504, or 2.65%, from the previous year. State aid revenue is determined by a formula under the CEIFA laws, which was not used in the calculation of state aid in 2009-10. In March of 2010, State Aid was reduced an additional \$650,049.

Total General Fund expenditures increased \$681,956 or 9.32% from the previous year

The Delanco Township School District values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during the school year. The amounts of budgeted fund balance designated to support the budgets and provide tax relief were \$706,824 for the 2009-10 school year and \$561,728 for the 2010-11 school year.

During the course of fiscal year 2010 the District modified the General Fund Budget as needed to ensure no line item was projected to be over-expended.

FOOD SERVICE FUND

The Food Service Fund had net assets of \$142,440 as of June 30, 2010. This reflects a decrease of \$11,044 from June 30, 2009. This decrease is due to an increase in Cost of Sales and Salaries.

Delanco Township Board of Education School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

TOWNSHIP OF DELANCO SCHOOL DISTRICT'S CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)							
	Governmental <u>Activities</u>		Business-Type <u>Activities</u>		<u>Total</u>		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
Land Improvements	\$ 20,948	\$ 24,288			\$ 20,948	\$ 24,288	
Construction in Progress	-	-			-	-	
Building Improvements	15,047,019	15,292,163			15,047,019	15,292,163	
Equipment	223,366	132,340	\$ 125,435	\$ 138,632	348,801	270,972	
Total	\$ 15,291,333	\$ 15,448,791	\$ 125,435	\$ 138,632	\$ 15,416,768	\$ 15,587,423	

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital Assets are individual items purchased at a cost exceeding \$2,000, have an extended useful life of one year or more and maintain their identity and structure when placed into service.

At the end of 2010, the district had capital assets with a book value of \$15,416,768. This consists of a broad range of capital assets, including land, school buildings, computer and audio-visual equipment. Total depreciation expense for the year was \$324,591.

Long-term Obligations

At year-end, the District had general obligation bonds in the amount of \$6,386,000.

The District had a \$167,336 liability for compensated absences. This liability represents the District's contractual obligation to compensate employees for accumulated unused sick leave entitlements upon retirement.

The District also had a \$58,197 liability for capital lease agreement. This liability represents the District's contractual obligation to for the purchase of a school bus.

The District was required to start accounting for Other Post Employment Benefits (OPEB) for the fiscal year ended June 30, 2010. This liability represents the present value of the future cost of benefits provided by the District. These benefits are provided to two retired past superintendents and or their spouse. The present value of these benefits is \$69,727.

THE FUTURE OUTLOOK

The District has been operating with interim administrators in the positions of Superintendent since of July 1, 2008 and School Business Administrator since October 20, 2008. The Board of Education is reluctant to hire permanent administrators due to the State of New Jersey Department of Education's push to require shared administrative services or district consolidation.

The timeline for resolving this issue is uncertain.

Delanco Township Board of Education School District

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator/Board Secretary at:

Delanco Township Board of Education, 1301 Burlington Avenue, Delanco, NJ 08075.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF DELANCO SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 959,281.96	\$ 8,601.59	\$ 967,883.55
Receivables, net	186,040.00	4,437.57	190,477.57
Unamortized Debt Issuance Costs	97,425.98		97,425.98
Restricted Cash and Cash Equivalents	201,374.16		201,374.16
Inventories		3,965.42	3,965.42
Capital Assets, net (Note 7)	<u>15,291,332.90</u>	<u>125,435.27</u>	<u>15,416,768.17</u>
Total Assets	<u>16,735,455.00</u>	<u>142,439.85</u>	<u>16,877,894.85</u>
LIABILITIES:			
Accounts Payable	281,907.83		281,907.83
Accrued Interest	113,608.26		113,608.26
Deferred Revenue	8,184.19		8,184.19
Noncurrent Liabilities (Note 8):			
Due within One Year	184,568.35		184,568.35
Due beyond One Year	<u>6,496,690.96</u>		<u>6,496,690.96</u>
Total Liabilities	<u>7,084,959.59</u>	<u>-</u>	<u>7,084,959.59</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	8,935,363.98	125,435.27	9,060,799.25
Restricted for:			
Debt Service	16,213.71		16,213.71
Other Purposes	686,474.77		686,474.77
Unrestricted	<u>12,442.95</u>	<u>17,004.58</u>	<u>29,447.53</u>
Total Net Assets	<u>\$ 9,650,495.41</u>	<u>\$ 142,439.85</u>	<u>\$ 9,792,935.26</u>

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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 2,498,349.20	\$ 2,969.50	\$ 146,314.16		\$ (2,498,349.20)		\$ (2,498,349.20)
Special Education	721,804.01				(572,520.35)		(572,520.35)
Other Special Instruction	117,076.39				(117,076.39)		(117,076.39)
Other Instruction	76,069.47				(76,069.47)		(76,069.47)
Support Services:							
Tuition	2,326,835.16				(2,326,835.16)		(2,326,835.16)
Student and Instruction Related Services	872,313.01		162,149.30		(710,163.71)		(710,163.71)
School Administrative Services	172,750.43	6,028.45			(166,721.98)		(166,721.98)
General and Business Administrative Services	454,455.39				(454,455.39)		(454,455.39)
Plant Operations and Maintenance	768,245.36				(768,245.36)		(768,245.36)
Pupil Transportation	302,590.41				(302,590.41)		(302,590.41)
Reimbursed TPAF and Social Security	369,968.48		369,968.48		-		-
Interest on Long-Term Debt	278,185.77				(278,185.77)		(278,185.77)
Unallocated Depreciation							
Total Governmental Activities	8,958,643.08	8,997.95	678,431.94	-	(8,271,213.19)	-	(8,271,213.19)
Business-Type Activities:							
Food Service	160,164.92	\$ 81,654.10	67,312.03		\$ (11,198.79)		(11,198.79)
Total Business-Type Activities	160,164.92	81,654.10	67,312.03	-	(11,198.79)	(11,198.79)	(11,198.79)
Total Primary Government	\$ 9,118,808.00	\$ 90,652.05	\$ 745,743.97	-	(8,271,213.19)	(11,198.79)	(8,282,411.98)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					4,999,989.00		4,999,989.00
Taxes Levied for Debt Service					396,112.00		396,112.00
Federal and State Aid not Restricted					1,936,458.00		1,936,458.00
Miscellaneous Income					54,622.43	154.97	54,777.40
Assets Acquired Under Capital Lease					89,236.00		89,236.00
Cancellation of Special Revenue Appropriations					0.10		0.10
Operating Transfers Out							
Total General Revenues, Special Items, Extraordinary Items and Transfers					7,476,417.53	154.97	7,476,572.50
Change in Net Assets					(794,795.66)	(11,043.82)	(805,839.48)
Net Assets -- July 1					10,445,291.07	153,483.67	10,598,774.74
Net Assets -- June 30					\$ 9,650,495.41	\$ 142,439.85	\$ 9,792,935.26

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 1,039,789.24		\$ 29.96	\$ 29,917.73	\$ 1,069,736.93
Investments			88,197.64		88,197.64
Receivables, net:					
Interfund Receivable:					
Special Revenue	15,118.91				15,118.91
Receivables from Other Governments:					
Federal		\$ 161,792.59			161,792.59
State of NJ -- Other	1,984.00				1,984.00
Other Receivables	7,136.40				7,136.40
Total Assets	<u>\$ 1,064,028.55</u>	<u>\$ 161,792.59</u>	<u>\$ 88,227.60</u>	<u>\$ 29,917.73</u>	<u>\$ 1,343,966.47</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 125,559.68	\$ 141,211.04			\$ 266,770.72
Interfund Payable:					
General Fund		15,118.91			15,118.91
Payroll Fund	2.00				2.00
Internal Service Fund	8.10				8.10
Deferred Revenue		5,462.64			5,462.64
Total Liabilities	<u>125,569.78</u>	<u>161,792.59</u>			<u>287,362.37</u>
Fund Balances:					
Reserved for:					
Encumbrances	868.02		\$ 32,850.00		33,718.02
Capital Reserve Account	110,425.01				110,425.01
Excess Surplus	13,453.74				13,453.74
Excess Surplus - Designated to Subsequent Year	558,943.88				558,943.88
Unreserved -- Undesignated	251,984.00			\$ 414.73	252,398.73
Unreserved -- Designated for Subsequent Year's Expenditures	2,784.12		55,377.60	29,503.00	87,664.72
Total Fund Balances	<u>938,458.77</u>		<u>88,227.60</u>	<u>29,917.73</u>	<u>1,056,604.10</u>
Total Liabilities and Fund Balances	<u>\$ 1,064,028.55</u>	<u>\$ 161,792.59</u>	<u>\$ 88,227.60</u>	<u>\$ 29,917.73</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,950,291.28, and the accumulated depreciation is \$2,658,958.38.	15,291,332.90
Interest on long term debt is accrued on the Statement of Net Assets regardless when due.	(113,608.26)
Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.	97,425.98
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>(6,681,259.31)</u>
Net assets of governmental activities	<u>\$ 9,650,495.41</u>

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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 4,999,989.00			\$ 396,112.00	\$ 5,396,101.00
Miscellaneous	54,155.11		\$ 414.24		54,569.35
Tuition	2,969.50				2,969.50
State Sources	1,920,865.48				1,920,865.48
Federal Sources	385,561.00	\$ 308,463.46			694,024.46
Total Revenues	7,363,540.09	308,463.46	414.24	396,112.00	8,068,529.79
EXPENDITURES:					
Regular Instruction	2,196,081.35				2,196,081.35
Special Education Instruction	575,489.85	146,314.16			721,804.01
Other Special Instruction	117,076.39				117,076.39
Other Instruction	76,069.47				76,069.47
Support Services and Undistributed Costs:					
Tuition	2,326,835.16				2,326,835.16
Student and Instruction Related Services	710,163.71	162,149.30			872,313.01
School Administrative Services	166,668.90				166,668.90
Other Administrative Services	383,931.53				383,931.53
Plant Operations and Maintenance	757,593.04				757,593.04
Pupil Transportation	231,813.64				231,813.64
Reimbursed TPAF Pension and Social Security	369,968.48				369,968.48
Debt Service:					
Principle				125,000.00	125,000.00
Interest and Other Charges				272,211.50	272,211.50
Capital Outlay	89,236.00		64,700.63		153,936.63
Total Expenditures	8,000,927.52	308,463.46	64,700.63	397,211.50	8,771,303.11
Excess (Deficiency) of Revenues over Expenditures	(637,387.43)	-	(64,286.39)	(1,099.50)	(702,773.32)
OTHER FINANCING SOURCES (USES):					
Assets Acquired Under Capital Leases	89,236.00				89,236.00
Cancellation of Special Revenue Appropriations	0.10				0.10
Operating Transfers In				26,428.24	26,428.24
Operating Transfers (Out)			(26,428.24)		(26,428.24)
Total Other Financing Sources and Uses	89,236.10	-	(26,428.24)	26,428.24	89,236.10
Net Change in Fund Balances	(548,151.33)		(90,714.63)	25,328.74	(613,537.22)
Fund Balance -- July 1	1,486,610.10	-	178,942.23	4,588.99	1,670,141.32
Fund Balance -- June 30	<u>\$ 938,458.77</u>	<u>-</u>	<u>\$ 88,227.60</u>	<u>\$ 29,917.73</u>	<u>\$ 1,056,604.10</u>

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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2010

Total Net Change in Fund Balances - Governmental Funds	\$ (613,537.22)
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, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>	
Depreciation Expense	\$ (311,394.36)
Capital Outlays	153,936.63
Acquisition through Capital Leases	<u>(89,236.00)</u>
	(246,693.73)
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.	125,000.00
Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.	(5,787.68)
Repayment of capital leases 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.	31,039.48
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation. (+)	(186.59)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	<u>(84,629.92)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (794,795.66)</u></u>

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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Statement of Net Assets
 Proprietary Funds
 June 30, 2010

	Business-Type Activities - Food <u>Service</u>	Governmental Activities - Internal <u>Service Fund</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 8,601.59	\$ 2,721.55
Accounts Receivable:		
State	240.26	
Federal	4,197.31	
Inventory	3,965.42	
InterfundAccounts Receivable:		
General Fund		8.10
Total Current Assets	17,004.58	2,729.65
Noncurrent Assets:		
Restricted Cash and Cash Equivalents		
Furniture, Machinery and Equipment	181,933.00	
Less Accumulated Depreciation	(56,497.73)	
Total Noncurrent Assets	125,435.27	-
Total Assets	142,439.85	2,729.65
LIABILITIES:		
Current Liabilities:		
Deferred Revenue		2,721.55
Accounts Payable		8.10
Total Liabilities	-	2,729.65
NET ASSETS:		
Invested in Capital Assets, Net of Related		
Debt -- Restricted for Contributed Capital	125,435.27	
Unrestricted	17,004.58	
Total Net Assets	\$ 142,439.85	-

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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities - Food <u>Service</u>	Governmental Activities - Internal <u>Service Fund</u>
OPERATING REVENUES:		
Charges for Services:		
Daily Sales - Reimbursable Programs:		
School Lunch Program	\$ 60,826.95	
School Breakfast Program	2,158.20	
Daily Sales - Non-Reimbursable Programs	17,897.40	
Special Functions	771.55	
Substitute Calling Fees from Other LEA's Within the State		\$ 6,028.45
	<u>81,654.10</u>	<u>6,028.45</u>
Total Operating Revenues	<u>81,654.10</u>	<u>6,028.45</u>
OPERATING EXPENSES:		
Direct Expenses	3,422.77	
Cost of Sales	51,702.87	
Management Fees	12,759.60	
Salaries	72,045.22	5,400.00
Benefits		440.11
Supplies and Materials	4,037.93	24.99
Audit Fee	3,000.00	
Miscellaneous		216.43
Depreciation	13,196.53	
	<u>160,164.92</u>	<u>6,081.53</u>
Total Operating Expenses	<u>160,164.92</u>	<u>6,081.53</u>
Operating Income / (Loss)	<u>(78,510.82)</u>	<u>(53.08)</u>
NONOPERATING REVENUES (EXPENSES):		
State Sources:		
State School Lunch Program	2,623.34	
State School Breakfast Program	499.30	
Federal Sources:		
National School Lunch Program	49,611.73	
National School Breakfast Program	5,222.78	
Food Distribution Program	9,354.88	
Interest Revenue	154.97	53.08
	<u>67,467.00</u>	<u>53.08</u>
Total Nonoperating Revenues (Expenses)	<u>67,467.00</u>	<u>53.08</u>
Income (Loss) before Contributions and Transfers	(11,043.82)	-
Capital Contributions	-	-
Change in Net Assets	(11,043.82)	-
Net Assets -- July 1	<u>153,483.67</u>	-
Net Assets -- June 30	<u>\$ 142,439.85</u>	-

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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities - Food Service	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers	\$ 81,654.10	\$ 8,750.00
Payments to Management Company	(145,411.67)	
Payments to Audit Company	(3,000.00)	
Payments to Employees		(5,400.00)
Payments for Employee Benefits		(432.01)
Payments to Suppliers		(241.42)
	<u>(66,757.57)</u>	<u>2,676.57</u>
Net Cash Provided by (used for) Operating Activities		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State Sources	2,882.38	
Federal Sources	59,992.08	
Interfunds Payable		(8.10)
	<u>62,874.46</u>	<u>(8.10)</u>
Net Cash Provided by (used for) Non-Capital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of Capital Assets	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Revenue	154.97	53.08
	<u>(3,728.14)</u>	<u>2,721.55</u>
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents -- July 1	12,329.73	-
Cash and Equivalents -- June 30	<u>\$ 8,601.59</u>	<u>\$ 2,721.55</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (78,510.82)	\$ (53.08)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	13,196.53	
(Increase) Decrease in Inventories	(1,443.28)	
Increase (Decrease) in Accounts Payable		8.10
Increase (Decrease) in Other Current Liabilities		2,721.55
	<u>11,753.25</u>	<u>2,729.65</u>
Total Adjustments		
Net Cash Provided by (used for) Operating Activities	<u>\$ (66,757.57)</u>	<u>\$ 2,676.57</u>

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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2010

	<u>Trust Fund</u>	<u>Agency Funds</u>	
	<u>Scholarship Trust</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:			
Cash and Cash Equivalents	\$ 2,495.93	\$ 16,542.02	\$ 4,750.24
Interfund Accounts Receivable:			
Due General Fund			2.00
Total Assets	<u>2,495.93</u>	<u>\$ 16,542.02</u>	<u>\$ 4,752.24</u>
LIABILITIES:			
Payroll Deductions Payable			\$ 4,752.24
Payable to Student Groups		<u>\$ 16,542.02</u>	
Total Liabilities	<u>-</u>	<u>\$ 16,542.02</u>	<u>\$ 4,752.24</u>
NET ASSETS:			
Held in Trust for Other Purposes	<u>\$ 2,495.93</u>		

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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	Scholarship <u>Trust</u>
ADDITIONS:	
Investment Earnings:	
Interest	\$ 10.35
Total Additions	<u>10.35</u>
DEDUCTIONS:	
Scholarship Awards	<u>100.00</u>
Total Deductions	<u>100.00</u>
Change in Net Assets	(89.65)
Net Assets -- July 1	<u>2,585.58</u>
Net Assets -- June 30	<u>\$ 2,495.93</u>

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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity - The Township of Delanco School District (hereafter referred to as the "School District") is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to educate students in grades K-8 at its two schools. The School District has an approximate enrollment at June 30, 2010 of 393.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units - GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. There are no organizations that are considered to be component units.

Basis of Presentation - The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities, and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described in this Note.

The School District's basic financial statements consist of government-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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Presentation (Cont'd)**

District-wide Financial Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function 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. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund is the general operating fund of the School 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 or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Governmental Funds (Cont'd)**

General Fund (Cont'd) - In addition to the capital outlay sub-fund, the School District is accountable for two additional sub-funds resulting from federal legislation signed into law on February 17, 2009. This federal law requires the tracking and separate reporting of American Recovery and Reinvestment Act (ARRA) funds. ARRA State Fiscal Stabilization Funds were provided to districts to be used for general fund expenses. The New Jersey State Department of Education requires that the ARRA - Education Stabilization Fund (ESF) and ARRA - Government Services Fund (GSF) are to be recorded as a separate sub-fund.

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenues from the federal and state 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 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 New Jersey Economic Development Authority grants, temporary notes, or serial bonds which 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, general long-term debt principal, interest, and related costs.

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector.

Enterprise Funds - The enterprise funds are used to account for operations:

1. that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that the costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or
2. where the School 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.

The School District's enterprise fund is:

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

Internal Service Fund - The Internal Service Fund has been established to account for the financing of the substitute caller services provided by the Delanco Township School District for use by various other boards of education, as well as for the Delanco Township School District itself.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net assets) is segregated into investment in capital assets, net of related debt, and unrestricted net assets, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Proprietary Funds (Cont'd) - Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5-15 Years
Light Trucks and Vehicles	4-10 Years
Heavy Trucks and Vehicles	6-10 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has three fiduciary funds, a student activity fund, a private purpose scholarship fund and payroll fund.

Measurement Focus

District-wide Financial Statements - The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Accounting (Cont'd)**

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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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 School District, available means expected to be received within thirty days after fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. 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 School 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 School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the restricted formula aids recorded in the special revenue fund, 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 fiscal 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. There were no restricted formula aids.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: tuition, grants, fees, and rentals.

Expenses / Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets / Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal 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. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets / Budgetary Control (Cont'd) - The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year end as expenditures in the general fund since the general fund budget follows modified accrual basis, with the exception of the revenue recognition policy for the one or more June state aid payments.

Encumbrances - Under encumbrance accounting purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as 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 School District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

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

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Tuition Receivable - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2010 and 2009 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Inventories - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required. This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Deferred Expenditures - Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure / expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring costs of operations.

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfun ds receivable and / or interfun ds payable.

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and the proprietary fund statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets (Cont'd) - Depreciation is computed using the straight-line method over the following useful lives:

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

Accrued Salaries and Wages - Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2010, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, 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, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. 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 balances of any borrowings 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.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Balance Reserves - The School District reserves portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves are established for encumbrances, legally restricted appropriations, tuition, excess surplus, capital reserve accounts, maintenance reserve accounts, emergency reserves, and debt service reserves.

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program and fees for the internal service program. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

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

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the School District's bank balance of \$1,207,871.28 as of June 30, 2010, \$41,091.91 was uninsured and uncollateralized.

New Jersey Cash Management Fund - During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2010, the School District's deposits with the New Jersey Cash Management Fund were \$795.41.

Note 3: INVESTMENT IN SECURITIES

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the School District or other obligations of the local unit or units within which the School District is located, bonds or other obligations approved by the Division of Investment in the Department of Treasury for investment by school districts, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk Related to Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. All of the School District's investments are in New Jersey Asset and Rebate Management Program.

As of June 30, 2010, the School District's investments were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Money Market Fund	N/A	\$ 88,197.69

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Other than the rules and regulations promulgated by N.J.S.A. 18A:20-37, the School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. As stated in Note 1, investments are purchased in accordance with N.J.S.A. 18A:20-37. The School District has no investment policy that would further limit its investment choices.

As of June 30, 2010, the School District's investments had the following ratings:

<u>Investment</u>	<u>Standard and Poor's</u>	<u>Moody's</u>
Money Market Fund	AAAm	-

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policies place no limit on the amount the School District may invest in any one issuer. All of the School District's investments are in money market accounts. These investments are reported in the School District's Capital Projects Fund.

Note 4: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$100.00 on September 13, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Note 4: CAPITAL RESERVE ACCOUNT (CONT'D)

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

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance July 1, 2009		\$ 59,520.36
Increased by:		
Interest Earnings	\$ 904.65	
Deposits:		
Approved at April 2010 election	<u>50,000.00</u>	
		<u>50,904.65</u>
Ending Balance June 30, 2010		<u>\$ 110,425.01</u>

The June 30, 2010 LRFP balance of local support costs of uncompleted projects at June 30, 2010 is \$180,000.00. There were no withdrawals from the capital reserve.

Note 5: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2010 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Intergovernmental	\$ 1,984.00	\$ 161,792.59	\$ 4,437.57		\$ 168,214.16
Other	<u>7,136.40</u>				<u>7,136.40</u>
Total	<u>\$ 9,120.40</u>	<u>\$ 161,792.59</u>	<u>\$ 4,437.57</u>	<u>-</u>	<u>\$ 175,350.56</u>

Note 6: INVENTORY

Inventory is not recorded in the General Fund since any amounts are considered immaterial to the basic financial statements.

Inventory in the food service fund at June 30, 2010 consisted of the following:

Food	\$ 3,124.68
Supplies	<u>840.74</u>
	<u>\$ 3,965.42</u>

Note 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Governmental Activities:				
Capital Assets, being Depreciated:				
Land Improvements	\$ 114,336.00			\$ 114,336.00
Building and Improvements	17,144,474.20	\$ 26,520.61		17,170,994.81
Equipment	<u>645,813.52</u>	<u>127,416.02</u>	<u>\$ (108,269.07)</u>	<u>664,960.47</u>
Total Capital Assets, being Depreciated	<u>17,904,623.72</u>	<u>153,936.63</u>	<u>(108,269.07)</u>	<u>17,950,291.28</u>
Less Accumulated Depreciation for:				
Land Improvements	(90,047.52)	(3,340.23)		(93,387.75)
Building and Improvements	(1,852,311.61)	(271,664.30)		(2,123,975.91)
Equipment	<u>(513,473.96)</u>	<u>(36,389.83)</u>	<u>108,269.07</u>	<u>(441,594.72)</u>
Total Accumulated Depreciation	<u>(2,455,833.09)</u>	<u>(311,394.36) *</u>	<u>108,269.07</u>	<u>(2,658,958.38)</u>
Total Capital Assets, being Depreciated, Net	<u>15,448,790.63</u>	<u>(157,457.73)</u>	<u>-</u>	<u>15,291,332.90</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,448,790.63</u>	<u>\$ (157,457.73)</u>	<u>-</u>	<u>\$ 15,291,332.90</u>
Business-Type Activities:				
Total Capital Assets, being Depreciated:				
Equipment	\$ 181,933.00			\$ 181,933.00
Less Accumulated Depreciation	<u>(43,301.20)</u>	<u>\$ (13,196.53)</u>		<u>(56,497.73)</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 138,631.80</u>	<u>\$ (13,196.53)</u>	<u>-</u>	<u>\$ 125,435.27</u>

Note 7: CAPITAL ASSETS (CONT'D)

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 287,365.16
General and Business Administrative Services	796.63
Plant Operations and Maintenance	10,652.32
Transportation	<u>12,580.25</u>
Total Depreciation Expense	<u>\$ 311,394.36</u>

Note 8: LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2010, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 6,511,000.00		\$ (125,000.00)	\$ 6,386,000.00	\$ 150,000.00
Obligations under Capital Lease		\$ 89,236.00	(31,039.48)	58,196.52	28,341.32
OPEB Benefits		69,727.23		69,727.23	6,227.03
Compensated Absences	<u>152,432.87</u>	<u>14,902.69</u>		<u>167,335.56</u>	
Governmental Activity Long-term Liabilities	<u>\$ 6,663,432.87</u>	<u>\$ 173,865.92</u>	<u>\$ (156,039.48)</u>	<u>\$ 6,681,259.31</u>	<u>\$ 184,568.35</u>

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

On May 1, 2005, the School District issued \$6,761,000.00 general obligation bonds at interest rates varying from 4.00% to 4.40% for various construction and renovation projects. The final maturity of these bonds is August 1, 2027. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 150,000.00	\$ 266,712.00	\$ 416,712.00
2012	160,000.00	260,512.00	420,512.00
2013	170,000.00	253,912.00	423,912.00
2014	190,000.00	246,593.00	436,593.00
2015	200,000.00	238,549.00	438,549.00
2016-2020	1,540,000.00	1,031,221.00	2,571,221.00
2021-2025	2,280,000.00	619,646.00	2,899,646.00
2026-2028	<u>1,696,000.00</u>	<u>113,720.00</u>	<u>1,809,720.00</u>
	<u>\$ 6,386,000.00</u>	<u>\$ 3,030,865.00</u>	<u>\$ 9,416,865.00</u>

Note 8: LONG-TERM OBLIGATIONS (CONT'D)

Bonds Authorized But Not Issued - As of June 30, 2010, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid.

Capital Leases Payable - The School District is leasing one school bus totaling \$89,236.00 under capital leases. The capital lease is for a term of three years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2010.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 28,341.32	\$ 3,108.62	\$ 31,449.94
2012	<u>29,855.20</u>	<u>1,594.74</u>	<u>31,449.94</u>
	<u>\$ 58,196.52</u>	<u>\$ 4,703.36</u>	<u>\$ 62,899.88</u>

Note 9: OPERATING LEASES

At June 30, 2010, the School District had operating lease agreements in effect for copy machines. The future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 5,263.44
2012	3,312.00
2013	<u>3,312.00</u>
	<u>\$ 11,887.44</u>

Rental payments under operating leases for the fiscal year ended June 30, 2010 were \$7,214.88.

Note 10: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Note 10: PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund (TPAF) is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the district has been required over several preceding fiscal years.

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

Public Employees' Retirement System - The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by Excess Pension Asset Credit</u>	<u>Paid by School District</u>
2010	\$26,378.00	\$ 25,737.00	\$52,115.00		\$ 52,115.00
2009	24,840.00	22,657.00	47,497.00		47,497.00
2008	23,606.00	18,192.00	41,798.00	\$ 8,359.60	33,438.40

Note 11: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 of 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for postemployment 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 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 retire from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

Note 12: OTHER POSTEMPLOYMENT BENEFITS (OTHER THAN PENSION)**Agent Single-Employer Defined Benefit Plan**

For the fiscal year ended June 30, 2010, the School District implemented Statement No. 45 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Plan Description - The School District provides dental and health insurance benefits for one retired employee and one retired employee's spouse, where such benefits are established and amended by the School District's Board of Education. The plan is administered by the State and premium payments are made directly by the School District to the State.

Funding Policy - Only these two select retirees, who were past superintendents, were eligible for retirement benefits. Contribution requirements of plan members and the School District are established and may be amended by the School District's Board of Education.

Retirees - The School District presently funds its current retiree post employment benefit costs on a "pay-as-you-go" basis. The School District's contributions to the plan for the fiscal year ended June 30, 2010 was \$5,660.94.

Future Retirees - Under GASB Statement 45, the School District is now required to expense the *annual required contribution of the employer (ARC)*, an estimated amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC includes the costs of both current retirees. The current ARC was determined to be \$69,727.23 at an unfunded discount rate of 3%. As shown above, the School District has funded the cost of the two existing retirees in the amount of \$5,660.94 and in fiscal year 2010, the School District has no accrued benefit costs for future eligible employees. The School District plans to continue to fund the outstanding liability on a pay-as-you-go basis.

Note 12: OTHER POSTEMPLOYMENT BENEFITS (OTHER THAN PENSION) (CONT'D)

Annual OPEB Cost - For fiscal year 2010, the School District's annual OPEB cost (expense) of \$75,388.17 for the plan was equal to the ARC. The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Pay as You Go Cost (Existing Retirees)</u>	<u>Net OPEB Obligation</u>	<u>Percentage of Annual OPEB Cost Contributed</u>
2010	\$ 75,388.17	\$ 5,660.94	\$ 69,727.23	8%

Funded Status and Funding Progress - As of June 30, 2010, the School District's Plan was 0% funded. The actuarial present value of the accrued liability for benefits was \$69,727.23. The present value of the plan assets was \$0.00, resulting in an unfunded actuarial accrued liability (UAAL) of \$69,727.23. (For additional information, please refer to the "Required Supplementary Information, Part III, Schedule of Funding Progress for Health Benefits Plan" shown at the end of the "Required Supplementary Information, Part II section.") The valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the required supplementary information, part II section presents the current year information only. In future years, multiyear trend information that will shows whether the present value of the plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The estimates and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The actuarial assumptions included the following: a discount rate of 3% on future benefit costs; a medical cost trend rate of 10% per year, a zero turnover rate and an assumption that none of the future retirees will have dependent coverage.

Note 13: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2010, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement costs were \$8,577.00 and \$161,097.00, respectively.

Note 14: RISK MANAGEMENT

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

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

Joint Insurance Pool - The School District is a member of the School Alliance Insurance Pool Joint Insurance Fund.

The Fund provides the School District with the following coverage:

Property – Blanket Buildings and Grounds
 General Liability
 Automobile Liability
 Workers' Compensation
 School Board Legal Liability and Crime Coverage
 Boiler and Machinery

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report which can be obtained from the following address:

School Alliance Insurance Fund
 51 Everett Drive, Suite B-40
 West Windsor, New Jersey 08550

Note 15: DEFERRED COMPENSATION

The School District offers its employees a choice of three deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investments
 Vanguard
 Seely Agency

Note 16: COMPENSATED ABSENCES

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward

Note 16: COMPENSATED ABSENCES (CONT'D)

to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Employees who retire from the Delanco School System shall receive twenty percent of their daily rate for accumulated unused sick days up to a maximum of \$12,000.00.

Certain twelve month employees are permitted to carry over a maximum of five unused vacation days from one fiscal year to the subsequent year, however, at no time will available vacation days be allowed to accumulate in excess of 25 days in any one fiscal year. Upon retirement from the district, payment is made for any unused vacation time.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, the liability for compensated absences in the governmental fund was \$167,335.56.

Note 17: INTERFUND BALANCES AND TRANSFERS

The following interfund balances were recorded on the various balance sheets as June 30, 2010:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 15,118.91	\$ 10.10
Special Revenue		15,118.91
Proprietary	8.10	
Fiduciary	2.00	
	<u>\$ 15,129.01</u>	<u>\$ 15,129.01</u>

Note 18: FUND BALANCES**RESERVED**

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance are summarized below:

For Encumbrances - The reserve for encumbrances was created to represent encumbrances outstanding at the end of the fiscal year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year. As of June 30, 2010, \$868.02 has been reserved for this purpose in the General Fund and \$32,850.00 in the Capital Projects Fund.

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of reserved fund balance - excess surplus is the result of 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, 2010 ON A GAAP basis is \$13,453.74. Additionally, \$558,943.88 of excess fund balance generated during 2008-2009 has been restricted and designated for utilization in the 2010-2011 Budget.

Note 18: FUND BALANCES (CONT'D)**RESERVED (CONT'D)**

For Capital Reserve Account - As of June 30, 2010, the balance in the capital reserve account is \$110,425.01. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

UNRESERVED

General Fund - Of the \$254,768.12 unreserved general fund balance at June 30, 2010, \$2,784.12 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011 and \$251,984.00 is undesignated.

Capital Projects Fund - All of the \$55,377.60 unreserved Capital Projects Fund fund balance at June 30, 2010 is available to be utilized on the projects that were approved by referendum during the fiscal year ending June 30.

Debt Service Fund - Of the \$29,917.73 unreserved Debt Service fund balance at June 30, 2010, \$29,503.00 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2010 and \$414.73 is undesignated.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,999,989.00		\$ 4,999,989.00	\$ 4,999,989.00	\$ 2,969.50
Tuition	900.00		900.00	904.65	4.65
Interest Earned on Capital Reserve Funds	43,000.00		43,000.00	53,250.46	10,250.46
Unrestricted Miscellaneous Revenues					
Total - Local Sources	5,043,889.00	-	5,043,889.00	5,057,113.61	13,224.61
State Sources:					
Non Public Transportation Aid	295,915.00		295,915.00	1,984.00	1,984.00
Categorical Special Education Aid	2,124,935.00	\$ (385,561.00)	1,739,374.00	295,915.00	(586,039.00)
Equalization Aid	72,847.00		72,847.00	1,153,335.00	(25,496.00)
Categorical Security Aid	110,041.00		110,041.00	47,351.00	(38,514.00)
Categorical Transportation Aid				71,527.00	200,294.48
Reimbursed TPAF Social Security Contributions (non-budgeted)				200,294.48	8,577.00
On-behalf TPAF Pension Contributions (non-budgeted)				8,577.00	161,097.00
On-behalf TPAF Medical Contributions (non-budgeted)				161,097.00	(278,096.52)
Total - State Sources	2,603,738.00	(385,561.00)	2,218,177.00	1,940,080.48	(278,096.52)
Federal Sources:					
Equalization Aid - ARRA ESF		371,192.00	371,192.00	371,192.00	
Equalization Aid - ARRA GSF		14,369.00	14,369.00	14,369.00	
Total - Federal Sources	-	385,561.00	385,561.00	385,561.00	
Total Revenues	7,647,627.00	-	7,647,627.00	7,382,755.09	(264,871.91)

TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:	\$ 208,759.00	\$ 33,192.00	\$ 241,951.00	\$ 228,483.70	\$ 13,467.30
Preschool/Kindergarten	963,839.00	(6,836.00)	957,003.00	954,249.56	2,753.44
Grades 1 - 5	524,500.00	(20,556.00)	503,944.00	482,683.32	21,260.68
Grades 6 - 8					
Regular Programs - Home Instruction:					
Home Instruction Salaries	5,000.00		5,000.00	270.00	4,730.00
Purchased Professional/Educational Services	1,000.00		1,000.00		1,000.00
Regular Programs - Undistributed Instruction:					
Purchased Professional/Educational Services	21,100.00	8,387.00	29,487.00	17,290.29	12,196.71
Other Purchased Services	25,195.00	(3,387.00)	21,808.00	10,010.02	11,797.98
General Supplies	79,475.00	347.55	79,822.55	46,312.55	33,510.00
Textbooks	45,000.00		45,000.00	14,713.55	30,286.45
Other Objects	1,600.00		1,600.00	388.75	1,211.25
Total Regular Programs	1,875,468.00	11,147.55	1,886,615.55	1,754,401.74	132,213.81
Multiply Disabled:					
Other Salaries for Instruction	22,571.00		22,571.00	22,469.34	101.66
Total - Multiply Disabled	22,571.00	-	22,571.00	22,469.34	101.66
Resource Room/Center:					
Salaries of Teachers	358,134.00	(18,338.00)	339,796.00	291,580.17	48,215.83
Other Salaries for Instruction	69,525.00	10,363.00	79,888.00	72,878.72	7,009.28
General Supplies	8,000.00		8,000.00	4,380.85	3,619.15
Textbooks	5,000.00		5,000.00		5,000.00
Total - Resource Room/Center	440,659.00	(7,975.00)	432,684.00	368,839.74	63,844.26
Special Education - Home Instruction:					
Salaries of Teachers	6,000.00	585.00	585.00	585.00	
Purchased Professional/Educational Services		(585.00)	5,415.00	135.00	5,280.00
Total - Special Education - Home Instruction:	6,000.00	-	6,000.00	720.00	5,280.00
Total - Special Education	469,230.00	(7,975.00)	461,255.00	392,029.08	69,225.92

TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 127,245.00		\$ 127,245.00	\$ 116,727.00	\$ 10,518.00
General Supplies	375.00		375.00	349.39	25.61
Total - Basic Skills/Remedial	127,620.00	-	127,620.00	117,076.39	10,543.61
School Sponsored Cocurricular Activities - Instruction:					
Salaries	18,575.00	\$ 2,296.00	20,871.00	20,870.50	(0.50)
Supplies and Materials	900.00		900.00	177.09	722.91
Other Objects	250.00		250.00		250.00
Total - School Sponsored Cocurricular Activities - Instruction	19,725.00	2,296.00	22,021.00	21,047.59	972.41
School Sponsored Athletics - Instruction:					
Salaries	25,230.00		25,230.00	24,175.00	1,055.00
Purchased Services	3,500.00		3,500.00	2,787.00	713.00
Supplies and Materials	3,900.00		3,900.00	1,341.23	2,558.77
Total - School Sponsored Athletics - Instruction	32,630.00	-	32,630.00	28,303.23	4,326.77
Other Instructional Programs - Instruction:					
Salaries of Teachers	49,467.00	(2,296.00)	47,171.00	22,517.00	24,654.00
Supplies and Materials	1,500.00		1,500.00	348.89	1,151.11
Other Objects	800.00		800.00		800.00
Total - Other Instructional Programs - Instruction	51,767.00	(2,296.00)	49,471.00	22,865.89	26,605.11
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within State-Regular	1,764,776.00	(24,730.00)	1,740,046.00	1,695,443.99	44,602.01
Tuition to Other LEAs within State-Special	56,427.00	32,994.00	89,421.00	55,437.50	33,983.50
Tuition to County Voc School District-Regular	73,920.00		73,920.00	73,920.00	
Tuition to CSSD & Reg. Day Schools	205,417.00	(40,800.00)	164,617.00	130,267.00	34,350.00
Tuition to Private School for the Handicapped- State	302,490.00	100,998.00	403,488.00	371,766.67	31,721.33
Tuition -- Other	61,000.00	(24,000.00)	37,000.00		37,000.00
Total Undistributed Expenditures - Instruction	2,464,030.00	44,462.00	2,508,492.00	2,326,835.16	181,656.84
Total - Instruction	5,040,470.00	47,634.55	5,088,104.55	4,662,559.08	425,544.47

TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Undistributed Expenditures:					
Attendance & Social Work					
Salaries	\$ 12,000.00		\$ 12,000.00	\$ 10,800.00	\$ 1,200.00
Total Attendance & Social Work	12,000.00	-	12,000.00	10,800.00	1,200.00
Health Services:					
Salaries	153,680.00	\$ (3,000.00)	150,680.00	150,206.00	474.00
Other Purchased Professional and Technical Services	3,825.00	(2,000.00)	1,825.00	915.00	910.00
Supplies and Materials	1,600.00	500.00	2,100.00	2,055.83	44.17
Other Objects	650.00		650.00	136.50	513.50
Total Health Services	159,755.00	(4,500.00)	155,255.00	153,313.33	1,941.67
Other Support Services-Students-Related Services:					
Salaries	81,306.00		81,306.00	81,306.00	
Purchased Professional-Educational Services	1,900.00		1,900.00	1,600.00	300.00
Supplies and Materials	350.00		350.00	337.05	12.95
Total - Other Support Services-Students-Related Services	83,556.00	-	83,556.00	83,243.05	312.95
Other Support Services - Students - Regular:					
Salaries	49,519.00	1,125.00	50,644.00	50,644.00	
Other Purchased Professional and Technical Services	2,000.00	(1,337.00)	663.00	163.00	500.00
Supplies and Materials	2,000.00	(1,500.00)	500.00	81.81	418.19
Total Other Support Services - Students - Regular	53,519.00	(1,712.00)	51,807.00	50,888.81	918.19
Other Support Services - Students - Special Services:					
Purchased Professional-Educational Services	5,000.00	(1,950.00)	3,050.00	350.00	2,700.00
Other Purchased Professional and Technical Services	101,000.00	10,525.00	111,525.00	111,421.14	103.86
Total Other Support Services - Students - Special Services	106,000.00	8,575.00	114,575.00	111,771.14	2,803.86

TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Improvement of Instructional Services:					
Salaries of Other Professional Services	\$ 78,900.00		\$ 78,900.00	\$ 78,900.00	
Salaries of Secretarial and Clerical Assist	43,522.00	(1,075.00)	42,447.00	39,629.00	\$ 2,818.00
Other Purchased Professional and Technical Services	300.00		300.00	250.00	50.00
Other Purchased Services	300.00		300.00	300.00	
Supplies and Materials	3,000.00		3,000.00	491.18	2,508.82
Other Objects	1,100.00		1,100.00	990.00	110.00
Total Improvement of Instructional Services	127,122.00	(1,075.00)	126,047.00	120,260.18	5,786.82
Educational Media Services/School Library:					
Salaries	56,608.00	1.00	56,609.00	56,308.00	301.00
Salaries of Technology Coordinators	13,129.00		13,129.00	13,129.00	
Purchased Professional and Technical Services	3,500.00	(110.00)	3,390.00	2,463.30	926.70
Supplies and Materials	10,300.00		10,300.00		10,300.00
Total Educational Media Services/School Library	83,537.00	(109.00)	83,428.00	71,900.30	11,527.70
Instructional Staff Training Services:					
Purchased Professional- Educational Services	2,000.00		2,000.00	1,127.00	873.00
Other Purchased Professional and Technical Services	2,000.00		2,000.00		2,000.00
Supplies and Materials	1,000.00		1,000.00	112.09	887.91
Total Instructional Staff Training Services	5,000.00	-	5,000.00	1,239.09	3,760.91
Support Services General Administration:					
Salaries	180,717.00	(125,500.00)	55,217.00	49,712.08	5,504.92
Legal Services	20,000.00	(1,053.00)	18,947.00	6,490.16	12,456.84
Audit Fees	18,000.00		18,000.00	16,000.00	2,000.00
Architectural/Engineering Services	3,000.00		3,000.00		3,000.00
Other Purchased Professional Services	12,100.00	121,044.00	133,144.00	115,325.36	17,818.64
Communications/Telephone/ postage	10,500.00	3,000.00	13,500.00	7,394.06	6,105.94
BOE Other Purchased Services	4,300.00		4,300.00	1,874.00	2,426.00
Other Purchased Services	19,180.00	(500.00)	18,680.00	15,485.62	3,194.38
General Supplies	8,300.00		8,300.00	1,753.93	6,546.07
Judgments Against the School District		4,053.00	4,053.00	4,053.00	
Miscellaneous Expenditures	5,750.00		5,750.00	1,655.44	4,094.56
BOE Membership Dues and Fees	6,300.00		6,300.00	4,685.00	1,615.00
Total Support Services General Administration	288,147.00	1,044.00	289,191.00	224,428.65	64,762.35

(Continued)

TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Support Services School Administration:					
Salaries of Principals/Assistant Principals	\$ 96,666.00		\$ 96,666.00	\$ 96,665.00	\$ 1.00
Salaries of Secretarial and Clerical Assistants	29,856.00		29,856.00	29,639.50	216.50
Purchased Professional and Technical Services	300.00	\$ 150.00	450.00	435.00	15.00
Other Purchased Services	400.00		400.00	27.90	372.10
Supplies and Materials	5,650.00	150.00	5,650.00	5,609.27	40.73
Other Objects	2,000.00	(300.00)	1,700.00	1,315.04	384.96
Total Support Services School Administration	134,722.00	-	134,722.00	133,691.71	1,030.29
Central Services:					
Salaries	108,500.00		108,500.00	92,637.50	15,862.50
Purchased Technical Services	12,500.00		12,500.00	10,115.95	2,384.05
Misc. Purchased Services	4,500.00		4,500.00	1,225.23	3,274.77
Supplies and Materials	3,000.00	1,000.00	4,000.00	3,696.25	303.75
Miscellaneous Expenditures	1,500.00		1,500.00	215.00	1,285.00
Total Central Services	130,000.00	1,000.00	131,000.00	107,889.93	23,110.07
Required Maintenance for School Facilities:					
Salaries	8,686.00	800.00	9,486.00	9,106.48	379.52
Cleaning, Repair & Maintenance Services	24,000.00	22,000.00	46,000.00	40,018.74	5,981.26
General Supplies	21,000.00	(6,000.00)	15,000.00	11,921.16	3,078.84
Total - Required Maintenance for School Facilities	53,686.00	16,800.00	70,486.00	61,046.38	9,439.62
Other Operation and Maintenance of Plant Services:					
Salaries	277,564.00	3,001.00	280,565.00	273,207.82	7,357.18
Cleaning, Repair & Maintenance Services	30,000.00	(8,200.00)	21,800.00	15,923.84	5,876.16
Other Purchased Property Services	10,000.00		10,000.00	8,965.95	1,034.05
Insurance	20,000.00		20,000.00	20,000.00	
General Supplies	45,000.00	(9,009.57)	35,990.43	31,174.97	4,815.46
Energy (Electricity)	132,000.00	12,100.00	144,100.00	143,735.53	364.47
Other Objects	2,500.00		2,500.00	1,940.10	559.90
Salaries of Non-Instructional Aides	16,618.00	5.00	16,623.00	15,579.05	1,043.95
Energy (Natural Gas)	90,000.00	(7,100.00)	82,900.00	70,655.07	12,244.93
Total - Other Operation and Maintenance of Plant Services	623,682.00	(9,203.57)	614,478.43	581,182.33	33,296.10

(Continued)

TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Care and Upkeep of Grounds					
Salaries	\$ 10,000.00		\$ 10,000.00	\$ 7,645.00	\$ 2,355.00
Cleaning, Repair & Maintenance Services	1,000.00	(700.00)	300.00		300.00
General Supplies	500.00		500.00	327.04	172.96
Total - Care and Upkeep of Grounds	11,500.00	(700.00)	10,800.00	7,972.04	2,827.96
Security					
Purchased Professional and Technical Services	900.00		900.00		900.00
Cleaning, Repair & Maintenance Services	2,000.00		2,000.00	450.00	1,550.00
General Supplies	750.00		750.00		750.00
Total - Security	3,650.00	-	3,650.00	450.00	3,200.00
Total - Operation and Maintenance of Plant Services	692,518.00	6,896.43	699,414.43	650,650.75	48,763.68
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home & School) - Regular	59,375.00	5,892.00	65,267.00	64,532.60	734.40
Salaries for Pupil Transportation (Between Home & School) - Special	7,000.00	(2,911.00)	4,089.00		4,089.00
Salaries for Pupil Transportation (Other than Between Home & School)	6,000.00		6,000.00	3,395.08	2,604.92
Other Purchased Professional and Technical Services	400.00		400.00	142.80	257.20
Cleaning, Repair & Maintenance Services	15,000.00	(2,000.00)	13,000.00	3,727.06	9,272.94
Lease Purchase Payments - School Buses	35,000.00	(2,981.00)	32,019.00	31,449.94	569.06
Contracted Services (Between Home & School) - Vendors	8,500.00	(2,000.00)	6,500.00		6,500.00
Contracted Services (Between Home & School) - Joint Agreements	12,700.00	1,000.00	13,700.00	13,154.94	545.06
Contracted Services (Special Education Students) - Vendors	71,000.00	4,500.00	75,500.00	4,500.00	
Contracted Services (Special Education Students) - Joint Agreements	22,570.00	4,500.00	27,070.00	74,069.22	1,430.78
Contracted Services - Aid in Lieu of Payments	12,000.00		12,000.00	9,937.36	12,632.64
Miscellaneous Purchased Services - Transportation	3,500.00	(8,000.00)	4,500.00	3,825.00	175.00
General Supplies	13,800.00		13,800.00	7,262.29	3,500.00
Transportation Supplies	500.00		500.00	491.40	6,537.71
Other Objects					8.60
Total Student Transportation Services	267,345.00	(2,000.00)	265,345.00	216,487.69	48,857.31
Regular Programs - Instruction - Employee Benefits:					
Social Security Contributions	33,894.00	(14,331.00)	19,563.00	12,920.40	6,642.60
Unemployment Compensation	4,500.00	1,156.00	5,656.00	3,564.87	2,091.13
Workmen's Compensation	15,000.00		15,000.00	13,339.00	1,661.00
Health Benefits	361,565.00	(6,950.00)	354,615.00	309,257.04	45,357.96
Tuition Reimbursement	15,000.00		15,000.00	12,066.00	2,934.00
Other Employee Benefits	41,589.00		41,589.00	31,487.16	10,101.84
Total Regular Programs - Instruction - Employee Benefits	471,548.00	(20,125.00)	451,423.00	382,634.47	68,788.53

(Continued)

TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Special Programs - Instruction - Employee Benefits:					
Social Security Contributions	\$ 16,669.00	\$ (5,000.00)	\$ 11,669.00	\$ 9,098.66	\$ 2,570.34
Unemployment Compensation	1,250.00	1,500.00	2,750.00	2,595.66	154.34
Workmen's Compensation	2,400.00		2,400.00	2,400.00	
Health Benefits	177,358.00	(25,284.00)	152,074.00	152,070.22	3.78
Other Employee Benefits		17,297.00	17,297.00	17,296.23	0.77
Total Special Programs - Instruction - Employee Benefits	197,677.00	(11,487.00)	186,190.00	183,460.77	2,729.23
Other Instructional Programs - Instruction - Employee Benefits:					
Social Security Contributions	38.00	3,300.00	3,338.00	2,451.76	886.24
Unemployment Compensation	360.00		360.00	331.00	29.00
Workmen's Compensation	1,070.00		1,070.00	1,070.00	
Total Other Instructional Programs - Instruction - Employee Benefits	1,468.00	3,300.00	4,768.00	3,852.76	915.24
Attendance and Social Work - Employee Benefits:					
Social Security Contributions		850.00	850.00	619.69	230.31
Unemployment Compensation		100.00	100.00	56.70	43.30
Total Attendance and Social Work - Employee Benefits	-	950.00	950.00	676.39	273.61
Health Services - Employee Benefits:					
Social Security Contributions	2,034.00	(260.00)	1,774.00	1,089.05	684.95
Unemployment Compensation	390.00		390.00	390.00	
Workmen's Compensation	1,500.00		1,500.00	1,500.00	
Health Benefits	18,230.00		18,230.00	18,197.94	32.06
Other Employee Benefits	7,852.00	260.00	8,112.00	8,111.01	0.99
Total Health Services - Employee Benefits	30,006.00	-	30,006.00	29,288.00	718.00
Other Support Services - Students - Related Services - Employee Benefits:					
Social Security Contribution	1,387.00	(267.00)	1,120.00		1,120.00
Unemployment Compensation	215.00	54.00	269.00	268.31	0.69
Workmen's Compensation	750.00		750.00	750.00	
Health Benefits	18,126.00	213.00	18,339.00	18,337.26	1.74
Total Other Support Services - Students - Related Services - Employee Benefits	20,478.00	-	20,478.00	19,355.57	1,122.43

TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Other Support Services - Students - Regular - Employee Benefits:					
Social Security Contribution	\$ 547.00	\$ (289.00)	\$ 258.00	\$ 169.01	\$ 258.00
Unemployment Compensation	90.00	80.00	170.00	650.00	0.99
Workmen's Compensation	650.00		650.00	7,259.58	100.42
Health Benefits	7,151.00	209.00	7,360.00		
Total Other Support Services - Students - Regular - Employee Benefits	8,438.00	-	8,438.00	8,078.59	359.41
Improvement of Instruction Services - Employee Benefits					
Social Security Contributions	5,597.00	(1,600.00)	3,997.00	3,112.83	884.17
Unemployment Compensation	315.00		315.00	315.00	
Workmen's Compensation	1,850.00		1,850.00	1,850.00	
Health Benefits	31,340.00	3,435.00	34,775.00	33,685.46	1,089.54
Other Employee Benefits	1,296.00		1,296.00	1,133.70	162.30
Total Improvement of Instruction Services - Employee Benefits	40,398.00	1,835.00	42,233.00	40,096.99	2,136.01
Educational Media Services - School Library - Employee Benefits:					
Social Security Contributions	1,574.00		1,574.00	1,004.35	569.65
Unemployment Compensation	268.00		268.00	238.34	29.66
Workmen's Compensation	750.00		750.00	750.00	
Health Benefits	7,151.00	109.00	7,260.00	7,259.58	0.42
Total Educational Media Services - School Library - Employee Benefits	9,743.00	109.00	9,852.00	9,252.27	599.73
Support Services - General Administration - Employee Benefits:					
Social Security Contributions	6,782.00		6,782.00	3,837.73	2,944.27
Unemployment Compensation	518.00		518.00	168.24	349.76
Workmen's Compensation	1,600.00		1,600.00	1,600.00	
Health Benefits	44,432.00		44,432.00	19,549.85	24,882.15
Total Support Services - General Administration - Employee Benefits	53,332.00	-	53,332.00	25,155.82	28,176.18
Support Services - School Administration - Employee Benefits:					
Social Security Contributions	4,443.00	(1,201.00)	3,242.00	2,241.59	1,000.41
Unemployment Compensation	323.00		323.00	323.00	
Workmen's Compensation	1,600.00		1,600.00	1,600.00	
Health Benefits	28,489.00	1,201.00	29,690.00	28,812.60	877.40
Total Support Services - School Administration - Employee Benefits	34,855.00	-	34,855.00	32,977.19	877.40

TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Support Services - Central Services - Employee Benefits:					
Social Security Contributions	\$ 11,252.00	\$ (1,000.00)	\$ 10,252.00	\$ 7,258.89	\$ 2,993.11
Unemployment Compensation	259.00		259.00	259.00	
Workmen's Compensation	1,400.00		1,400.00	1,400.00	
Health Benefits	18,299.00		18,299.00	17,539.24	759.76
Other Employee Benefits	7,600.00		7,600.00	7,600.00	
Total Support Services - Central Services - Employee Benefits	38,810.00	(1,000.00)	37,810.00	26,457.13	8,352.87
Operation and Maintenance of Plant Services - Employee Benefits:					
Social Security Contributions	29,476.00	(2,050.00)	27,426.00	24,002.79	3,423.21
Unemployment Compensation	710.00	1,000.00	1,710.00	1,386.91	323.09
Workmen's Compensation	14,360.00		14,360.00	14,360.00	
Health Benefits	82,484.00	(23,400.00)	59,084.00	59,081.58	2.42
Other Employee Benefits	7,064.00	1,050.00	8,114.00	8,111.01	2.99
Total Operation and Maintenance of Plant Services - Employee Benefits	134,094.00	(23,400.00)	110,694.00	106,942.29	3,751.71
Student Transportation Services - Employee Benefits:					
Social Security Contributions	3,862.00	1,893.00	5,755.00	5,069.79	685.21
Unemployment Compensation	200.00	107.00	307.00	306.16	0.84
Workmen's Compensation	9,951.00		9,951.00	9,950.00	1.00
Total Student Transportation Services - Employee Benefits	14,013.00	2,000.00	16,013.00	15,325.95	687.05
Unallocated Benefits - Employee Benefits:					
Other Retirement Contributions - Regular	45,000.00	7,115.00	52,115.00	52,115.00	
Tuition Reimbursement	5,000.00		5,000.00		5,000.00
Other Employee Benefits	10,000.00		10,000.00	6,930.14	3,069.86
Total Unallocated Benefits - Employee Benefits	60,000.00	7,115.00	67,115.00	59,045.14	8,069.86
Undistricted Expenditures - Enterprise Funds:					
Amounts to Cover Deficit	5,000.00	(5,000.00)	-	-	-
On-behalf TPAF Pension Contributions				8,577.00	(8,577.00)
On-behalf TPAF Medical Contributions				161,097.00	(161,097.00)
Reimbursed TPAF Social Security Contributions				200,294.48	(200,294.48)
Total TPAF Contributions	-	-	-	369,968.48	(369,968.48)
Total Undistributed Expenses	3,263,081.00	(37,583.57)	3,225,497.43	3,249,132.44	(27,628.53)
Total Expenditures - Current Expense	8,303,551.00	10,050.98	8,313,601.98	7,911,691.52	397,915.94

(Continued)

TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
CAPITAL OUTLAY:					
Increase in Capital Reserve	\$ 50,000.00		\$ 50,000.00		\$ 50,000.00
Interest Deposit to Capital Reserve	900.00		900.00		900.00
Assets Acquired Under Capital Leases (Non-Budgeted):					
Undistributed Expenditures:					
Student Transportation -- School Buses Regular				\$ 89,236.00	\$(89,236.00)
Total Capital Outlay	50,900.00	-	50,900.00	89,236.00	\$(38,336.00)
Total Expenditures	8,354,451.00	\$ 10,050.98	8,364,501.98	8,000,927.52	359,579.94
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(706,824.00)	(10,050.98)	(716,874.98)	(618,172.43)	98,702.55
Other Financing Sources (Uses):					
Assets Acquired Under Capital Leases				89,236.00	(89,236.00)
Cancellation of Special Revenue Appropriations		(5,000.00)	(5,000.00)	0.10	(0.10)
Transfer to Enterprise Fund - Board Contribution					(5,000.00)
Total - Other Financing Sources (Uses)	-	(5,000.00)	(5,000.00)	89,236.10	(94,236.10)
Calculation of Deficiency of Revenues Under Expenditures (Cont'd):					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(706,824.00)	(15,050.98)	(721,874.98)	(528,936.33)	192,938.65
Fund Balances, July 1	1,720,339.10	-	1,720,339.10	1,720,339.10	-
Fund Balances, June 30	\$ 1,013,515.10	\$ (15,050.98)	\$ 998,464.12	\$ 1,191,402.77	\$ 192,938.65
Recapitulation:					
Reserve for Encumbrances				\$ 868.02	
Capital Reserve				110,425.01	
Excess Surplus Designated to Subsequent Year's Expenditures				558,943.88	
Unreserved -- Designated for Subsequent Year's Expenditures				2,784.12	
Excess Surplus				266,397.74	
Unreserved -- Undesignated Fund Balance				251,984.00	
				1,191,402.77	
Reconciliation to Governmental Funds Statements (GAAP):				(252,944.00)	
Last State Aid Payment Not Recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)				\$ 938,458.77	

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule -- ARRA ESF
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Federal Sources:					
Equalization Aid -- ARRA ESF	-	\$ 371,192.00	\$ 371,192.00	\$ 371,192.00	-
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten		27,134.40	27,134.40	27,134.40	
Grades 1 - 5		281,129.70	281,129.70	281,129.70	
Grades 6-8		62,927.90	62,927.90	62,927.90	
Total Regular Programs- Instruction	-	371,192.00	371,192.00	371,192.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-	-
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	-	-	-	-	-

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule -- ARRA GSF
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Federal Sources:					
Equalization Aid -- ARRA GSF	-	\$ 14,369.00	\$ 14,369.00	\$ 14,369.00	-
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Grades 6-8		14,369.00	14,369.00	14,369.00	
Total Regular Programs- Instruction	-	14,369.00	14,369.00	14,369.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-	-
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	-	-	-	-	-

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Federal Sources:					
Title I ARRA	\$ 51,686.00	\$ 21,869.00	\$ 21,869.00	\$ 13,643.60	\$ (8,225.40)
Title I	16,993.00	15,940.00	67,626.00	65,510.76	(2,115.24)
Title II Part A		4,066.00	21,059.00	16,360.22	(4,698.78)
Title II Part D		689.00	689.00	449.00	(240.00)
Title IV	1,095.00	265.00	1,360.00	1,355.71	(4.29)
I.D.E.I.A., Part B Basic ARRA		123,549.00	123,549.00	66,400.30	(57,148.70)
I.D.E.I.A., Part B Basic	111,517.00	29,162.00	140,679.00	140,679.00	
I.D.E.I.A., Part B, Preschool Incentive ARRA		4,459.00	4,459.00	4,459.00	
I.D.E.I.A., Part B, Preschool Incentive	2,417.00	621.00	3,038.00	3,038.00	
Total - Federal Sources	<u>183,708.00</u>	<u>200,620.00</u>	<u>384,328.00</u>	<u>311,895.59</u>	<u>(72,432.41)</u>
Total Revenues	<u>\$ 183,708.00</u>	<u>\$ 200,620.00</u>	<u>\$ 384,328.00</u>	<u>\$ 311,895.59</u>	<u>\$ (72,432.41)</u>

(Continued)

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 51,686.00	\$ 90,564.00	\$ 142,250.00	\$ 93,680.00	\$ (48,570.00)
Purchased Professional & Technical Services	1,095.00	(1,095.00)			
Other Purchased Services	2,417.00	5,080.00	7,497.00	7,497.00	
General Supplies		53,714.00	53,714.00	48,809.69	(4,904.31)
Total Instruction	<u>55,198.00</u>	<u>148,263.00</u>	<u>203,461.00</u>	<u>149,986.69</u>	<u>(53,474.31)</u>
Support Services:					
Salaries of Other Professional Staff		1,200.00	1,200.00	1,175.00	(25.00)
Personal Services - Employee Benefits		26,228.00	26,228.00	12,824.41	(13,403.59)
Purchased Professional & Technical Services	111,517.00	30,222.00	141,739.00	140,679.00	(1,060.00)
Other Purchased Services		11,700.00	11,700.00	7,230.49	(4,469.51)
Supplies and Materials	16,993.00	(16,993.00)			
Total Support Services	<u>128,510.00</u>	<u>52,357.00</u>	<u>180,867.00</u>	<u>161,908.90</u>	<u>(18,958.10)</u>
Total Expenditures	<u>\$ 183,708.00</u>	<u>\$ 200,620.00</u>	<u>\$ 384,328.00</u>	<u>\$ 311,895.59</u>	<u>\$ (72,432.41)</u>

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2010

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 7,382,755.09	\$ 311,895.59
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(3,432.13)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2009.	233,729.00	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2010.	<u>(252,944.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 7,363,540.09</u></u>	<u><u>\$ 308,463.46</u></u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 8,000,927.52	\$ 311,895.59
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(3,432.13)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u><u>\$ 8,000,927.52</u></u>	<u><u>\$ 308,463.46</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Funding Progress for Health Benefits Plan
 For the Fiscal Year Ended June 30, 2010

Actuarial Valuation Date <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) - Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>[(b-a)/c]</u>
06/30/10	-	\$ 69,727.23	\$ 69,727.23	-	N/A	N/A

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Notes to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2010

Other Postemployment Benefits

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date	June 30, 2010
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	None
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	3.0%
Rate of Salary Increases	N/A
Rate of Medical, Prescription AND Dental Inflation	10.0%

For determining the annual required contribution (ARC), the rate of employer contributions to the Plan is composed of the normal cost plus amortization of the unfunded actuarial accrued liability (UAAL), multiplied by the sum of 1 plus the discount rate, or 1.03. The normal cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The actuarial accrued liability (AAL) is that portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability (UAL).

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

I.A.S.A.

	Title I ARRA 2009-2010	Title I 2009-2010	Part A 2009-2010	Title II 2009-2010	Part D 2009-2010	Title IV 2009-2010	I.D.E.I.A. Part B Basic ARRA 2009-2010	I.D.E.I.A. Part B Basic 2009-2010	I.D.E.I.A. Part B Preschool ARRA 2009-2010	I.D.E.I.A. Part B Preschool 2009-2010
REVENUES:										
Federal Sources	\$ 311,895.59	\$ 65,510.76	\$ 16,360.22	\$ 449.00	\$ 449.00	\$ 1,355.71	\$ 66,400.30	\$ 140,679.00	\$ 4,459.00	\$ 3,038.00
State Sources	-									
Local Sources	-									
Total Revenues	\$ 311,895.59	\$ 65,510.76	\$ 16,360.22	\$ 449.00	\$ 449.00	\$ 1,355.71	\$ 66,400.30	\$ 140,679.00	\$ 4,459.00	\$ 3,038.00
EXPENDITURES:										
Instruction:										
Salaries of Teachers	\$ 7,440.00	\$ 40,000.00					\$ 46,240.00			
Purchased Professional & Technical Services	7,497.00									
Other Purchased Services	48,809.69	19,143.76	11,337.72	449.00	449.00	295.71	13,213.95		4,459.00	3,038.00
General Supplies	149,986.69	59,143.76	11,337.72	449.00	449.00	295.71	59,453.95		4,459.00	3,038.00
Total Instruction	161,908.90	63,677.00	5,022.50	1,060.00	1,060.00	1,060.00	6,946.35	140,679.00	-	-
Support Services:										
Salaries of Other Professional Staff	1,175.00	5,844.00					6,321.36			
Personal Services - Employee Benefits	12,824.41									
Purchased Professional & Technical Services	140,679.00	523.00	5,022.50			1,060.00	624.99			
Other Purchased Services	7,230.49	6,367.00	5,022.50			1,060.00	6,946.35			
Total Support Services	161,908.90	63,677.00	5,022.50	1,060.00	1,060.00	1,060.00	6,946.35	140,679.00	-	-
Facilities Acquisition and Construction Services:										
Instructional Equipment	-									
Total Expenditures	\$ 311,895.59	\$ 65,510.76	\$ 16,360.22	\$ 449.00	\$ 449.00	\$ 1,355.71	\$ 66,400.30	\$ 140,679.00	\$ 4,459.00	\$ 3,038.00

CAPITAL PROJECTS FUND

TOWNSHIP OF DELANCO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2010

Project Title/Issue	Original Date	Appropriations	Transfers	Canceled	Expenditures to Date		Balance June 30, 2010
					Prior Years	Current Year	
Addition and Renovations to the Walnut Street Middle School	01/26/05	\$ 2,450,188.00	\$ 149,909.96	\$ 13,007.00	\$ 2,483,898.76	\$ 37,951.37	\$ 65,240.83
Addition and Renovations to the M. Joan Pearson Elementary School	01/26/05	<u>7,750,596.00</u>	<u>(149,909.96)</u>	<u>57,518.67</u>	<u>7,493,431.34</u>	<u>26,749.26</u>	<u>22,986.77</u>
		<u>\$ 10,200,784.00</u>	<u>-</u>	<u>\$ 70,525.67</u>	<u>\$ 9,977,330.10</u>	<u>\$ 64,700.63</u>	<u>\$ 88,227.60</u>
Recap:							
Encumbrances							\$ 32,850.00
Unreserved							<u>55,377.60</u>
							<u>\$ 88,227.60</u>

TOWNSHIP OF DELANCO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Summary Statement of Project Expenditures
 For the Fiscal Year Ended June 30, 2010

Revenues and Other Financing Sources

Miscellaneous Revenue:

Interest Earned		\$ 414.24
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Total Revenues		<u>414.24</u>
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Expenditures and Other Financing Uses

Legal Services	\$ 1,258.14	
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Construction Services	<u>63,442.49</u>	
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Total Expenditures		64,700.63
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Other Financing Uses - Transfer to Debt Service		<u>26,428.24</u>
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Total Expenditures and Other Financing Uses		<u>91,128.87</u>
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Excess (Deficiency) of Revenues Over (Under) Expenditures		(90,714.63)
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Fund Balance -- July 1		<u>178,942.23</u>
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Fund Balance -- June 30		<u><u>\$ 88,227.60</u></u>
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TOWNSHIP OF DELANCO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Addition and Renovations to the Walnut Street Middle School
From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant	\$ 974,075.00		\$ 974,075.00	\$ 974,075.00
Bond Proceeds and Transfers	<u>1,626,022.96</u>		<u>1,626,022.96</u>	<u>1,626,022.96</u>
Total Revenues	<u>2,600,097.96</u>	<u>-</u>	<u>2,600,097.96</u>	<u>2,600,097.96</u>
Expenditures and Other Financing Uses				
Legal Services	6,016.39	\$ 1,258.14	7,274.53	7,274.53
Other Purchased Professional and Technical Services	251,189.99		251,189.99	251,189.99
Construction Services	2,209,846.69	36,693.23	2,246,539.92	2,291,210.69
General Supplies	<u>16,845.69</u>		<u>16,845.69</u>	<u>37,415.75</u>
Total Expenditures	<u>2,483,898.76</u>	<u>37,951.37</u>	<u>2,521,850.13</u>	<u>2,587,090.96</u>
Other Financing Uses - Transfer to Debt Service		<u>13,007.00</u>	<u>13,007.00</u>	<u>13,007.00</u>
Total Expenditures and Other Financing Uses	<u>2,483,898.76</u>	<u>50,958.37</u>	<u>2,534,857.13</u>	<u>2,600,097.96</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 116,199.20</u>	<u>\$ (50,958.37)</u>	<u>\$ 65,240.83</u>	<u>-</u>

Additional Project Information:

Project Number	1030-060-05-1000
Grant Date	01-26-05
Bond Authorization Date	03-08-05
Bonds Authorized	1,476,113.00
Bonds Issued	1,476,113.00
Original Authorized Cost	2,450,188.00
Additional Authorized Cost	149,909.96
Revised Authorized Cost	2,600,097.96
Percentage Increase over Original Authorized Cost	0.06
Percentage Completion	97.49%
Original Target Completion Date	8/26/2006
Revised Target Completion Date	6/30/2011

TOWNSHIP OF DELANCO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 Additions and Renovations to the M. Joan Pearson Elementary School
 From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant	\$ 2,465,140.00		\$ 2,465,140.00	\$ 2,465,140.00
Bond Proceeds and Transfers	<u>5,135,546.04</u>		<u>5,135,546.04</u>	<u>5,135,546.04</u>
 Total Revenues	 <u>7,600,686.04</u>	 <u>-</u>	 <u>7,600,686.04</u>	 <u>7,600,686.04</u>
Expenditures and Other Financing Uses				
Legal Services	12,216.00		12,216.00	12,216.00
Other Purchased Professional and Technical Services	770,207.21		770,207.21	772,200.21
Construction Services	6,678,716.99	\$ 26,749.26	6,705,466.25	6,723,288.69
General Supplies	<u>32,291.14</u>		<u>32,291.14</u>	<u>35,462.47</u>
 Total Expenditures	 <u>7,493,431.34</u>	 <u>26,749.26</u>	 <u>7,520,180.60</u>	 <u>7,543,167.37</u>
 Other Financing Uses - Transfer to Debt Service	 <u>44,511.67</u>	 <u>13,007.00</u>	 <u>57,518.67</u>	 <u>57,518.67</u>
 Total Expenditures and Other Financing Uses	 <u>7,537,943.01</u>	 <u>39,756.26</u>	 <u>7,577,699.27</u>	 <u>7,600,686.04</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 62,743.03</u>	 <u>\$ (39,756.26)</u>	 <u>\$ 22,986.77</u>	 <u>-</u>
 Additional Project Information:				
Project Number	1030-030-05-100			
Grant Date	01-26-05			
Bond Authorization Date	03-08-05			
Bonds Authorized	5,285,456.00			
Bonds Issued	5,285,456.00			
Original Authorized Cost	7,750,596.00			
Additional Authorized Cost	(149,909.96)			
Revised Authorized Cost	7,600,686.04			
 Percentage Increase over Original Authorized Cost	(0.02)			
Percentage Completion	99.70%			
Original Target Completion Date	12/30/2006			
Revised Target Completion Date	6/30/2011			

PROPRIETARY FUNDS

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Food Service Enterprise Fund
 Statement of Net Assets
 June 30, 2010

ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 8,601.59
Accounts Receivable:	
State	240.26
Federal	4,197.31
Inventories	<u>3,965.42</u>
Total Current Assets	<u>17,004.58</u>
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	181,933.00
Furniture, Machinery and Equipment	(56,497.73)
Less Accumulated Depreciation	<u>(56,497.73)</u>
Total Noncurrent Assets	<u>125,435.27</u>
Total Assets	<u>142,439.85</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related	
Debt -- Restricted for Contributed Capital	125,435.27
Unrestricted	<u>17,004.58</u>
Total Net Assets	<u>\$ 142,439.85</u>

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Food Service Enterprise Fund
 Statement of Revenues, Expenses and Changes in Fund Net Assets
 For the Fiscal Year Ended June 30, 2010

OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Lunch Program	\$ 60,826.95
School Breakfast Program	2,158.20
Daily Sales - Non-Reimbursable Programs	17,897.40
Special Functions	<u>771.55</u>
Total Operating Revenues	<u>81,654.10</u>
OPERATING EXPENSES:	
Direct Expenses	3,422.77
Cost of Sales	51,702.87
Management Fees	12,759.60
Salaries	72,045.22
Supplies and Materials	4,037.93
Audit Fee	3,000.00
Depreciation	<u>13,196.53</u>
Total Operating Expenses	<u>160,164.92</u>
Operating Income / (Loss)	<u>(78,510.82)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	2,623.34
State School Breakfast Program	499.30
Federal Sources:	
National School Lunch Program	49,611.73
National School Breakfast Program	5,222.78
Food Distribution Program	9,354.88
Interest Revenue	<u>154.97</u>
Total Nonoperating Revenues (Expenses)	<u>67,467.00</u>
Income (Loss) before Contributions and Transfers	(11,043.82)
Capital Contributions	<u>-</u>
Change in Net Assets	(11,043.82)
Net Assets -- July 1	<u>153,483.67</u>
Net Assets -- June 30	<u><u>\$ 142,439.85</u></u>

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Food Service Enterprise Fund
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 81,654.10
Payments to Management Company	(145,411.67)
Payments to Audit Company	<u>(3,000.00)</u>
Net Cash Provided by (used for) Operating Activities	<u>(66,757.57)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	2,882.38
Federal Sources	<u>59,992.08</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>62,874.46</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>154.97</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,728.14)
Cash and Cash Equivalents -- July 1	<u>12,329.73</u>
Cash and Equivalents -- June 30	<u><u>\$ 8,601.59</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (78,510.82)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	13,196.53
(Increase) Decrease in Inventories	(1,443.28)
Increase (Decrease) in Accounts Payable	<u>11,753.25</u>
Total Adjustments	<u>11,753.25</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (66,757.57)</u></u>

TOWNSHIP OF DELANCO SCHOOL DISTRICT
INTERNAL SERVICE FUND
 Substitute Calling
 Statement of Net Assets
 June 30, 2010

ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 2,721.55
Interfund Accounts Receivable:	
General Fund	<u>8.10</u>
Total Current Assets	<u>2,729.65</u>
Total Assets	<u>2,729.65</u>
LIABILITIES:	
Current Liabilities:	
Deferred Revenue	2,721.55
Accounts Payable	<u>8.10</u>
Total Liabilities	<u>2,729.65</u>
NET ASSETS:	
Unrestricted	<u> </u>
Total Net Assets	<u><u> -</u></u>

TOWNSHIP OF DELANCO SCHOOL DISTRICT
INTERNAL SERVICE FUND
 Substitute Calling
 Statement of Revenues, Expenses and Changes in Fund Net Assets
 For the Fiscal Year Ended June 30, 2010

OPERATING REVENUES:	
Charges for Services:	
Substitute Calling Fees from Other LEA's Within the State	\$ 6,028.45
Total Operating Revenues	<u>6,028.45</u>
OPERATING EXPENSES:	
Salaries	5,400.00
Benefits	440.11
Supplies and Materials	24.99
Miscellaneous	216.43
Total Operating Expenses	<u>6,081.53</u>
Operating Income / (Loss)	<u>(53.08)</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Revenue	<u>53.08</u>
Total Nonoperating Revenues (Expenses)	<u>53.08</u>
Income (Loss) before Contributions and Transfers	-
Capital Contributions	<u>-</u>
Change in Net Assets	-
Net Assets -- July 1	<u>-</u>
Net Assets -- June 30	<u><u>-</u></u>

TOWNSHIP OF DELANCO SCHOOL DISTRICT
INTERNAL SERVICE FUND
 Substitute Calling
 Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 8,750.00
Payments to Employees	(5,400.00)
Payments for Employee Benefits	(432.01)
Payments to Suppliers	<u>(241.42)</u>
Net Cash Provided by (used for) Operating Activities	<u>2,676.57</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Interfunds Payable	<u>(8.10)</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>(8.10)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>53.08</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,721.55
Cash and Cash Equivalents -- July 1	<u>-</u>
Cash and Equivalents -- June 30	<u><u>\$ 2,721.55</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (53.08)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Increase (Decrease) in Accounts Payable	8.10
Increase (Decrease) in Other Current Liabilities	<u>2,721.55</u>
Total Adjustments	<u>2,729.65</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ 2,676.57</u></u>

FIDUCIARY FUNDS

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Assets
 June 30, 2010

	<u>Trust Fund</u>	<u>Agency Funds</u>		
	<u>Scholarship Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:				
Cash and Cash Equivalents	\$ 2,495.93	\$ 16,542.02	\$ 4,750.24	\$ 23,788.19
Interfund Accounts Receivable:				
Due General Fund			2.00	2.00
Total Assets	<u>2,495.93</u>	<u>\$ 16,542.02</u>	<u>\$ 4,752.24</u>	<u>23,790.19</u>
LIABILITIES:				
Payroll Deductions Payable			\$ 4,752.24	4,752.24
Payable to Student Groups		\$ 16,542.02		16,542.02
Total Liabilities	<u>-</u>	<u>\$ 16,542.02</u>	<u>\$ 4,752.24</u>	<u>21,294.26</u>
NET ASSETS:				
Held in Trust for Other Purposes	<u>\$ 2,495.93</u>			<u>\$ 2,495.93</u>

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Assets
 For the Fiscal Year Ended June 30, 2010

	<u>Scholarship Trust</u>
ADDITIONS:	
Investment Earnings:	
Interest	<u>\$ 10.35</u>
Total Additions	<u>10.35</u>
DEDUCTIONS:	
Scholarship Awards	<u>100.00</u>
Total Deductions	<u>100.00</u>
Change in Net Assets	(89.65)
Net Assets -- July 1	<u>2,585.58</u>
Net Assets -- June 30	<u><u>\$ 2,495.93</u></u>

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
MIDDLE SCHOOL:				
Walnut Ave School	\$ 9,368.43	\$ 23,315.73	\$ 21,138.17	\$ 11,545.99
ELEMENTARY SCHOOL:				
Pearson School	<u>2,169.29</u>	<u>8,376.70</u>	<u>5,549.95</u>	<u>4,996.04</u>
Total All Schools	<u>\$ 11,537.72</u>	<u>\$ 31,692.43</u>	<u>\$ 26,688.12</u>	<u>\$ 16,542.03</u>

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2010

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
ASSETS:				
Cash and Cash Equivalents	\$ 442.06	\$ 3,896,413.48	\$ 3,892,105.30	\$ 4,750.24
Interfund Accounts Receivable:				
Due General Fund	<u> </u>	<u>2.00</u>	<u> </u>	<u>2.00</u>
	<u>\$ 442.06</u>	<u>\$ 3,896,415.48</u>	<u>\$ 3,892,105.30</u>	<u>\$ 4,752.24</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 435.81	\$ 1,560,460.45	\$ 1,556,144.02	\$ 4,752.24
Net Payroll		2,334,916.22	2,334,916.22	
Interfund Accounts Payable	<u>6.25</u>	<u>1,038.81</u>	<u>1,045.06</u>	<u>-</u>
Total Liabilities	<u>\$ 442.06</u>	<u>\$ 3,896,415.48</u>	<u>\$ 3,892,105.30</u>	<u>\$ 4,752.24</u>

LONG-TERM DEBT

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2010

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2009</u>	<u>Issued</u>	<u>Disbursed</u>	<u>Balance June 30, 2010</u>
School District Bonds-- Series 2005	05/01/05	\$ 6,761,569.00	08/01/10	\$ 150,000.00	4.000%				
			08/01/11	160,000.00	4.000%				
			08/01/12	170,000.00	4.000%				
			08/01/13	190,000.00	4.125%				
			08/01/14	200,000.00	4.125%				
			08/01/15	220,000.00	4.125%				
			08/01/16	240,000.00	4.125%				
			08/01/17	340,000.00	4.125%				
			08/01/18	360,000.00	4.125%				
			08/01/19	380,000.00	4.250%				
			08/01/20	410,000.00	4.250%				
			08/01/21	430,000.00	4.250%				
			08/01/22	460,000.00	4.250%				
			08/01/23	480,000.00	4.250%				
			08/01/24	500,000.00	4.250%				
			08/01/25	530,000.00	4.300%				
			08/01/26	570,000.00	4.300%				
			08/01/27	596,000.00	4.400%				
						\$ 6,511,000.00		\$ 125,000.00	\$ 6,386,000.00
						\$ 6,511,000.00	-	\$ 125,000.00	\$ 6,386,000.00

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2010

<u>Description:</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue Principal</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2009</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2010</u>
2010 International 54 Passenger School Bus	08/31/09	3 Years	\$ 89,236.00	5.34%	-	\$ 89,236.00	\$ 31,039.48	\$ 58,196.52
						\$ 89,236.00	\$ 31,039.48	\$ 58,196.52

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 396,112.00		\$ 396,112.00	\$ 396,112.00	
Total Revenues	396,112.00	-	396,112.00	396,112.00	-
EXPENDITURES:					
Regular Debt Service:					
Interest	272,212.00		272,212.00	272,211.50	\$ 0.50
Redemption of Principal	125,000.00		125,000.00	125,000.00	
Total Regular Debt Service	397,212.00	-	397,212.00	397,211.50	0.50
Total Expenditures	397,212.00	-	397,212.00	397,211.50	0.50
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,100.00)	-	(1,100.00)	(1,099.50)	(0.50)
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Projects Fund	-		-	26,428.24	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(1,100.00)	-	(1,100.00)	25,328.74	(0.50)
Fund Balance, July 1	4,588.99	-	4,588.99	4,588.99	-
Fund Balance, June 30	\$ 3,488.99	-	\$ 3,488.99	\$ 29,917.73	\$ (0.50)

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that Exhibits J-1 through J-3 are only presented for the last seven fiscal years as the School District's first year of implementation of the Governmental Accounting Standards Board Statement No. 34 was for the fiscal year ended June 30, 2004; thus, ten year comparative financial information is unavailable.

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Net Assets by Component
 Last Six Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,					
	2010	2009	2008	2007	2006	2005
Governmental Activities:						
Invested in Capital Assets, Net of Related Debt	\$ 8,935,363.98	\$ 9,116,732.86	\$ 9,838,124.51	\$ 9,861,899.11	\$ 6,543,794.02	\$ 6,549,412.65
Restricted	702,688.48	922,047.20	979,109.69	1,135,298.68	4,329,156.37	3,969,454.91
Unrestricted	12,442.95	406,511.01	(38,616.14)	(24,918.24)	(151,656.18)	(87,218.96)
Total Governmental Activities Net Assets	\$ 9,650,495.41	\$ 10,445,291.07	\$ 10,778,618.06	\$ 10,972,279.55	\$ 10,721,294.21	\$ 10,431,648.60
Business-type Activities:						
Invested in Capital Assets, Net of Related Debt	\$ 125,435.27	\$ 138,631.80	\$ 157,428.32	\$ 11,223.81	\$ 14,426.69	\$ 17,889.32
Unrestricted	17,004.58	14,851.87	8,588.87	5,749.30	109.03	1,966.51
Total Business-type Activities Net Assets	\$ 142,439.85	\$ 153,483.67	\$ 166,017.19	\$ 16,973.11	\$ 14,535.72	\$ 19,855.83
District-wide:						
Invested in Capital Assets, Net of Related Debt	\$ 9,060,799.25	\$ 9,255,364.66	\$ 9,995,552.83	\$ 9,873,122.92	\$ 6,558,220.71	\$ 6,567,301.97
Restricted	702,688.48	922,047.20	979,109.69	1,135,298.68	4,329,156.37	3,969,454.91
Unrestricted	29,447.53	421,362.88	(30,027.27)	(19,168.94)	(151,547.15)	(85,252.45)
Total District-wide Net Assets	\$ 9,792,935.26	\$ 10,598,774.74	\$ 10,944,635.25	\$ 10,989,252.66	\$ 10,735,829.93	\$ 10,451,504.43
						\$ 6,718,777.46

Source: Exhibit A-1

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Changes in Net Assets
 Last Seven Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
Expenses:							
Governmental Activities:							
Instruction:							
Regular	\$ 2,498,349.20	\$ 2,829,794.23	\$ 2,157,409.12	\$ 2,045,518.93	\$ 1,864,065.57	\$ 1,544,233.03	\$ 1,826,974.65
Special Education	721,804.01	560,948.23	796,520.14	541,284.41	601,038.54	468,313.60	463,481.70
Other Special Education	117,076.39	119,587.46	56,710.77	41,610.73	34,461.80	28,670.04	21,507.15
Other Instruction	76,069.47	97,933.72	93,531.17	99,786.41	79,772.89	67,106.68	65,293.86
Support Services:							
Tuition	2,326,835.16	1,875,992.43	1,802,135.99	1,861,389.68	1,562,887.73	1,447,056.10	1,471,098.20
Student and Instruction Related Services	872,313.01	890,673.06	689,179.84	752,096.60	667,989.99	1,169,696.29	357,602.21
School Administrative Services	172,750.43	147,044.42	163,496.63	137,113.02	99,319.10	156,315.19	315,414.86
General and Business Administrative Services	454,455.39	414,979.20	461,633.13	417,905.11	322,613.52	324,799.23	475,498.56
Plant Operations and Maintenance	768,245.36	720,984.67	750,491.17	690,155.63	531,252.40	477,939.12	438,667.32
Pupil Transportation	302,590.41	174,622.61	174,497.13	213,411.08	191,663.20	217,216.85	161,171.70
Unallocated Benefits	369,968.48	364,921.58	556,507.23	509,477.64	314,172.79	290,700.41	293,965.54
Interest on Long-Term Debt	278,185.77	280,857.52	272,575.63	167,885.65	402,937.15	(57,417.03)	196.50
Unallocated Depreciation	-	-	-	29,817.92	-	-	-
Total Governmental Activities Expenses	8,958,643.08	8,478,339.13	7,974,668.15	7,507,452.81	6,872,174.68	6,134,629.51	5,890,812.25
Business-type Activities:							
Food Service	160,164.92	145,909.21	176,601.49	115,416.56	119,142.79	116,672.45	112,842.50
Other	-	-	-	-	-	-	-
Total Business-type Activities Expense	160,164.92	145,909.21	176,601.49	115,416.56	119,142.79	116,672.45	112,842.50
Total District Expenses	\$ 9,118,808.00	\$ 8,624,248.34	\$ 8,151,269.64	\$ 7,622,869.37	\$ 6,991,317.47	\$ 6,251,301.96	\$ 6,003,654.75
Program Revenues:							
Governmental Activities:							
Operating Grants and Contributions	\$ 678,431.94	\$ 594,189.51	\$ 836,708.16	\$ 650,713.33	\$ 455,325.79	\$ 455,542.57	\$ 463,310.14
Charges for Services	8,997.95	14,064.00	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	687,429.89	608,253.51	836,708.16	650,713.33	455,325.79	455,542.57	463,310.14
Business-type activities:							
Charges for services	81,654.10	81,223.50	83,068.33	69,034.91	63,868.25	68,852.85	69,217.71
Food service	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Capital Grants and Contributions	67,312.03	51,914.25	51,232.87	33,398.06	29,639.20	18,633.65	10,874.28
Operating Grants and Contributions	-	-	191,000.00	15,000.00	20,000.00	27,273.20	29,821.69
Total Business-type Activities Program Revenues	148,966.13	133,137.75	325,301.20	117,432.97	113,507.45	114,759.70	109,913.68
Total District Program Revenues	\$ 836,396.02	\$ 741,391.26	\$ 1,162,009.36	\$ 768,146.30	\$ 568,833.24	\$ 570,302.27	\$ 573,223.82

(Continued)

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Changes in Net Assets
 Last Seven Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30.						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net (Expense)/Revenue:							
Governmental Activities	\$ (8,271,213.19)	\$ (7,870,085.62)	\$ (7,137,979.99)	\$ (6,856,739.48)	\$ (6,416,848.89)	\$ (5,679,086.94)	\$ (5,427,502.11)
Business-type Activities	(11,198.79)	(12,771.46)	148,689.71	2,016.41	(5,635.34)	(1,912.75)	(2,928.82)
Total District-wide Net Expense	<u>\$ (8,282,411.98)</u>	<u>\$ (7,882,857.08)</u>	<u>\$ (6,989,290.28)</u>	<u>\$ (6,854,723.07)</u>	<u>\$ (6,422,484.23)</u>	<u>\$ (5,680,999.69)</u>	<u>\$ (5,430,430.93)</u>
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$ 4,999,989.00	\$ 4,796,752.00	\$ 4,688,783.00	\$ 4,493,107.00	\$ 4,177,825.00	\$ 3,779,956.00	\$ 3,473,202.00
Taxes Levied for Debt Service	396,112.00	347,112.00	137,499.00	333,175.00	138,612.00	-	-
Unrestricted Grants and Contributions	1,936,458.00	2,326,435.60	2,196,494.00	2,096,696.00	2,087,916.00	5,535,947.00	2,030,414.40
Investment Earnings	32,648.12	40,576.04	110,260.44	87,949.29	63,113.99	27,115.49	10,431.16
Other	21,974.31	25,882.99	-	80,219.14	232,349.76	57,974.42	30,365.18
Assets Acquired Under Capital Lease	89,236.00	-	7,282.06	31,578.39	26,577.75	31,110.59	10,765.86
Cancellation of Special Revenue Appropriations	0.10	-	-	-	-	-	-
Transfers	-	-	(196,000.00)	(15,000.00)	(20,000.00)	(18,633.65)	(10,874.28)
Total Governmental Activities	<u>7,476,417.53</u>	<u>7,536,758.63</u>	<u>6,944,318.50</u>	<u>7,107,724.82</u>	<u>6,706,494.50</u>	<u>9,413,469.85</u>	<u>5,544,304.32</u>
Business-type Activities:							
Investment Earnings	154.97	237.94	344.37	420.98	315.23	256.81	69.55
Transfers	-	-	-	-	-	-	-
Total Business-type Activities	<u>154.97</u>	<u>237.94</u>	<u>344.37</u>	<u>420.98</u>	<u>315.23</u>	<u>256.81</u>	<u>69.55</u>
Total District-wide	<u>\$ 7,476,572.50</u>	<u>\$ 7,536,996.57</u>	<u>\$ 6,944,662.87</u>	<u>\$ 7,108,145.80</u>	<u>\$ 6,706,809.73</u>	<u>\$ 9,413,726.66</u>	<u>\$ 5,544,373.87</u>
Change in Net Assets:							
Governmental Activities	\$ (794,795.66)	\$ (333,326.99)	\$ (193,661.49)	\$ 250,985.34	\$ 289,645.61	\$ 3,734,382.91	\$ 116,802.21
Business-type Activities	(11,043.82)	(12,533.52)	149,044.08	2,437.39	(5,320.11)	(1,655.94)	(2,859.27)
Total District	<u>\$ (805,839.48)</u>	<u>\$ (345,860.51)</u>	<u>\$ (44,617.41)</u>	<u>\$ 253,422.73</u>	<u>\$ 284,325.50</u>	<u>\$ 3,732,726.97</u>	<u>\$ 113,942.94</u>

Source: Exhibit A-2

TOWNSHIP OF DELANCO SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Seven Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
General Fund:							
Reserved	\$ 683,690.65	\$ 1,000,677.89	\$ 878,922.17	\$ 808,737.39	\$ 856,156.25	\$ 429,854.05	\$ 87,373.10
Unreserved	254,768.12	485,932.21	362,615.58	254,027.90	133,377.40	163,078.09	343,824.01
Total General Fund	<u>\$ 938,458.77</u>	<u>\$ 1,486,610.10</u>	<u>\$ 1,241,537.75</u>	<u>\$ 1,062,765.29</u>	<u>\$ 989,533.65</u>	<u>\$ 592,932.14</u>	<u>\$ 431,197.11</u>
All Other Governmental Funds:							
Reserved	\$ 32,850.00	\$ 19,592.79	\$ 50,574.99	\$ 412,727.63	\$ 3,396,101.58	\$ 700,126.58	
Unreserved, Reported in:							
Special Revenue Fund			(3,306.40)	(1,181.40)	(1,181.40)	(1,181.40)	\$ (1,181.40)
Capital Projects Fund	55,377.60	159,349.44	321,170.81	402,114.46	1,427,683.49	9,273,353.29	
Debt Service Fund	29,917.73	4,588.99	5,488.33	231,649.24	377,108.09	35,469.14	
Permanent Fund	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 118,145.33</u>	<u>\$ 183,531.22</u>	<u>\$ 373,927.73</u>	<u>\$ 1,045,309.93</u>	<u>\$ 5,199,711.76</u>	<u>\$ 10,007,767.61</u>	<u>\$ (1,181.40)</u>

Source: Exhibit B-1

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:										
Tax Levy	\$ 5,396,101.00	\$ 5,143,864.00	\$ 4,826,282.00	\$ 4,826,282.00	\$ 4,316,537.00	\$ 3,779,956.00	\$ 3,473,202.00	\$ 3,180,146.50	\$ 2,869,974.00	\$ 2,539,132.00
Other Local Revenue	57,538.85	80,523.03	110,260.44	168,168.43	320,145.75	84,520.91	40,796.34	48,922.45	65,758.73	86,350.44
State Sources	1,920,865.48	2,694,663.58	2,817,004.23	2,630,836.64	2,431,278.63	5,851,678.57	2,353,490.54	2,220,929.06	2,063,703.77	2,307,992.17
Federal Sources	694,024.46	225,961.53	216,197.93	116,572.69	116,525.00	139,811.00	140,234.00	144,232.00	108,748.63	71,623.98
Total Revenue	8,068,529.79	8,145,012.14	7,969,744.60	7,741,859.76	7,184,486.38	9,855,966.48	6,007,722.88	5,594,230.01	5,108,185.13	5,005,098.19
Expenditures:										
Instruction										
Regular Instruction	2,196,081.35	2,194,866.06	2,096,905.95	2,003,692.30	1,786,735.23	1,463,132.99	1,736,517.13	1,592,319.69	1,465,022.41	1,445,711.01
Special Education Instruction	721,804.01	560,948.23	796,520.14	541,284.41	603,738.38	468,313.60	463,461.70	475,653.85	416,550.95	358,437.89
Other Special Instruction	117,076.39	119,587.46	56,710.77	41,610.73	34,461.80	28,670.04	21,507.15	15,968.00	39,142.65	22,306.00
Other Instruction	76,069.47	97,933.72	93,531.17	99,786.41	79,772.89	65,001.53	65,293.86	59,614.59	52,365.68	50,121.28
Support Services:										
Tuition	2,326,835.16	1,875,992.43	1,802,135.99	1,861,389.68	1,562,887.73	1,447,056.10	1,471,098.20	1,429,604.66	1,298,404.82	1,156,322.10
Student and Instruction Related Services	872,313.01	889,751.73	687,337.20	750,253.95	868,009.34	1,169,696.29	355,234.55	342,991.21	344,287.25	365,421.48
School Administrative Services	166,668.90	146,254.54	161,916.89	135,533.27	97,739.35	156,315.19	313,835.12	280,744.07	261,985.17	258,609.65
Other Administrative Services	383,931.53	413,385.95	461,610.71	415,827.32	300,216.51	318,920.51	465,101.56	458,729.28	396,007.35	361,726.17
Plant Operations and Maintenance	757,593.04	711,812.49	739,474.89	681,254.21	523,019.94	474,447.67	435,431.06	395,700.79	397,444.62	402,532.22
Pupil Transportation	231,813.64	169,478.71	166,125.11	201,810.82	180,063.04	205,616.70	147,211.51	159,778.03	161,151.12	114,777.47
Unallocated Benefits	369,968.48	364,921.58	556,507.23	509,477.64	338,854.79	290,700.41	293,965.54	247,852.42	144,500.41	190,391.17
Debt Service:										
Principal	125,000.00	120,000.00	100,000.00	30,000.00				105,000.00	150,000.00	150,000.00
Interest and Other Charges	272,211.50	277,111.50	281,512.00	497,645.13				7,402.50	17,977.50	28,552.50
Capital Outlay	153,936.63	148,291.90	235,089.40	4,038,463.98	5,200,441.72	352,247.64	155,452.86	111,332.60	154,148.69	400,777.64
Total Expenditures	8,771,303.11	8,090,336.30	8,235,377.45	11,808,029.95	11,575,940.72	6,440,118.67	5,924,110.24	5,682,291.69	5,298,988.62	5,305,686.58
Excess (Deficiency) of Revenues Over (Under) Expenditures	(702,773.32)	54,675.84	(265,632.85)	(4,066,170.19)	(4,391,454.34)	3,415,847.81	83,612.64	(88,061.68)	(190,803.49)	(300,588.39)
Other Financing Sources (Uses):										
Capital Leases (Non-budgeted)	89,236.00									
Sale of Bonds										
Cancellation of Special Revenue Appropriations	0.10									
Transfers In	26,428.24	49,100.16	17,852.09	49,011.28	203,026.95	35,469.14				
Transfers Out	(26,428.24)	(49,100.16)	(22,852.09)	(64,011.28)	(223,026.95)	(54,102.79)	(10,874.28)	(10,000.00)	(5,000.00)	(10,000.00)
Total Other Financing Sources (Uses)	89,236.10	-	(5,000.00)	(15,000.00)	(20,000.00)	6,754,836.23	50,852.58	24,658.00	4,894.98	(2,113.98)
Net Change in Fund Balances	\$ (613,537.22)	\$ 54,675.84	\$ (270,632.85)	\$ (4,081,170.19)	\$ (4,411,454.34)	\$ 10,170,684.04	\$ 134,465.22	\$ (63,403.68)	\$ (185,908.51)	\$ (302,702.37)
Debt Service as a Percentage of Noncapital Expenditures	4.6%	5.0%	4.8%	6.8%	-	-	-	2.0%	3.3%	3.6%

Source: Exhibit B-2

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30.									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Interest on Investments	\$ 32,595.04	\$ 40,576.04	\$ 61,812.63	\$ 87,949.29	\$ 65,485.64	\$ 27,115.49	\$ 10,431.16	\$ 12,215.21	\$ 19,448.16	\$ 49,316.88
Miscellaneous Facility Use		815.15	3,413.00	2,004.00	1,492.00	2,323.00	5,665.00	5,233.25	3,098.00	3,427.00
Rental of Library	3,490.00	19,400.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00
Refund of Prior Year Expenditures	13,105.52	961.99	595.12		63.59			710.00	1,761.60	
Other Unrestricted State Aid		14,064.00	7,972.60	3,532.80	7,543.20	1,860.60			190.00	
Tuition			1,615.00	8,671.06	852.37	752.68	7,700.18	5,273.99	4,952.77	302.88
Other	4,964.55	117.36								
Total Miscellaneous Revenues	\$ 54,155.11	\$ 75,934.54	\$ 92,408.35	\$ 119,157.15	\$ 92,436.80	\$ 49,051.77	\$ 40,796.34	\$ 40,432.45	\$ 46,450.53	\$ 70,046.76

Source: District Records

Revenue Capacity Information

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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (2)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (3)
2010	\$ 10,675,800.00	\$ 422,944,500.00	\$ 777,000.00	\$ 26,352,300.00	\$ 40,513,500.00	\$ 3,235,200.00	\$ 504,498,300.00	\$ 573,514.00	\$ 505,071,814.00	\$ 40,195,200.00	\$ 495,665,074.00	\$ 1.150
2009	12,860,300.00	411,938,800.00	782,000.00	27,602,300.00	40,513,500.00	3,235,200.00	496,932,100.00	547,114.00	497,479,214.00	39,655,200.00	497,479,214.00	1.085
2008	15,622,700.00	382,697,200.00	1,032,000.00	27,602,300.00	40,513,500.00	1,730,000.00	469,087,700.00	488,213.00	469,585,913.00	40,944,400.00	469,585,913.00	1.095
2007 (1)	15,464,700.00	373,604,400.00	1,064,200.00	42,074,500.00	27,120,000.00	1,730,000.00	461,247,800.00	451,248.00	461,699,048.00	28,309,800.00	461,699,048.00	1.046
2006	10,927,800.00	169,659,200.00	563,200.00	19,720,600.00	12,290,000.00	1,146,400.00	214,307,200.00	261,319.00	214,568,519.00	7,789,700.00	214,568,519.00	2.250
2005	11,245,300.00	157,747,600.00	708,500.00	19,703,600.00	12,290,000.00	1,146,400.00	202,841,400.00	294,915.00	203,136,315.00	7,508,700.00	203,136,315.00	2.125
2004	12,383,700.00	136,341,600.00	705,100.00	20,244,700.00	12,290,000.00	1,146,400.00	183,111,500.00	342,779.00	183,454,279.00	7,296,700.00	183,454,279.00	2.061
2003	5,471,700.00	125,496,600.00	934,800.00	20,337,700.00	12,290,000.00	1,146,400.00	165,677,200.00	369,327.00	166,046,527.00	7,221,700.00	166,046,527.00	2.092
2002	6,542,600.00	119,154,100.00	934,800.00	20,354,400.00	12,290,000.00	1,146,400.00	160,422,300.00	354,416.00	160,776,716.00	Unknown	160,776,716.00	1.952
2001	4,840,200.00	118,662,900.00	1,053,800.00	20,354,400.00	12,309,500.00	1,146,400.00	158,367,200.00	339,572.00	158,706,772.00	7,238,000.00	158,712,972.00	1.808

(1) Revaluation

(2) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(3) Tax Rates are per \$100.00 of Assessed Valuation

Source: Burlington County Board of Taxation

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)
Unaudited

Year Ended Dec. 31	District Direct Rate			Overlapping Rates					Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Regional High School District	Township of Delanco	Township of Delanco Fire District	Burlington County		
2010	\$ 1.066	\$ 0.084	\$ 1.150	-	\$ 0.638	\$ 0.063	\$ 0.379	\$ 2.230	
2009	1.012	0.073	1.085	-	0.629	0.062	0.379	2.155	
2008	1.064	0.031	1.095	-	0.580	0.064	0.373	2.112	
2007 (1)	0.974	0.072	1.046	-	0.549	0.065	0.375	2.035	
2006	2.095	0.155	2.250	-	0.939	0.118	0.698	4.005	
2005	2.061	0.064	2.125	-	0.835	0.105	0.636	3.701	
2004	2.061	-	2.061	-	0.795	0.116	0.610	3.582	
2003	2.025	0.068	2.092	-	0.769	0.128	0.607	3.596	
2002	1.848	0.104	1.952	-	0.769	0.122	0.596	3.439	
2001	1.695	0.113	1.808	-	0.752	0.124	0.641	3.325	

(1) Revaluation
 Source: Municipal Tax Collector

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Principal Property Tax Payers
 Current Year and Nine Years Ago
Unaudited

Taxpayer	2010			2001		
	Taxable Assessed Value (1)	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
First Industrial, LP	\$ 9,860,000.00	1	1.95%			
REG Delanco 800, LLC	6,100,800.00	2	1.21%			
REG Delanco 2700, LLC	6,025,500.00	3	1.19%			
John Bruce Investment Company LLC	4,760,000.00	4	0.94%			
Recon Investments, LLC	4,355,800.00	5	0.86%			
Taryag Realty, LLC	3,800,000.00	6	0.75%			
FEDEX Operating Taxes	3,400,000.00	7	0.67%			
Delanco Realty C/O Schechter Foundation	2,300,000.00	8	0.46%			
Hovbros Coopertown Road, LLC	2,250,000.00	9	0.45%	\$ 1,152,700.00	6	0.73%
Boise Cascade Building	2,100,000.00	10	0.42%			
Jevic Transportation				8,989,900.00	1	5.66%
River Associates				3,248,700.00	2	2.05%
Seymour, Leslie, & Golden				2,765,300.00	3	1.74%
Conwed Corporation				2,215,000.00	4	1.40%
Hoeflich				1,650,000.00	5	1.04%
Furman Lumber				990,900.00	7	0.62%
CT Gamble Acquisition Corp.				840,000.00	8	0.53%
Colson Development LLC				728,000.00	9	0.46%
531 Development, Inc.				727,300.00	10	0.46%
Total	\$ 44,952,100.00		8.91%	\$ 23,307,800.00		14.69%

(1) Revaluation in 2007

Source: Municipal Tax Assessor

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Property Tax Levies and Collections
 Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	School District Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2010	\$ 5,396,101.00	\$ 5,396,101.00	100.00%	-
2009	5,143,864.00	5,143,864.00	100.00%	-
2008	4,826,282.00	4,826,282.00	100.00%	-
2007	4,826,282.00	4,826,282.00	100.00%	-
2006	4,316,537.00	4,316,537.00	100.00%	-
2005	3,779,956.00	3,779,956.00	100.00%	-
2004	3,473,202.00	3,473,202.00	100.00%	-
2003	3,180,146.50	3,180,146.50	100.00%	-
2002	2,869,974.00	2,869,974.00	100.00%	-
2001	2,539,132.00	2,539,132.00	100.00%	-

(1) 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.

Source: District Records

Debt Capacity Information

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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2010	\$ 6,386,000.00	-	\$ 58,196.52	-	-	\$ 6,444,196.52	Unavailable	Unavailable
2009	6,511,000.00	-	-	-	-	6,511,000.00	Unavailable	Unavailable
2008	6,631,000.00	-	-	-	-	6,631,000.00	3.07%	\$ 46,564.00
2007	6,731,000.00	-	7,282.06	-	-	6,738,282.06	3.40%	45,463.00
2006	6,761,000.00	-	38,860.45	-	-	6,799,860.45	3.73%	43,551.00
2005	6,761,000.00	-	70,200.92	-	-	6,831,200.92	4.27%	40,795.00
2004	-	-	-	-	-	-	0.00%	39,606.00
2003	-	-	-	-	-	-	0.00%	37,982.00
2002	105,000.00	-	-	-	-	105,000.00	0.09%	37,299.00
2001	255,000.00	-	-	-	-	255,000.00	0.21%	36,912.00

Sources:
 (1) District Records
 (2) Personal income has been estimated based upon Burlington County population and per capita
 (3) Per Capita personal income of Burlington County-estimated based upon the 2000 Census published

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2010	\$ 6,386,000.00	-	\$ 6,386,000.00	1.26%	\$ 1,336.82
2009	6,511,000.00	-	6,511,000.00	1.31%	1,362.99
2008	6,631,000.00	-	6,631,000.00	1.41%	1,430.64
2007	6,731,000.00	-	6,731,000.00	1.46%	1,543.81
2006	6,761,000.00	-	6,761,000.00	3.15%	1,615.92
2005	6,761,000.00	-	6,761,000.00	3.33%	1,722.55
2004	-	-	-	0.00%	-
2003	-	-	-	0.00%	-
2002	105,000.00	-	105,000.00	0.07%	31.72
2001	255,000.00	-	255,000.00	0.16%	79.34

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development
 2010 is based on 2009 population.

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2009
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Delanco Township</u>
Municipal Debt: (1)				
Local School District	\$ 6,386,000.00	\$ 6,386,000.00	\$ 4,577,000.00	\$ 4,577,000.00
Delanco Township	<u>4,577,000.00</u>			
	<u>10,963,000.00</u>	<u>6,386,000.00</u>	<u>4,577,000.00</u>	<u>4,577,000.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Burlington: (2)				
General:				
Bonds	264,223,644.00	35,360,585.00 (3)	228,863,059.00	2,134,384.94 (5)
Bonds Issued by Other Public Bodies				
Guaranteed by the County	250,800,000.00	250,800,000.00 (4)		
Solid Waste Utility	81,865,434.00	81,865,434.00		
	<u>596,889,078.00</u>	<u>368,026,019.00</u>	<u>228,863,059.00</u>	<u>2,134,384.94</u>
	<u>\$ 607,852,078.00</u>	<u>\$ 374,412,019.00</u>	<u>\$ 233,440,059.00</u>	<u>\$ 6,711,384.94</u>

Sources:

- (1) 2009 Annual Debt Statement
- (2) County's 2009 Audit Report
- (3) Includes cash on hand, accounts receivable and County College Bonds paid with State Aid.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Township's share of the total 2009 Equalized Value, which is .93%.
 The source for this computation was the 2009 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt limit	\$13,849,838.77	\$12,775,644.23	\$11,311,955.57	\$9,452,633.97	\$7,747,609.00	\$6,460,778.21	\$5,664,726.35	\$5,310,956.54	\$5,098,845.49	\$5,000,973.17
Total net debt applicable to limit (3)	6,386,000.00	6,511,000.00	6,631,000.00	6,731,000.00	6,761,000.00	6,761,000.00	-	-	105,000.00	255,000.00
Legal debt margin	\$ 7,463,838.77	\$ 6,264,644.23	\$ 4,680,955.57	\$ 2,721,633.97	\$ 986,609.00	\$ (300,221.79)	\$ 5,664,726.35	\$ 5,310,956.54	\$ 4,993,845.49	\$ 4,745,973.17
Total net debt applicable to the limit as a percentage of debt limit	46.11%	50.96%	58.62%	71.21%	87.27%	104.65%	0.00%	0.00%	2.06%	5.10%

Legal Debt Margin Calculation for Fiscal Year 2010	
Equalized valuation basis (1)	
2009	\$ 487,666,438.00
2008	461,437,832.00
2007	435,879,607.00
[A]	\$1,384,983,877.00
Average equalized valuation of taxable property	[A/3] \$ 461,661,292.33
Debt limit (3% of average equalization value) (2)	[B] 13,849,838.77
Total Net Debt Applicable to Limit	[C] 6,386,000.00
Legal Debt Margin	[B-C] \$ 7,463,838.77

Sources:
 (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
 (2) Limit set by NUSA 18A:24-19 for a K through 8 district.
 (3) District Records

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Demographic and Economic Statistics
 Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2009	4,777	Unavailable	Unavailable	13.1%
2008	4,635	\$ 215,824,140.00	\$ 46,564.00	7.7%
2007	4,360	198,218,680.00	45,463.00	5.7%
2006	4,184	182,217,384.00	43,551.00	6.3%
2005	3,925	160,120,375.00	40,795.00	5.8%
2004	3,671	145,393,626.00	39,606.00	3.1%
2003	3,434	130,430,188.00	37,982.00	3.3%
2002	3,310	123,459,690.00	37,299.00	3.3%
2001	3,214	118,635,168.00	36,912.00	2.3%
2000	3,232	114,021,728.00	35,279.00	2.1%

Sources:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by municipality-estimated based upon the 2000 Census published
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Current Year and Nine Years Ago
Unaudited

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Jevic Transportation	(1)	1	(1)	(1)	1	(1)
Stylex	(1)	2	(1)	(1)	2	(1)
Fedex Freight East Inc.	(1)	3	(1)	(1)	3	(1)
NVR	(1)	4	(1)	(1)	4	(1)
Med Laurel, Inc.	(1)	5	(1)	(1)	5	(1)
Boise-Cascade	(1)	6	(1)	(1)	6	(1)
Powerhouse Equipment	(1)	7	(1)	(1)	7	(1)
Distributec	(1)	8	(1)	(1)	8	(1)
SCP, Distributors, LLC	(1)	9	(1)	(1)	9	(1)
NA	(1)	10	(1)	(1)	10	(1)
	-		-	-		-

Source: Individual Employers
 (1) Unavailable

Operating Information

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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year Ended June 30,										
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Instruction											
Regular	38.3	34	34	34	34	30	29	29	30	30	31
Special education	1.4	-	-	-	-	5	6	6	5	4	3
Other special education	-	-	-	-	-	1	2	2	4	4	4
Vocational	-	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-	-
Support Services:											
Tuition	-	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	7.8	11	11	6	8	3	3	3	3	3	3
General administrative services	1.0	3	3	3	2	4	4	4	4	4	4
School administrative services	1.7	2	2	1	2	6	6	6	6	6	6
Business administrative services	1.7	2	1	1	-	-	-	-	-	-	-
Plant operations and maintenance	7.4	6	6	6	4	4	4	5	5	5	5
Pupil transportation	1.3	1	1	2	2	2	2	2	2	2	2
Other Support Services	-	-	-	-	-	1	1	1	1	1	1
Food Service	-	-	-	1	1	2	2	2	2	2	2
Total	60.6	59	59	53	52	58	57	58	60	60	60

Source: District Records

TOWNSHIP OF DELANCO SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30.	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2010	393	\$ 8,220,154.98	\$ 20,916.42	18.44%	40	9.8	9.8	397	379	10.58%	95.47%
2009	388	7,544,932.90	19,445.70	17.23%	38	10.2	10.2	390	371	7.68%	95.13%
2008	389	7,618,776.05	19,585.54	25.28%	37	11.8	11.8	391	371	6.45%	94.76%
2007	376	7,328,920.84	19,491.81	24.68%	35	10.5	10.5	369	353	0.35%	95.61%
2006	361	6,375,499.00	17,660.66	6.47%	37	12.4	12.6	359	341	-0.88%	94.99%
2005	367	6,087,871.03	16,588.20	6.11%	39	11.4	11.4	362	344	-1.50%	95.00%
2004	369	5,768,657.38	15,633.22	5.11%	38	12.0	12.0	368	352	-0.94%	95.68%
2003	367	5,458,556.59	14,873.45	13.86%	37	13.3	13.3	371	355	-4.23%	95.50%
2002	381	4,976,862.43	13,062.63	2.26%	39	13.2	13.2	388	370	4.33%	95.49%
2001	370	4,726,356.44	12,773.94	4.94%	39	12.7	12.7	372	355	-2.75%	95.67%

Sources: District Records

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<u>District Building</u>										
<u>Elementary</u>										
Pearson Elementary (1961)										
Square Feet	54,212	54,212	54,212	54,212	54,212	30,665	30,665	30,665	30,665	30,665
Capacity (students)	432	432	432	432	432	231	231	231	231	231
Enrollment	257	257	258	250	239	226	233	239	(1)	(1)
<u>Middle School</u>										
Walnut Street Middle School (1925)										
Square Feet	29,475	29,475	29,475	29,475	29,475	27,410	27,410	27,410	27,410	27,410
Capacity (students)	207	207	207	207	207	152	152	152	152	152
Enrollment	136	131	131	126	125	131	135	139	(1)	(1)
<u>Other</u>										
Maintenance Building (1997)										
Square Feet	907	907	907	907	907	907	907	907	907	907

Number of Schools at June 30, 2009
 Elementary = 1
 Middle School = 1

(1) Unavailable
 Source: District Records

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Seven Fiscal Years
Unaudited

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

* School Facilities	Project # (s)	Fiscal Year Ended June 30,						
		2010	2009	2008	2007	2006	2005	2004
Pearson Elementary School	30	\$ 38,323.01	\$ 27,393.36	\$ 26,426.77	\$ 34,227.93	\$ 16,807.03	\$ 20,334.78	\$ 22,400.75
Walnut Street Middle School	60	22,723.37	12,096.32	13,599.45	6,715.12	15,761.95	13,930.23	8,320.10
Total School Facilities		61,046.38	39,489.68	40,026.22	40,943.05	32,568.98	34,265.01	30,720.85
Other Facilities		-	-	-	-	-	-	-
Grand Total		\$ 61,046.38	\$ 39,489.68	\$ 40,026.22	\$ 40,943.05	\$ 32,568.98	\$ 34,265.01	\$ 30,720.85

* 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

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Insurance Schedule
 June 30, 2010
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:		
Property and Auto Physical Damage/	\$ 250,000,000.00	
Boiler and Machinery	100,000,000.00	\$ 1,000.00
Employer's Liability	5,000,000.00	
General and Auto Liability	(A) 5,000,000.00	
Comprehensive Crime	50,000.00	
Excess Liability	5,000,000.00	
Workers Compensation	Statutory	
Environmental Impairment Liability	(A) 1,000,000.00	5,000.00
School Leaders Professional Liability	5,000,000.00	5,000.00
Student Accident Liability	500,000.00	
Public Employees' Faithful Performance Blanket		
Position Bond	100,000.00	

(A) Each claim combined single limit

Source: District Records

SINGLE AUDIT SECTION

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE OF NEW JERSEY CIRCULAR 04-04-OMB

The Honorable President and
Members of the Board of Education
Township of Delanco School District
County of Burlington
Delanco, New Jersey 08075

Compliance

We have audited the Township of Delanco School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2010. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. 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 School District's management. Our responsibility is to express an opinion on the School District'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 Standard, issued by the Comptroller General of the United States; 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 State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB, 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 Township of Delanco School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the Township of Delanco School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

Management of the Township of Delanco School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

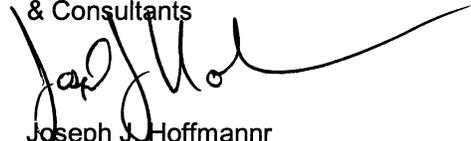
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did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

This report is intended solely for the information and use of the management of the School District, the Division of Finance of the New Jersey Department of Education, and 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.

Respectfully submitted,



BOWMAN & COMPANY LLP
 Certified Public Accountants
 & Consultants



Joseph J. Hoffmann
 Certified Public Accountant
 Public School Accountant No. CS 00759

Voorhees, New Jersey
 November 10, 2010

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2010

<u>Pass-through</u> <u>Grantor / Program Title</u>	<u>CFDA</u> <u>Number</u>	<u>State Project</u> <u>Number</u>	<u>Award</u> <u>Amount</u>	<u>Grant Period</u>		<u>Balance</u> <u>June 30, 2009</u>
				<u>From</u>	<u>To</u>	
General Fund						
U.S. Department of Education:						
Passed-through State Department of Education:						
ARRA ESF Equalization Aid	84.394	N/A	\$ 371,192.00	7-1-09	6-30-10	
ARRA GSF Equalization Aid	84.397	N/A	14,369.00	7-1-09	6-30-10	
Total General Fund						-
Special Revenue Fund:						
U.S. Department of Education Passed-through						
State Department of Education:						
I.A.S.A. (N.C.L.B):						
Title I	84.010	IASA-1030-09	64,608.00	9-1-08	8-31-09	\$ (3,551.00)
Title I	84.010	IASA-1030-10	67,626.00	9-1-09	8-31-10	
ARRA Title I	84.389	IASA-1030-10	21,869.00	7-1-09	8-31-11	
Title II Part A	84.367	IASA-1030-09	20,705.00	9-1-08	8-31-09	(1,471.66)
Title II Part A	84.367	IASA-1030-10	21,059.00	9-1-09	8-31-10	
Title II Part D	84.318	IASA-1030-09	536.00	9-1-08	8-31-09	(536.00)
Title II Part D	84.318	IASA-1030-10	689.00	9-1-09	8-31-10	
Title IV	84.186	IASA-1030-10	1,360.00	9-1-09	8-31-10	
I.D.E.A. Part B:						
Basic & Capacity	84.027	FT103009	139,396.00	9-1-08	8-31-09	(125,821.00)
Basic & Capacity	84.027	FT103010	140,679.00	9-1-09	8-31-10	
ARRA Basic & Capacity	84.391	FT103010	123,549.00	7-1-09	8-31-11	
Preschool	84.173	PS103009	3,021.00	9-1-08	8-31-09	(3,021.00)
Preschool	84.173	PS103010	3,038.00	9-1-09	8-31-10	
ARRA Preschool	84.392	PS103010	4,459.00	7-1-09	8-31-11	
Total Special Revenue Fund						(134,400.66)
Enterprise Fund:						
U.S. Department of Agriculture:						
Food Distribution Program	10.555	Unavailable	9,354.88	7-1-09	6-30-10	
Passed-through State Department of Education:						
National School Lunch Program	10.555	Unavailable	49,611.73	7-1-09	6-30-10	
School Breakfast Program	10.553	Unavailable	5,222.78	7-1-09	6-30-10	
Total Enterprise Fund						-
Total Federal Financial Assistance						\$ (134,400.66)

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

Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2010		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor
	\$ 371,192.00	\$ 371,192.00					
	14,369.00	14,369.00					
-	385,561.00	385,561.00	-	-	-	-	-
	3,551.00						
	53,716.00	65,510.76			\$ (13,910.00)	\$ 2,115.24	
	11,975.00	13,643.60			(9,894.00)	8,225.40	
	1,464.00		\$ 7.66				
	14,437.00	16,360.22			(6,622.00)	4,698.78	
	536.00						
	290.00	449.00			(399.00)	240.00	
	1,356.00	1,355.71			(4.00)	4.29	
	125,821.00						
		140,679.00			(140,679.00)		
	60,832.00	66,400.30			(62,717.00)	57,148.70	
	3,021.00						
	3,038.00	3,038.00					
	4,459.00	4,459.00					
-	284,496.00	311,895.59	7.66	-	(234,225.00)	72,432.41	-
	9,354.88	7,040.64				2,314.24	
	45,930.34	49,611.73			(3,681.39)		
	4,706.86	5,222.78			(515.92)		
-	59,992.08	61,875.15	-	-	(4,197.31)	2,314.24	-
-	\$ 730,049.08	\$ 759,331.74	\$ 7.66	-	\$ (238,422.31)	\$ 74,746.65	-

TOWNSHIP OF DELANCO SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2010

<u>State Grantor/ Program Title</u>	<u>State Project Number</u>	<u>Award Amount</u>	<u>Grant Period</u>		<u>Balance at June 30, 2009</u>		<u>Carryover / Walkover Amount</u>
			<u>From</u>	<u>To</u>	<u>Deferred Revenue/ Accounts Receivable</u>	<u>Due to Grantor</u>	
General Fund:							
Current Expense:							
Equalization Aid	09-495-034-5120-078	\$ 2,034,391.00	7-1-08	6-30-09	\$ (193,659.10)		
Equalization Aid	10-495-034-5120-078	1,153,335.00	7-1-09	6-30-10			
Security Aid	09-495-034-5120-084	54,505.00	7-1-08	6-30-09	(5,137.37)		
Security Aid	10-495-034-5120-084	47,351.00	7-1-09	6-30-10			
Transportation Aid	09-495-034-5120-014	86,942.00	7-1-08	6-30-09	(8,194.72)		
Transportation Aid	10-495-034-5120-014	71,527.00	7-1-09	6-30-10			
Nonpublic School Transportation Aid	09-495-034-5120-014	2,784.00	7-1-08	6-30-09	(2,784.00)		
Nonpublic School Transportation Aid	10-495-034-5120-014	1,984.00	7-1-09	6-30-10			
Special Education Categorical Aid	09-495-034-5120-089	283,675.00	7-1-08	6-30-09	(26,737.81)		
Special Education Categorical Aid	10-495-034-5120-089	295,915.00	7-1-09	6-30-10			
T.P.A.F. Social Security Aid	10-495-034-5095-002	200,294.48	7-1-09	6-30-10			
Total General Fund					<u>(236,513.00)</u>	<u>-</u>	<u>-</u>
Enterprise Fund:							
State School Lunch Aid	10-100-010-3350-023	2,623.34	7-1-09	6-30-10			
State School Breakfast Aid	10-100-010-3350-021	499.30	7-1-09	6-30-10			
Total Enterprise Fund					<u>-</u>	<u>-</u>	<u>-</u>
Total State Financial Assistance					<u>\$ (236,513.00)</u>	<u>-</u>	<u>-</u>

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

Cash <u>Received</u>	Budgetary <u>Expenditures</u>	<u>Adjustments</u>	Repayment of Prior Years' <u>Balances</u>	Balance June 30, 2010			Memo	
				(Accounts <u>Receivable</u>)	Deferred Revenue Interfunds <u>Payable</u>	Due to <u>Grantor</u>	Budgetary Receivable <u>June 30, 2010</u>	Cumulative Total <u>Expenditures</u>
\$ 193,659.10								
967,298.42	\$ 1,153,335.00			\$ (186,036.58)			\$ (186,036.58)	\$1,153,335.00
5,137.37								
39,713.13	47,351.00			(7,637.87)			(7,637.87)	47,351.00
8,194.72								
59,989.47	71,527.00			(11,537.53)			(11,537.53)	71,527.00
2,784.00								
	1,984.00			(1,984.00)			(1,984.00)	1,984.00
26,737.81								
248,182.98	295,915.00			(47,732.02)			(47,732.02)	295,915.00
200,294.48	200,294.48							200,294.48
<u>1,751,991.48</u>	<u>1,770,406.48</u>	<u>-</u>	<u>-</u>	<u>(254,928.00)</u>	<u>-</u>	<u>-</u>	<u>(254,928.00)</u>	<u>1,770,406.48</u>
2,428.28	2,623.34			(195.06)				2,623.34
454.10	499.30			(45.20)				499.30
<u>2,882.38</u>	<u>3,122.64</u>	<u>-</u>	<u>-</u>	<u>(240.26)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,122.64</u>
<u>\$ 1,754,873.86</u>	<u>\$ 1,773,529.12</u>	<u>-</u>	<u>-</u>	<u>\$ (255,168.26)</u>	<u>-</u>	<u>-</u>	<u>\$ (254,928.00)</u>	<u>\$1,773,529.12</u>

TOWNSHIP OF DELANCO SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2010

Note 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Township of Delanco School District (hereafter referred to as the "School District"). The School District is defined in Note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using 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 School District'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 preparation 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or two state June payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$3,432.13) for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 385,561.00	\$ 1,920,865.48	\$ 2,306,426.48
Special Revenue	308,463.46		308,463.46
Capital Projects			-
Debt Service			-
Food Service	61,875.15	3,122.64	64,997.79
Total Awards and Financial Assistance	<u>\$ 694,024.46</u>	<u>\$ 1,920,865.48</u>	<u>\$ 2,614,889.94</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: ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" represent favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2008-2009.

Note 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. 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 fiscal year ended June 30, 2010.

Note 7: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes X no

Were significant deficiencies identified that were not considered to be a material weakness? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over compliance:

Material weaknesses identified? yes X no

Were significant deficiencies identified that were not considered to be a material weakness? yes X none reported

Type of auditor's report on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.394	Equalization Aid - ARRA ESF
84.397	Equalization Aid - ARRA GSF

Dollar threshold used to determine Type A programs \$300,000.00

Auditee qualified as low-risk auditee? yes X no

TOWNSHIP OF DELANCO SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over compliance:

Material weaknesses identified? _____ yes no

Were significant deficiencies identified that were not considered to be a material weakness? _____ yes none reported

Type of auditor's report on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a)) or New Jersey Circular 04-04-OMB? _____ yes no

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
10-495-034-5120-078	Equalization Aid
10-495-034-5120-089	Special Education Categorical Aid
10-495-034-5120-084	Security Aid

Dollar threshold used to determine Type A programs \$300,000.00

Auditee qualified as low-risk auditee? yes _____ no

TOWNSHIP OF DELANCO BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 2- Schedule of Financial Statement Findings

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

None.

TOWNSHIP OF DELANCO BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

None.

TOWNSHIP OF DELANCO BOARD OF EDUCATION
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

None.

TOWNSHIP OF DELANCO BOARD OF EDUCATION
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

NA

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

