LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT

Lenape Valley Regional High School Disctrict
Stanhope, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

Comprehensive Annual Financial Report

of the

Lenape Valley Regional High School District

Stanhope, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

Lenape Valley Regional High School Board of Education

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2012

INTRODUCTORY SECTION

Letter of Transmittal 1
Organizational Chart 5
Roster of Officials 6
Consultants and Advisors 7

FINANCIAL SECTION 8

Independent Auditors' Report 9

Required Supplementary Information 11
Management's Discussion and Analysis (Unaudited) 12

Basic Financial Statements (Sections A. and B.) 23

A. District-Wide Financial Statements 24
A-1 Statement of Net Assets 25
A-2 Statement of Activities 26

B. Fund Financial Statements 28
B-1 Balance Sheet – Governmental Funds 29
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds 30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 32
B-4 Statement of Net Assets – Proprietary Funds 33
B-5 Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds 34
B-6 Statement of Cash Flows – Proprietary Funds 35
B-7 Statement of Fiduciary Net Assets – Fiduciary Funds 36
B-8 Statement of Changes in Fiduciary Net Assets – Fiduciary Funds 37

Notes to the Basic Financial Statements 38

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules 58
C-1 Budgetary Comparison Schedule – General Fund 59
C-2 Budgetary Comparison Schedule – Budgetary Basis - Special Revenue Fund 70
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information 71

D. School Level Schedules (Not Applicable) 73

E. Special Revenue Fund 74
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis 75
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

FINANCIAL SECTION (Cont'd)

F. Capital Projects Fund – Not Applicable 76

G. Proprietary Funds 77
Enterprise Fund:
G-1 Statement of Net Assets 78
G-2 Statement of Revenue, Expenses and Changes in Fund Net Assets 79
G-3 Statement of Cash Flows 80

H. Fiduciary Funds 81
H-1 Combining Statement of Fiduciary Net Assets 82
H-2 Statement of Changes in Fiduciary Net Assets 83
H-3 Student Activity Agency Fund - Schedule of Receipts and Disbursements 84
H-4 Student Activity Agency Fund - Statement of Activity 85
H-5 Payroll Agency Fund - Schedule of Receipts and Disbursements 86

I. Long-Term Debt 87
I-1 Schedule of Serial Bonds (Not Applicable)
I-2 Schedule of Obligations Under Capital Leases 88
I-3 Budgetary Comparison Schedule - Debt Service Fund (Not Applicable)

J. Statistical Section (Unaudited) 89
J-1 Net Assets by Component 90
J-2 Changes in Net Assets 92
J-3 Fund Balances – Governmental Funds 96
J-4 Changes in Fund Balances – Governmental Funds 98
J-5 General Fund – Other Local Revenue by Source 102
J-6 Assessed Value and Actual Value of Taxable Property 103
J-7 Direct and Overlapping Property Tax Rates 105
J-8 Principal Property Tax Payers 107
J-9 Property Tax Levies and Collections 109
J-10 Ratios of Outstanding Debt by Type 110
J-11 Ratios of Net General Bonded Debt Outstanding (Not Applicable)
J-12 Ratios of Overlapping Governmental Activities Debt 111
J-13 Legal Debt Margin Information 112
J-14 Demographic and Economic Statistics 113
J-15 Principal Employers 115
J-16 Full-Time Equivalent District Employees by Function/Program 116
J-17 Operating Statistics 117
J-18 School Building Information 118
J-19 Schedule of Required Maintenance for School Facilities 119
J-20 Insurance Schedule 120

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

K. Single Audit Section 121

K-1 Independent Auditors' 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* 122
K-2 Independent Auditors' Report on Compliance with Requirements 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 New Jersey OMB Circular NJOMB 04-04 124
Schedule of Expenditures of Federal Awards 126
Schedule of Expenditures of State Awards 127
Notes to the Schedules of Expenditures of Federal and State Awards 128
Schedule of Findings and Questioned Costs 130
Summary Schedule of Prior Audit Findings 132

INTRODUCTORY SECTION

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BOARD OF EDUCATION
28 SPARTA ROAD, P.O. BOX 578, STANHOPE, N.J. 07874

Douglas Stout, President
Timothy Smith, Vice President

Robert G. Klinck
Assistant Superintendent for Business/
Board Secretary
Telephone (973) 347-7600 ext. 104
Fax (973) 347-2536

August 3, 2012

The Honorable President and Members
of the Board of Education
Lenape Valley Regional High School District
Sussex County, New Jersey

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Lenape Valley Regional High School District (the "District") for the fiscal year ended June 30, 2012 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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations 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 Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economical and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Lenape Valley Regional High School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) Codification Section 2100. All funds of the District are included in this report. The Lenape Valley Regional High School District and its school constitutes the District's reporting entity.

   The District provides a full range of educational services appropriate to grade levels 9 through 12. These include regular, vocational and special education for handicapped students. The following details the changes in the student enrollment of the District over the last three years.

Average Daily Enrollment		
Fiscal Year	Enrollment	Change
2011-2012	799	-4.43%
2010-2011	836	-1.18%
2009-2010	846	-1.63%

2. ECONOMIC CONDITION AND OUTLOOK: Lenape Valley is a regional school district serving approximately 799 students from three sending districts. Students come from Byram Township and Stanhope Borough in Sussex County, New Jersey, and the Borough of Netcong in Morris County, New Jersey. The regional high school is situated on a 57.30-acre tract of land located in the northeastern part of Stanhope Borough at 28 Sparta Road.

   Byram Township is situated in the southwesterly section of Sussex County. The township is bounded on the north by Sparta Township, on the northwest by Green and Andover Townships, on the east and southeast by Hopatcong Borough, on the south by Stanhope Borough, on the southwest by Mt. Olive Township in Morris County and on the west by Allamuchy Township in Warren County. Route 206, which serves as an access corridor linking Interstate Route 80 with other larger towns in Sussex County.

   The Borough of Stanhope is situated in the southernmost part of Sussex County. It is bounded on the north and northwest by Byram Township, on the northeast by Hopatcong Borough, on the southeast by Roxbury Township, on the south by Netcong and on the southwest by Mount Olive Township. Interstate Route 80, U.S. Route 206 and Sussex County Route 183 provide direct access into the Borough.

   The Borough of Netcong is located along the western boundary of Morris County approximately in the middle of the county in the north-south direction. Netcong is bounded on the north by the Borough of Stanhope in Sussex County, on the west by the Township of Mt. Olive, and on the south and east by the Township of Roxbury. Netcong Borough is traversed by three major highways, namely Routes 206, 46 and 80.

   The district currently operates one Regional High School with an estimated 799 students, grades 9-12. The future outlook for the Lenape Valley Regional High School District is for a slow growth in industrial and commercial ratables and a slow growth for housing. A steady enrollment is projected over the next 2-3 years.

3. MAJOR INITIATIVES: During the 2011-2012 school year, the repair and replacement of all windows on the lower level of the high school building was completed at a total cost of $209,000. Another major project completed to improve the district's infrastructure was the repair and repaving of our campus roads and sidewalks at an approximate cost of $43,000. Two sections of the high school roof were repaired at an approximate cost of $20,000. Repairs to our auditorium lighting were completed an approximate cost of $12,000. With respect to technology, we purchased two new academic servers and installed a new music composition lab at a total approximate cost of $28,000. Lastly, at an approximate cost of $12,000, we replaced several compressors in repairing a few of our HVAC roof top units.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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.

4. INTERNAL ACCOUNTING CONTROLS: (Cont'd) As a recipient of federal awards and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

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

   An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2012.

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 Basic Financial Statements", Note 1.

7. DEBT ADMINISTRATION: At June 30, 2012, the District had $113,388 of capital leases payable.

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

9. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found on Exhibit J-20.

10. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Lenape Valley Regional High School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,

Paul A. Palek, Jr.
Superintendent

Robert G. Klinck
Assistant Superintendent for Business

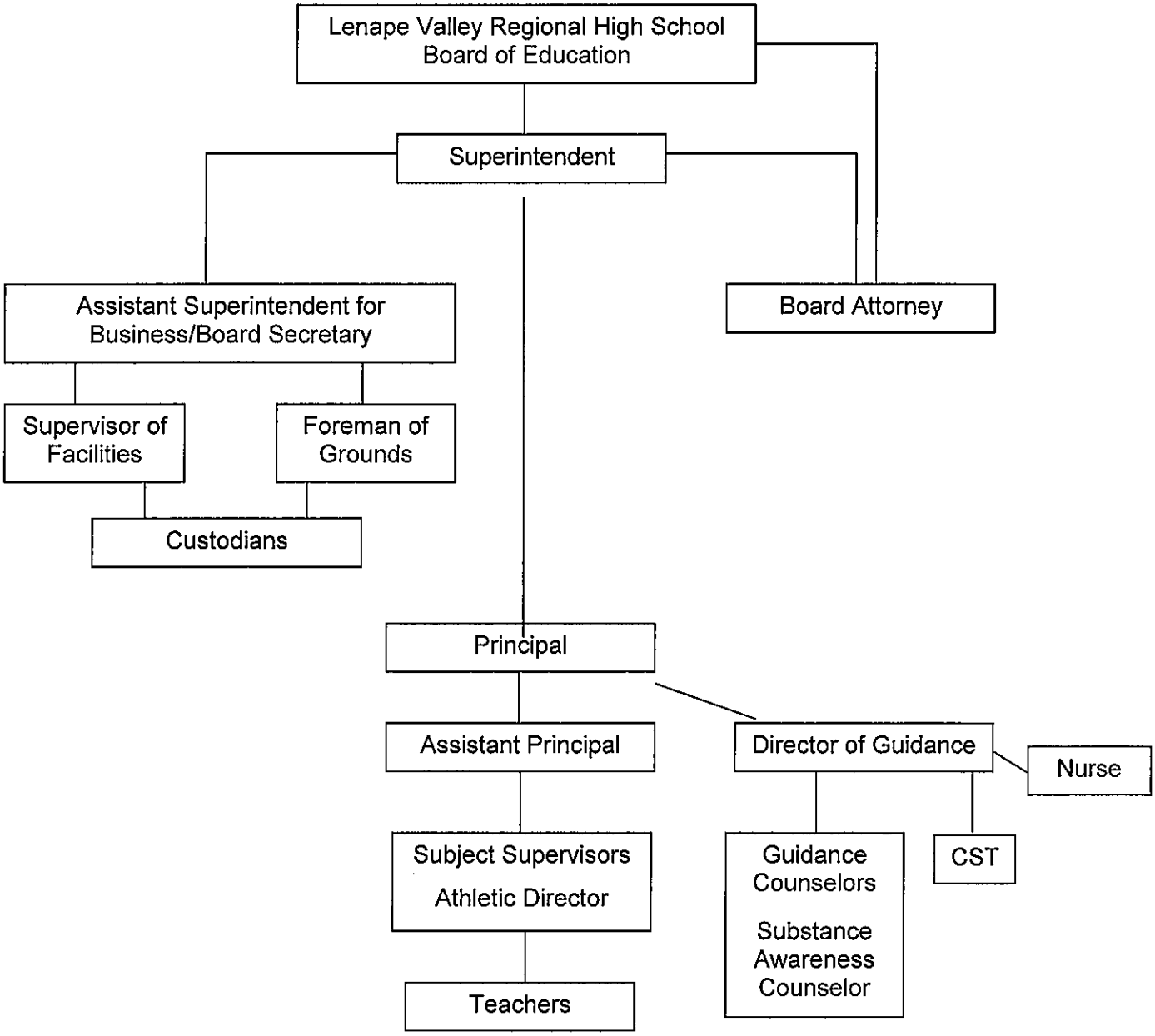
POLICY

LENAPE VALLEY

REGIONAL
BOARD OF EDUCATION

ADMINISTRATION
1110/Page 1 of 1
ORGANIZATIONAL CHART

1110 ORGANIZATIONAL CHART (2011-2012)



LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT

Roster of Officials
Year Ended June 30, 2012

Regional High School District Board Members	Term Expires
Paul Tracy, President Byram Township	2012
Douglas Stout, Vice President Byram Township	2014
Henry Bilas Byram Township	2013
Dr. Erin Carducci Stanhope Borough	2012
Anne Keenan Netcong Borough	2012
Michael Gannon Byram Township	2014
Timothy Smith Stanhope Borough	2013
Sharon Still Netcong Borough	2012
Ann Weber Byram Township	2012

Other Officials	Title
Paul A. Palek, Jr.	Superintendent
Robert G. Klinck	Assistant Superintendent for Business/Board Secretary

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT

Consultants and Advisors
Year Ended June 30, 2012

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, New Jersey 07856

And

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Anthony P. Sciarrillo, Esq.
Lindabury, McCormick & Estabrook, P.C.
53 Cardinal Drive
P.O. Box 2369
Westfield, New Jersey

Official Depository

Lakeland Bank
80 US Highway 206
Stanhope, New Jersey 07874

FINANCIAL SECTION

NISIVOCCIA LLP
Certified Public Accountants & Advisors

Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Lenape Valley Regional High School District
County of Sussex, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lenape Valley Regional High School District in the County of Sussex as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education'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 audit requirements as prescribed by the Division of Administration and 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 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Lenape Valley Regional High School District in the County of Sussex as of June 30, 2012, 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 August 3, 2012 on our consideration of the Board of Education of the Lenape Valley Regional High 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 considered in assessing the results of our audit.

The Honorable President and Members
of the Board of Education
Lenape Valley Regional High School District
Page 2

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Lenape Valley Regional High School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

August 3, 2012
Mount Arlington, New Jersey

NISIVOCCIA LLP

David H. Evans
Licensed Public School Accountant #740
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY

MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

This section of Lenape Valley Regional High School's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial position increased $119,799 over the course of the year.
- Overall revenue was $15,172,513.
- Overall expenditures were $15,052,714.
- Net assets from the District's governmental activities increased $158,977.
- The net assets from the District's business-type activity – food services – decreased $3,713.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations 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 the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY

MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Figure A-1
Organization of Lenape Valley Regional High School District's Financial Report

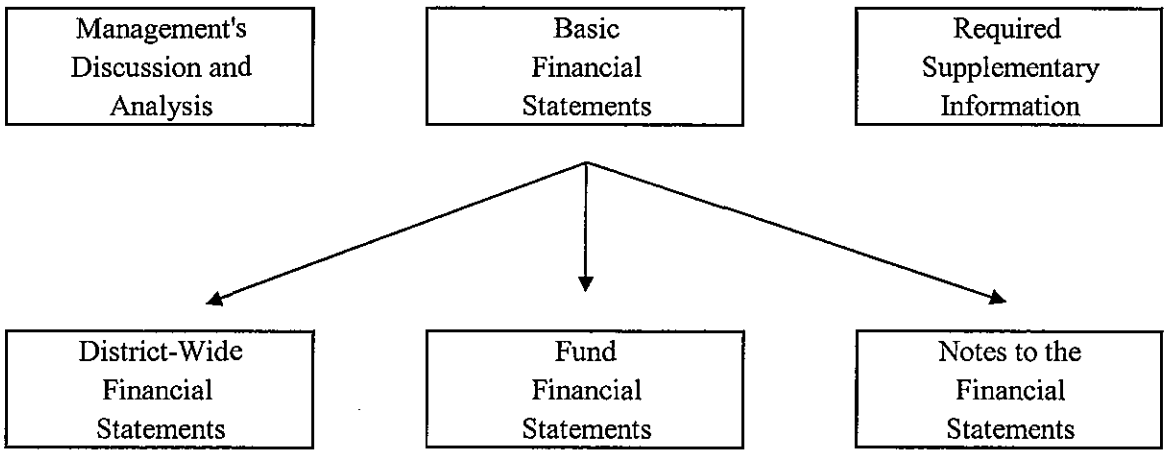


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY

MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances	• Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources 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 thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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	All additions and deductions during the year, regardless of when cash is received or paid

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY

MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

District-Wide Statements

The District-wide statements report information about the 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 District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position.*

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial 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 divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its 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 establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that is it properly using certain revenue (such as federal grants).

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 you 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, additional information at the bottom of the governmental funds statements explains the relationship (or difference) 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. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY

MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Fund Financial Statements

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. 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. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets were $2,002,829 on June 30, 2012, $119,799 or 6.36% greater than they were the year before (See Figure A-3). Net assets from governmental activities increased $123,512 and net assets from business-type activities decreased by $3,713 (See Figure A-4). Net assets invested in capital assets (net of related debt) increased $127,668, restricted net assets increased $131,303 and unrestricted net assets decreased $139,172.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Percent
	2012	2011	2012	2011	2012	2011	Change
Current and Other Assets	$ 856,722	$ 758,437	$ 6,121	$ 9,948	$ 862,843	$ 768,385	12.29%
Capital Assets	1,570,840	1,482,302	6,823	7,894	1,577,663	1,490,196	5.87%
Total Assets	2,427,562	2,240,739	12,944	17,842	2,440,506	2,258,581	8.05%
Long-Term Debt Outstanding	434,431	366,489			434,431	366,489	18.54%
Other Liabilities		4,631	3,246	4,431	3,246	9,062	-64.18%
Total Liabilities	434,431	371,120	3,246	4,431	437,677	375,551	16.54%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	1,457,452	1,328,713	6,823	7,894	1,464,275	1,336,607	9.55%
Restricted	895,397	764,094			895,397	764,094	17.18%
Unrestricted/ (Deficit)	(359,718)	(223,188)	2,875	5,517	(356,843)	(217,671)	-63.94%
Total Net Assets	$1,993,131	$1,869,619	$ 9,698	$ 13,411	$2,002,829	$1,883,030	6.36%

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY

MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Financial Analysis of the District as a Whole

Changes in net assets. The District's *combined* net assets increased by $119,799 or 6.36%. Net assets invested in capital assets increased by $127,668 due to $85,140 of capital lease payments, $86,672 of capital additions and $213,216 of appraisal adjustments offset by the issuance of $44,939 of capital leases, and $212,421 of depreciation. Restricted net assets increased $131,303 due to the $130,743 increase in excess surplus and the $560 interest earned on the capital reserve account. Unrestricted net assets decreased $139,172 due to the $28,387 increase in the unassigned deficit fund balance, the $108,143 increase in the compensated absence liability, a direct result of the renegotiation of the teacher contracts, and the $2,642 decrease in the unrestricted food service net assets. (See Figure A-4).

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent
Revenue:	2012	2011	2012	2011	2012	2011	Change
Program Revenue:							
Charges for Services	$ 35,241	$ 45,268	$ 182,024	$ 191,032	$ 217,265	$ 236,300	-8.06%
Operating Grants & Contributions	1,952,901	1,424,050	38,576	33,210	1,991,477	1,457,260	36.66%
General Revenue:							
Property Taxes	9,403,063	9,218,689			9,403,063	9,218,689	2.00%
Federal & State Aid	3,551,372	3,469,386			3,551,372	3,469,386	2.36%
Other	9,299	25,054	37	52	9,336	25,106	-62.81%
Total Revenue	14,951,876	14,182,447	220,637	224,294	15,172,513	14,406,741	5.32%
Expenses:							
Instruction	8,352,837	8,086,206			8,352,837	8,086,206	3.30%
Pupil & Instruction Services	2,851,408	2,463,864			2,851,408	2,463,864	15.73%
Administration and Business	1,440,306	1,383,614			1,440,306	1,383,614	4.10%
Maintenance & Operations	1,417,345	1,441,539			1,417,345	1,441,539	-1.68%
Transportation	766,468	648,247			766,468	648,247	18.24%
Other			224,350	230,809	224,350	230,809	-2.80%
Total Expenses	14,828,364	14,023,470	224,350	230,809	15,052,714	14,254,279	5.60%
Change in Net Assets	$ 123,512	$ 158,977	$ (3,713)	$ (6,515)	$ 119,799	$ 152,462	-21.42%

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY

MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Financial Analysis of the District as a Whole

Revenue Sources. The District's total revenue for the 2011-2012 school year was $15,172,513. (See Figure A-5). Property taxes accounted for most of the District's revenue, with local taxes accounting for $9,403,063 of the total, or 61.98 percent. (See Figure A-5). Another 36.53 percent came from state and federal aid and the remaining 1.49 percent from charges for services and miscellaneous sources. Lenape Valley Regional High School District basically conducts its operations from the revenues it receives from its local taxpayers and State Aid.

Figure A-5
Sources of Revenue for Fiscal Year 2012

Sources of Income	Amount	Percentage
State Formula Aid	$ 3,952,170	26.05%
Property Taxes	9,403,063	61.98%
Federal and State Categorical Grants	1,590,679	10.48%
Charges for Services	217,265	1.43%
Other	9,336	0.06%
	$ 15,172,513	100.00%

The total cost of all programs and services was $15,052,714. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (79.52 percent). (See Figure A-6). The District's administration and business activities accounted for 9.57 percent of total expenses. Maintenance and operation costs amounted to 9.42 percent.

Figure A-6
Expenses for Fiscal Year 2012

Expense Category	Amount	Percentage
Instruction	$ 8,352,837	55.49%
Pupil & Instruction Services	2,851,408	18.94%
Administration and Business	1,440,306	9.57%
Maintenance & Operations	1,417,345	9.42%
Transportation	766,468	5.09%
Other	224,350	1.49%
	$ 15,052,714	100.00%

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY

MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Governmental Activities

The financial position of the District increased overall by 6.61%. Maintaining existing programs with expected increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. During the past several years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to increased special education programs and increased health benefit costs. As a result, the three municipalities in the regional district were subject to a tax increase in 2012.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented during the year were:

- Participation in an insurance pool has resulted in lower costs in property, casualty, liability and workers compensation insurance.
- Shared service agreements with the Stanhope and Netcong school districts for several positions has reduced the cost of part time positions significantly.
- A significant number of disabled pupils continue to be educated in programs within the District rather than being sent out-of-District where the District would have to pay tuition as well as increased transportation costs.
- Participation in joint purchasing agreements for vehicle fuel with Byram Township has reduced this cost significantly.
- Participation in joint transportation agreements continues to lower the cost of special education transportation.

Due to the constraints placed upon the District by recent legislation, it is crucial that the District examine its expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-7 presents the cost of six major District activities: instruction, pupil & instructional services, administration & business, maintenance & operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Instruction	$ 8,352,837	8,086,206	$ 6,517,447	$ 6,770,435
Pupil & Instruction Services	2,851,408	2,463,864	2,743,017	2,376,768
Administration and Business	1,440,306	1,383,614	1,398,242	1,349,466
Maintenance & Operations	1,417,345	1,441,539	1,417,345	1,441,539
Transportation	766,468	648,247	764,171	615,944
Total	$ 14,828,364	$ 14,023,470	$ 12,840,222	$ 12,554,152

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY

MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Governmental Activities

- The cost of all governmental activities this year was $14,828,364.
- The federal and state governments subsidized certain programs with grants and contributions ($1,952,901).
- Most of the District's costs, however, were financed by District taxpayers ($9,403,063).
- A portion of governmental activities were financed with $3,952,170 in State Aid based on the SFRA formula.
- The remainder of the funding came from charges for services, miscellaneous revenue and investment earnings.

Business-Type Activities

Net assets from the District's business-type activities decreased $3,713. (Refer to Figure A-4). Factors contributing to these results included:

- The food services management company has controlled the cost of staff salary expenses, but increasing costs of goods sold and a reduction in sales revenue has resulted in a small decrease in net assets.

Financial Analysis of the District's Funds

The District's financial position remains very positive despite changes in the student population and difficult economic times. Expenditures during the recent year increased slightly.

Difficult economic times have had a direct impact upon the District's revenue sources. The District has had a multi-year practice of utilizing funds from the unappropriated fund balance to reduce the tax levy. Ratables in the three municipalities of the Regional District show little growth; thus generating concern for the local tax levy in the future.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY

MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times. These budget amendments consisted of changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percent
	2012	2011	2012	2011	2012	2011	Change
Land	$ 98,915	$ 98,915			$ 98,915	$ 98,915	0.00%
Site Improvements	19,076	20,735			19,076	20,735	-8.00%
Buildings & Bldg. Imps.	1,117,641	1,250,612			1,117,641	1,250,612	-10.63%
Machinery, Furniture and Equipment	335,208	112,040	$ 6,823	$ 7,894	342,031	119,934	185.18%
Total	$1,570,840	$1,482,302	$ 6,823	$ 7,894	$1,577,663	$1,490,196	5.87%

Long-Term Debt

(More detailed information about the District's long -term liabilities is presented in Note 8 to the financial statements.)

Figure A-9
Outstanding Long-Term Debt

	Total School District		Percent
	2012	2011	Change
Compensted Absences	$ 321,043	$ 212,900	50.80%
Capital Leases Payable	113,388	153,589	-26.17%
Total	$ 434,431	$ 366,489	18.54%

- Capital leases payable decreased by a net amount of $40,201.
- Compensated absences payable increased by $108,143.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STANHOPE, NEW JERSEY

MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of these existing circumstances that could significantly affect its financial health in the future:

- In June 2004, the State of New Jersey passed legislation titled S1701 and A-99 which requires school districts to reduce unassigned fund balance to 2% of annual expenditures.
- The State of New Jersey passed legislation which imposes a 2% cap on the District's tax levy.
- Future State Aid may be reduced due to the State's new criteria utilized in calculating allocations of State Aid.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, 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 Robert G. Klinck, Assistant Superintendent for Business, Lenape Valley Regional High School District, P.O. Box 578, Stanhope, New Jersey 07874.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30,2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 399,922	$ 3,502	$ 403,424
Receivable from State Government	79,947		79,947
Receivable from Federal Government	81,181	472	81,653
Receivable from Local Government	26,603	15	26,618
Internal Balances	487	(487)	
Inventories		2,619	2,619
Restricted Assets:			
Capital Reserve Account - Cash	268,582		268,582
Capital Assets:			
Site (Land)	98,915		98,915
Depreciable Site Improvements, Building and Building Improvements and Machinery, Furniture and Equipment	1,471,925	6,823	1,478,748
Total Assets	2,427,562	12,944	2,440,506
LIABILITIES			
Current Liabilities:			
Accounts Payable - Vendors		3,246	3,246
Noncurrent Liabilities:			
Due Within One Year	37,556		37,556
Due Beyond One Year	396,875		396,875
Total Liabilities	434,431	3,246	437,677
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,457,452	6,823	1,464,275
Restricted for:			
Capital Projects	268,582		268,582
Other Purposes	626,815		626,815
Unrestricted/(Deficit)	(359,718)	2,875	(356,843)
Total Net Assets	$ 1,993,131	$ 9,698	$ 2,002,829

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30,2012

		Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	$ 6,576,056	$ 35,241	$ 989,298		$ (5,551,517)		$ (5,551,517)
Special Education	892,891		710,777		(182,114)		(182,114)
Other Instruction	103,335		12,446		(90,889)		(90,889)
School Sponsored Insruction	780,555		87,628		(692,927)		(692,927)
Support Services:							
Tuition	916,865				(916,865)		(916,865)
Student & Instruction Related Services	1,934,543		108,391		(1,826,152)		(1,826,152)
General Administration Services	383,058				(383,058)		(383,058)
School Administration Services	540,414		42,064		(498,350)		(498,350)
Central Services	403,585				(403,585)		(403,585)
Administration Information Technology	113,249				(113,249)		(113,249)
Plant Operations and Maintenance	1,417,345				(1,417,345)		(1,417,345)
Pupil Transportation	766,468		2,297		(764,171)		(764,171)
Total Governmental Activities	14,828,364	35,241	1,952,901	$ -0-	(12,840,222)	$ -0-	(12,840,222)

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30,2012

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Business-Type Activities:							
Food Service	$ 224,350	$ 182,024	$ 38,576			$ (3,750)	$ (3,750)
Total Primary Government	$ 15,052,714	$ 217,265	$ 1,991,477	$ -0-	$ (12,840,222)	(3,750)	(12,843,972)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					9,403,063		9,403,063
Federal and State Aid not Restricted					3,551,372		3,551,372
Investment Earnings					560		560
Miscellaneous Income					8,739	37	8,776
Total General Revenue					12,963,734	37	12,963,771
Change in Net Assets					123,512	(3,713)	119,799
Net Assets - Beginning					1,869,619	13,411	1,883,030
Net Assets - Ending					$ 1,993,131	$ 9,698	$ 2,002,829

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

Exhibit B-1

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	$ 399,922		$ 399,922
Interfunds Receivable	42,092		42,092
Receivable from State Government	79,947		79,947
Receivable from Federal Government	39,576	$ 41,605	81,181
Receivable from Local Government	26,603		26,603
Restricted Cash and Cash Equivalents	268,582		268,582
Total Assets	$ 856,722	$ 41,605	$ 898,327
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfunds Payable		$ 41,605	$ 41,605
Total Liabilities		41,605	41,605
Fund Balances:			
Restricted:			
Excess Surplus	$ 215,724		215,724
Excess Surplus - Designated for Subsequent Year's Expenditures	411,091		411,091
Capital Reserve Account	268,582		268,582
Unassigned/(Deficit)	(38,675)		(38,675)
Total Fund Balances	856,722	-0-	856,722
Total Liabilities and Fund Balances	$ 856,722	$ 41,605	

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 $9,009,220 and the accumulated depreciation is $7,438,380. (See Note 6)	1,570,840
Long-term liabilities, including capital leases payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds. (See Note 8)	(434,431)
Net Assets of Governmental Activities	$ 1,993,131

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUE:			
Local Sources:			
Local Tax Levy	$ 9,403,063		$ 9,403,063
Tuition from Other LEA's	35,241		35,241
Interest Earned on Capital Reserve Funds	560		560
Miscellaneous	8,739		8,739
Total - Local Sources	9,447,603		9,447,603
State Sources	5,146,854		5,146,854
Federal Sources	147,126	$ 210,293	357,419
Total Revenue	14,741,583	210,293	14,951,876
EXPENDITURES:			
Current:			
Regular Instruction	4,528,173	47,845	4,576,018
Special Education Instruction	508,735	162,448	671,183
Other Instruction	73,815		73,815
School Sponsored Instruction	572,714		572,714
Support Services and Undistributed Costs:			
Tuition	916,865		916,865
Student & Instruction Related Services	1,616,875		1,616,875
General Administration Services	329,127		329,127
School Administration Services	407,458		407,458
Central Services	334,466		334,466
Administrative Information Technology	90,314		90,314
Plant Operations and Maintenance	1,319,504		1,319,504
Pupil Transportation	819,134		819,134
Unallocated Benefits	3,078,575		3,078,575

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
EXPENDITURES (Cont'd):			
Capital Outlay	$ 87,851		$ 87,851
Total Expenditures	14,683,606	$ 210,293	14,893,899
Excess of Revenue over Expenditures	57,977		57,977
OTHER FINANCING SOURCES:			
Capital Leases (Non-Budgeted)	44,939		44,939
Total Other Financing Sources	44,939		44,939
Net Change in Fund Balances	102,916		102,916
Fund Balance—July 1	753,806		753,806
Fund Balance—June 30	$ 856,722	$ -0-	$ 856,722

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

LENAPE VALLEY REGIONAL HIGH 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, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2)		$ 102,916
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	$ (211,350)	
Capital Adjustments, Net of Depreciation	213,216	
Capital Outlays	86,672	
		88,538
Proceeds from capital leases are a financing source in the governmental funds. They are not revenue in the Statement of Activities; issuing debt increases long-term liabilities in the Statement of Net Assets.		(44,939)
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 (+).		(108,143)
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.		85,140
Change in Net Assets of Governmental Activities (A-2)		$ 123,512

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-Type Activities - Enterprise Funds Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 3,502
Intergovernmental Accounts Receivable:	
State	15
Federal	472
Inventories	2,619
Total Current Assets	6,608
Non-Current Assets:	
Capital Assets:	
Depreciable Furniture, Machinery and Equipment	114,157
Less: Accumulated Depreciation	(107,334)
Total Non-Current Assets	6,823
Total Assets	13,431
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	3,246
Interfund Payable - General Fund	487
Total Liabilities	3,733
NET ASSETS:	
Investment in Capital Assets, Net of Related Debt	6,823
Unrestricted	2,875
Total Net Assets	$ 9,698

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Non-Reimbursable Programs	$ 110,587
Daily Sales - Reimbursable Programs	71,327
Miscellaneous	110
Total Operating Revenue	182,024
Operating Expenses:	
Cost of Sales	113,500
Salaries, Benefits & Payroll Taxes	91,516
Supplies, Insurance & Other Costs	2,839
Management Fee	9,000
Miscellaneous Expense	6,424
Depreciation Expense	1,071
Total Operating Expenses	224,350
Operating Loss	(42,326)
Non-Operating Income:	
Interest Income	37
State Sources:	
State School Lunch Program	1,335
Federal Sources:	
National School Lunch Program	24,550
National School Breakfast Program	4,400
Food Distribution Program	8,291
Total Non-Operating Income	38,613
Change in Net Assets	(3,713)
Net Assets - Beginning of Year	13,411
Net Assets - End of Year	$ 9,698

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	$ 182,024
Payments to Food Service Vendor	(208,437)
Payments for Miscellaneous Expenditures	(6,424)
Net Cash Used for Operating Activities	(32,837)
Cash Flows from Investing Activities:	
Interest Income	37
Net Cash Provided by Investing Activities	37
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Interfund Advanced - General Fund	487
Receipt of Federal Lunch Reimbursement	28,477
Receipt of State Lunch Reimbursement	1,321
Net Cash Provided by Noncapital Financing Activities	30,285
Net Decrease in Cash and Cash Equivalents	(2,515)
Cash and Cash Equivalents, July 1	6,017
Cash and Cash Equivalents, June 30	$ 3,502
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	$ (42,326)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	1,071
Food Distribution Program	8,291
Changes in Assets and Liabilities:	
(Increase) in Inventory	1,312
(Decrease) in Accounts Payable	(1,185)
Net Cash Used for Operating Activities	$ (32,837)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at $8,291 for the fiscal year ended June 30, 2012.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Agency	Unemployment Compensation Trust	Private Purpose Scholarship Trust
ASSETS:			
Cash and Cash Equivalents	$ 167,686	$ 32,421	$ 71,870
Interfund Receivble		11,351	
Total Assets	167,686	43,772	71,870
LIABILITIES:			
Payroll Deductions and Withholdings	88,195		
Due to Student Groups	68,140		
Interfund Payable	11,351		
Total Liabilities	167,686		
NET ASSETS:			
Held in Trust for:			
Unemployment Claims		43,772	
Scholarships			71,870
Total Net Assets	$ -0-	$ 43,772	$ 71,870

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Private Purpose Scholarship Trust
ADDITIONS:		
Contributions:		
Plan Members	$ 11,385	
Board Contributions	506	
Other		$ 18,471
Total Contributions	11,891	18,471
Investment Earnings:		
Interest	56	22
Net Investment Earnings	56	22
Total Additions	11,947	18,493
DEDUCTIONS:		
Unemployment Compensation Claims	12,963	
Scholarship Payments		6,400
Total Deductions	12,963	6,400
Change in Net Assets	(1,016)	12,093
Net Assets - Beginning of the Year	44,788	59,777
Net Assets - End of the Year	$ 43,772	$ 71,870

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Lenape Valley Regional High School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one senior high school serving the Boroughs of Netcong and Stanhope and the Township of Byram. 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 District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund and Private Purpose Trust Fund.

C. Measurement Focus and Basis of Accounting:

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the annual school election on the fourth Wednesday in April, 2011. 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

Sources/Inflows of Resources:	General Fund	Special Revenue Fund
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	$ 14,777,613	$ 210,293
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	359,935	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	(395,965)	
Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds	$ 14,741,583	$ 210,293

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 14,683,606	$ 210,293
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	$ 14,683,606	$ 210,293

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection 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.

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 depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of 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 the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

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

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

G. Allowance for Uncollectible Accounts:

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

H. 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 restricted, committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as deferred revenue at fiscal year end.

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

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is $2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

	Estimated Useful Life
Buildings	50 Years
Site Improvements	20 Years
Furniture and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2012.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the $856,722 General Fund balance at June 30, 2012, $268,582 is restricted in the capital reserve account; $626,815 is restricted as excess surplus ($411,091 from the prior year and $215,724 from the current year which must be included as anticipated revenue for the fiscal years ending June 30, 2013 and June 30, 2014, respectively) in accordance with N.J.S.A. 18A:7F-7 as amended; and ($38,675) is a deficit in unassigned fund balance which is $395,965 less than the calculated maximum unassigned fund balance, on a GAAP Basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2013. Additionally, there is $31,481 of assigned fund balance included as anticipated revenue for the fiscal year ending June 30, 2013 which is not reported on a GAAP basis due to the final two state aid payments.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General 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 year's budget. The District had excess surplus as noted above.

Q. Net Assets:

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

R. Deficit Net Assets/Fund Balances:

The District has a deficit in Unassigned General Fund fund balance of $38,675 as of June 30, 2012 as reported in the fund financial statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments in the GAAP financial statements until the year the State records the payable. The deficit in the General Fund fund balance at June 30, 2012 is due to the last two state aid payments as identified above.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Deficit Net Assets/Fund Balances: (Cont'd)

There is also a deficit in unrestricted governmental activities net assets in the amount of $359,718. The deficit is due to a deficit in Unassigned General Fund fund balance of $38,675 as well as compensated absences payable of $321,043.

These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus and a capital reserve account.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District did not have any committed resources at June 30, 2012.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District did not have any assigned resources on a GAAP basis at June 30, 2012.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Non-exchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

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

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

> The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and
>
> In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments:

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

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

(5) Local government investment pools;

(6) Deposits with the State of New Jersey Cash Management Fund; or

(7) Agreements for the repurchase of fully collateralized securities if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in statute; and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Capital Reserve	Total
Checking Accounts	$ 675,401	$ 268,582	$ 943,983
	$ 675,401	$ 268,582	$ 943,983

During the period ended June 30, 2012, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2012, was $943,983 and the bank balance was $1,347,628.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Lenape Valley Regional High School District by inclusion of $5,000 on August 23, 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.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the NJ Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for fiscal year ending June 30, 2012 is as follows:

Beginning Balance at July 1, 2011	$ 268,022
Interest Earnings	560
Ending Balance at June 30, 2012	$ 268,582

The balance in the capital reserve account did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP.

NOTE 5. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2012, the District transferred $24,114 to the capital outlay accounts for equipment which did not require approval from the County Superintendent.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	$ 98,915			$ 98,915
Total Capital Assets not being Depreciated	98,915			98,915
Capital Assets being Depreciated:				
Site Improvements	82,940			82,940
Buildings and Building Improvements	6,256,076		$ 3,983	6,260,059
Machinery and Equipment	2,485,568	$ 86,672	(4,934)	2,567,306
Total Capital Assets being Depreciated	8,824,584	86,672	(951)	8,910,305
Governmental Activities Capital Assets	8,923,499	86,672	(951)	9,009,220
Less Accumulated Depreciation for:				
Site Improvements	(62,205)	(1,659)		(63,864)
Buildings and Building Improvements	(5,005,464)	(136,915)	(39)	(5,142,418)
Machinery and Equipment	(2,373,528)	(72,776)	214,206	(2,232,098)
Total Accumulated Depreciation	(7,441,197)	(211,350)	214,167	(7,438,380)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 1,482,302	$ (124,678)	$ 213,216	$ 1,570,840

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	$ 128,935		$ (14,778)	$ 114,157
Less Accumulated Depreciation	(121,041)	$ (1,071)	14,778	(107,334)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	$ 7,894	$ (1,071)	$ -0-	$ 6,823
Total Governmental and Business-Type Activities	$ 1,490,196	(125,749)	$ 213,216	$ 1,577,663

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	$ 173,221
Special Education	85
Student and Instruction Related Services	3,762
School Administrative Services	3,065
Central Services	4,185
Plant Operations and Maintenance	4,375
Pupil Transportation	22,657
Total Depreciation	$ 211,350

NOTE 7. OPERATING LEASES

The District has commitments to lease copying equipment, postage equipment and computers under operating leases which expire in 2015. Future minimum lease payments are as follows:

Year	Amount
2013	$ 42,066
2014	26,412
2015	17,640
	$ 86,118

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/	Issued/ Accrued	Matured/ Retired	Balance 6/30/
Capital Lease Payable	$ 153,589	$ 44,939	$ 85,140	$ 113,388
Compensated Absences Payable	212,900	154,983	46,840	321,043
	$ 366,489	$ 199,922	$ 131,980	$ 434,431

A. Bonds Payable:

Bonds 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 Board are general obligation bonds.

The District had no bonds outstanding as of June 30, 2012.

B. Bonds Authorized But Not Issued:

As of June 30, 2012, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District is leasing buses and other vehicles totaling $113,388 under capital leases. All capital leases are for terms of five years. The General Fund will be used to liquidate capital leases payable. The following is a schedule of the future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2012:

Year Ending June 30,	Amount
2013	$ 42,841
2014	42,841
2015	28,543
2016	9,565
	123,790
Less: Amount representing interest	(10,402)
Present Value of Net Minimum Lease Payments	$ 113,388

The current portion is $37,556 and the long-term portion is $75,882

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 8. GENERAL LONG-TERM DEBT (Cont'd)

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a current and long-term liability and will be liquidated through the General Fund. The current portion of the liability is $-0- and the long-term portion is $321,043.

The District had no liability at June 30, 2012 for compensated absences associated with its Food Service Enterprise Fund.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). The TPAF and the PERS are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or the PERS, the employee may be eligible to enroll in the DCRP.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS went from 5.5% to 6.5% of employees' annual compensation as defined. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

District Contributions to PERS amounted to $129,675, $114,233 and $90,480 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

District and employee contributions to DCRP amounted to $2,500 and $8,200 for the fiscal year ended June 30, 2012 and $1,200 and $4,000 for the fiscal year ended June 30, 2011. There were no contributions in 2010.

During the fiscal years ended June 30, 2012, 2011 and 2010 the State of New Jersey contributed 222,702, $-0- and $-0-, respectively, to the TPAF for pension benefits on-behalf of the District.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District were $447,690, $441,980 and $419,890, for 2012, 2011, and 2010, respectively.

NOTE 11. RISK MANAGEMENT

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

Property, Liability and Health Benefits

The District maintains commercial insurance coverage for student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

The Board is a member of the School Alliance Insurance Fund ("SAIF). The SAIF provides its members with Workers' Compensation, Comprehensive General Liability and Automobile Liability, Property, Boiler and Machinery, and School Board Legal Liability Insurance. The SAIF is a risk-sharing fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the SAIF are elected.

As a member of the SAIF, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the SAIF were to be exhausted, members would become responsible for their respective shares of the SAIF's liabilities.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The SAIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The financial information for the fiscal year ending June 30, 2012 was not available as of the date of the audit. Selected financial information for the SAIF as of June 30, 2011 is as follows:

	School Alliance Insurance Fund
Total Assets	$ 36,448,099
Net Assets	$ 12,502,179
Total Revenue	$ 29,577,140
Total Expenses	$ 28,589,235
Change in Net Assets	$ 987,905
Net Assets Distribution to Participating Members	$ 1,223,485

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Public Entity Group Administrative Services
51 Everett Drive Suite B-40
West Windsor, NJ 08550
(609) 275-1155

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of the District's contributions, employee contributions and interest, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions and Interest	Amount Reimbursed	Ending Balance
2011-2012	$ 506	$ 11,441	$ 12,963	$ 43,772
2010-2011	46,503	10,677	46,503	44,788
2009-2010	- 0 -	22,850	7,915	34,111

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivable and payable at June 30, 2012.

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 42,092	
Special Revenue Fund		$ 41,605
Enterprise Fund		487
Fiduciary Funds:		
Unemployment Compensation Trust	11,351	
Payroll Agency		11,351
	$ 53,443	$ 53,443

The interfund receivable in the General Fund and the interfund payable in the Special Revenue Fund represents a deficit in the cash balance caused by grants receivable in the Special Revenue Fund. The interfund receivable in the Unemployment Compensation Trust Fund and the interfund payable in the Payroll Agency Fund represent employee contributions not remitted. The interfund receivable in the General Fund and the interfund payable in the Enterprise Fund represents the cash advanced to the Enterprise Funds for the June subsidy reimbursements.

NOTE 14. DEFERRED COMPENSATION

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

The plan administrators are as follows:

Equitable Life Assurance
Metropolitan Life Insurance Company
Lincoln Investment
Variable Annuity Life Insurance Company (V.A.L.I.C.)

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of $10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipalities and are remitted to the regional school district on predetermined, agreed-upon schedules.

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in certain types of lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

Encumbrances

The District did not have any encumbrances at June 30, 2012.

BUDGETARY COMPARISON SCHEDULES

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 9,403,063		$ 9,403,063	$ 9,403,063	
Tuition from Other LEAs				35,241	$ 35,241
Interest Earned on Capital Reserve Funds	2,000		2,000	560	(1,440)
Unrestricted Miscellaneous Revenues	40,000		40,000	8,739	(31,261)
Total - Local Sources	9,445,063		9,445,063	9,447,603	2,540
State Sources:					
Categorical Special Education Aid	427,461		427,461	427,461	
Equalization Aid	3,339,622	$ 128,112	3,467,734	3,467,734	
Categorical Security Aid		6,457	6,457	6,457	
School Choice Aid		78,680	78,680	86,548	7,868
Anti-Bullying Aid				551	551
Extraordinary Aid				53,505	53,505
Additional Non-public Transportation Aid				2,297	2,297
On-behalf TPAF Pension Contributions (non-budgeted)				222,702	222,702
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				447,690	447,690
Reimbursed TPAF Social Security Contributions (non-budgeted)				467,939	467,939
Total State Sources	3,767,083	213,249	3,980,332	5,182,884	1,202,552
Federal Sources:					
Education Job Funds	142,657	4,469	147,126	147,126	
Total Federal Sources	142,657	4,469	147,126	147,126	
TOTAL REVENUES	13,354,803	217,718	13,572,521	14,777,613	1,205,092

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Undistributed Instruction:					
Grades 9-12 - Salaries of Teachers	$ 4,335,988	$ (105,976)	$ 4,230,012	$ 4,227,865	$ 2,147
Regular Programs - Home Instruction:					
Salaries of Teachers	40,000	24,500	64,500	63,141	1,359
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	500	2,060	2,560	2,560	
Purchased Technical Services	800	(450)	350	337	13
Other Purchased Services (400-500 Series)	101,087	(11,403)	89,684	86,584	3,100
General Supplies	85,700	16,406	102,106	100,576	1,530
Textbooks	44,450	2,303	46,753	46,346	407
Other Objects	800		800	764	36
Total Regular Programs - Instruction	4,609,325	(72,560)	4,536,765	4,528,173	8,592
Special Education - Instruction:					
Cognitive - Mild:					
Salaries of Teachers	33,587	(9,959)	23,628	23,628	
Other Salaries for Instruction	41,595	25,699	67,294	67,099	195
Purchased Professional - Educational Services	800	880	1,680	1,622	58
Purchased Technical Services	150		150	144	6
Total Cognitive - Mild	76,132	16,620	92,752	92,493	259
Behavioral Disabilities:					
Salaries of Teachers	67,220	280	67,500	67,500	
Other Salaries for Instruction	30,600	400	31,000	31,000	
General Supplies	950	148	1,098	1,098	
Textbooks	600	16	616	616	
Total Behavioral Disabilities	99,370	844	100,214	100,214	

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center:					
Salaries of Teachers	$ 343,921	$ (23,941)	$ 319,980	$ 315,731	$ 4,249
General Supplies	500	(203)	297	297	
Total Resource Room/Resource Center	344,421	(24,144)	320,277	316,028	4,249
Total Special Education Instruction	519,923	(6,680)	513,243	508,735	4,508
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	59,823		59,823	59,823	
General Supplies	500	11	511	511	
Textbooks	250	(73)	177	147	30
Total Basic Skills/Remedial - Instruction	60,573	(62)	60,511	60,481	30
Bilingual Education - Instruction:					
Salaries of Teachers	7,413		7,413	7,413	
General Supplies		229	229	229	
Textbooks	400	(207)	193	192	1
Total Bilingual Education - Instruction	7,813	22	7,835	7,834	1
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	100,164	13,856	114,020	110,370	3,650
Purchased Services (300-500 Series)	17,500	8,500	26,000	23,261	2,739
Supplies and Materials	1,300		1,300	979	321
Other Objects	3,500		3,500	1,933	1,567
Total School-Sponsored Cocurricular Activities - Instruction	122,464	22,356	144,820	136,543	8,277

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Athletics - Instruction:					
Salaries	$ 331,512	$ 28,650	$ 360,162	$ 357,502	$ 2,660
Purchased Services (300-500 Series)	27,500	2,293	29,793	28,520	1,273
Supplies and Materials	30,300	2,986	33,286	31,875	1,411
Other Objects	6,000		6,000	4,774	1,226
Transfer to Cover Deficit (Agency Funds)	10,000	3,500	13,500	13,500	
Total School-Sponsored Athletics - Instruction	405,312	37,429	442,741	436,171	6,570
Other Instructional Programs - Instruction:					
Salaries	5,500		5,500	5,500	
Total Other Instructional Programs - Instruction	5,500		5,500	5,500	
Total Instruction	5,730,910	(19,495)	5,711,415	5,683,437	27,978
Undistributed Expenditures:					
Instuction:					
Tuition to Other LEAs Within State - Special	113,066	(11,569)	101,497	100,654	843
Tuition to County Vocational School District - Regular	118,258	2,832	121,090	118,233	2,857
Tuition to County Vocational School District - Special	25,032		25,032	25,032	
Tuition to Private Schools for the Handicapped - Within State	801,517	(150,348)	651,169	642,196	8,973
Tuition to State Facilities	30,750		30,750	30,750	
Total Undistributed Expenditures - Instruction:	1,088,623	(159,085)	929,538	916,865	12,673
Attendance and Social Work:					
Salaries	59,490	10,119	69,609	69,609	
Total Attendance and Social Work	59,490	10,119	69,609	69,609	

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	$ 89,008		$ 89,008	$ 88,153	$ 855
Purchased Professional and Technical Services	1,110		1,110	284	826
Other Purchased Services (400-500 Series)	200		200		200
Supplies and Materials	600		600	540	60
Total Health Services	90,918		90,918	88,977	1,941
Other Support Services - Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services	75,500	$ 68,022	143,522	135,304	8,218
Supplies and Materials	200	(22)	178	140	38
Total Other Support Services - Speech, OT, PT and Related Services	75,700	68,000	143,700	135,444	8,256
Other Support Services - Students - Extraordinary Services:					
Salaries	139,620	(1,904)	137,716	137,224	492
Total Other Support Services - Students - Extraordinary Services	139,620	(1,904)	137,716	137,224	492
Other Support Services - Guidance:					
Salaries of Other Professional Staff	410,095	(311)	409,784	409,784	
Salaries of Secretarial and Clerical Assistants	66,417	2,173	68,590	67,910	680
Purchased Professional - Educational Services	100	(95)	5		5
Other Purchased Professional and Technical Services	4,000	3,543	7,543	7,228	315
Other Purchased Services (400-500 Series)	7,900	397	8,297	7,934	363
Supplies and Materials	4,000	105	4,105	3,837	268
Other Objects	1,275	(150)	1,125	844	281
Total Other Support Services - Guidance	493,787	5,662	499,449	497,537	1,912

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	$ 176,715	$ 300	$ 177,015	$ 175,751	$ 1,264
Salaries of Secretarial and Clerical Assistants	28,380	8	28,388	28,388	
Other Purchased Professional and Technical Services	13,500	630	14,130	13,075	1,055
Miscellaneous Purchased Services (400-500 series)	600	(75)	525	389	136
Supplies and Materials	2,000	664	2,664	2,344	320
Total Other Support Services - Child Study Team	221,195	1,527	222,722	219,947	2,775
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	348,520	(39,708)	308,812	302,812	6,000
Salaries of Other Professional Staff	2,200		2,200	420	1,780
Salaries of Secretarial and Clerical Assistants	48,870	292	49,162	49,162	
Other Purchased Services (400-500 series)	100		100		100
Other Objects	4,700		4,700	4,000	700
Total Improvement of Instructional Services	404,390	(39,416)	364,974	356,394	8,580
Educational Media Services/School Library:					
Salaries	55,080	420	55,500	55,500	
Supplies and Materials	57,500	270	57,770	54,504	3,266
Other Objects	50		50	50	
Total Educational Media Services/School Library	112,630	690	113,320	110,054	3,266
Instructional Staff Training Services:					
Purchased Professional - Educational Services	300		300		300
Other Purchased Professional and Technical Services		1,689	1,689	1,689	
Total Instructional Staff Training Services	300	1,689	1,989	1,689	300

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	$ 213,659	$ (1,292)	$ 212,367	$ 212,367	
Legal Services	12,000	3,043	15,043	15,043	
Audit Fees	15,000		15,000	14,750	$ 250
Purchased Technical Services	1,000	2,500	3,500	2,945	555
Communications/Telephone	40,000	4,264	44,264	38,676	5,588
BOE Other Purchased Services	3,000		3,000	33	2,967
Miscellaneous Purchased Services (400-500 Series)	29,105	1,742	30,847	30,515	332
General Supplies	3,000	1,781	4,781	4,445	336
BOE Membership Dues and Fees	9,500	855	10,355	10,353	2
Total Support Services - General Administration	326,264	12,893	339,157	329,127	10,030
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	227,473	(238)	227,235	227,235	
Salaries of Other Professional Staff	59,350	1,884	61,234	61,234	
Salaries of Secretarial and Clerical Assistants	68,311	1,238	69,549	69,549	
Other Purchased Services (400-500 Series)	13,500	9,705	23,205	19,505	3,700
Supplies and Materials	17,000	11,800	28,800	28,578	222
Other Objects	2,200	(5)	2,195	1,357	838
Total Support Services - School Administration	387,834	24,384	412,218	407,458	4,760
Central Services:					
Salaries	271,798	525	272,323	272,322	1
Purchased Professional Services	10,000	16,916	26,916	25,717	1,199
Purchased Technical Services	8,000	5,262	13,262	13,262	
Miscellaneous Purchased Services (400-500 Series)	16,000	4,421	20,421	16,463	3,958
Supplies and Materials	3,400	1,950	5,350	5,248	102
Miscellaneous Expenditures	1,500		1,500	1,454	46
Total Central Services	310,698	29,074	339,772	334,466	5,306

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Administrative Information Technology:					
Salaries	$ 90,914	$ (72)	$ 90,842	$ 90,314	$ 528
Total Administrative Information Technology	90,914	(72)	90,842	90,314	528
Required Maintenance of School Facilities:					
Salaries	76,617	37	76,654	75,764	890
Cleaning, Repair and Maintenance Services	140,000	244,700	384,700	363,417	21,283
General Supplies	9,000	89	9,089	4,730	4,359
Total Required Maintenance of School Facilities	225,617	244,826	470,443	443,911	26,532
Custodial Services:					
Salaries	223,024	(7,758)	215,266	213,148	2,118
Purchased Professional and Technical Services	1,500	160	1,660	1,465	195
Cleaning, Repair and Maintenance Services	30,000	(160)	29,840	27,855	1,985
Other Purchased Property Services	20,000	(5,507)	14,493	14,002	491
Insurance	73,579		73,579	59,030	14,549
Miscellaneous Purchased Services	1,000	(155)	845	676	169
General Supplies	70,000		70,000	67,720	2,280
Energy (Electricity)	308,000	(90,019)	217,981	215,913	2,068
Energy (Oil)	145,000	3,000	148,000	141,779	6,221
Other Objects	550	155	705	705	
Total Custodial Services	872,653	(100,284)	772,369	742,293	30,076
Care and Upkeep of Grounds:					
Salaries	107,404	(2,831)	104,573	104,209	364
Purchased Professional and Technical Services	4,000		4,000	2,460	1,540
Cleaning, Repair and Maintenance Services	12,800		12,800	10,103	2,697
General Supplies	17,000	566	17,566	16,528	1,038
Total Care and Upkeep of Grounds	141,204	(2,265)	138,939	133,300	5,639

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services:					
Salary for Pupil Transportation (Between Home & School) - Non-Public Schools	$ 71,000	$ 13,106	$ 84,106	$ 82,445	$ 1,661
Management Fee - ESC & CTSA Transportation Program	16,251	(1,438)	14,813	14,767	46
Cleaning, Repair and Maintenance Services	9,000	1,845	10,845	9,305	1,540
Lease Purchase Payments - School Buses	85,591	(1,418)	84,173	83,960	213
Contracted Services:					
Between Home and School - Vendors	343,035	30,993	374,028	373,940	88
Other Between Home and School - Vendors	7,000	(6,275)	725	725	
Special Education Students - Vendors	225,000	4,357	229,357	227,357	2,000
Aid in Lieu Payments - Nonpublic School	10,000	(2,928)	7,072	7,072	
Miscellaneous Purchased Services - Transportation	1,500		1,500	1,302	198
General Supplies	11,200	8,173	19,373	18,261	1,112
Total Student Transportation Services	779,577	46,415	825,992	819,134	6,858
Unallocated Benefits:					
Social Security Contributions	149,200	37,146	186,346	186,346	
Other Retirement Contribution - PERS	141,000	(10,474)	130,526	129,675	851
Other Retirement Contribution - Regular		2,500	2,500	2,500	
Unemployment Compensation	50,000	(45,254)	4,746	506	4,240
Workmen's Compensation	85,079	(4,509)	80,570	80,570	
Health Benefits	1,449,139	34,014	1,483,153	1,464,542	18,611
Tuition Reimbursement	28,000		28,000	21,410	6,590
Other Employee Benefits	8,000	57,423	65,423	54,695	10,728
Total Unallocated Benefits	1,910,418	70,846	1,981,264	1,940,244	41,020

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
On-behalf TPAF Pension Contributions (non-budgeted)				$ 222,702	$ (222,702)
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				447,690	(447,690)
Reimbursed TPAF Social Security Contributions (non-budgeted)				467,939	(467,939)
Total On-Behalf and Reimbursed Contributions				1,138,331	(1,138,331)
Total Undistributed Expenses	$ 7,731,832	$ 213,099	$ 7,944,931	8,912,318	(967,387)
TOTAL GENERAL CURRENT EXPENSE	13,462,742	193,604	13,656,346	14,595,755	(939,409)
CAPITAL OUTLAY:					
Equipment:					
Instruction - Grades 9-12		21,746	21,746	21,746	
Support Service - Student Related Services		2,760	2,760	2,760	
Support Service - Guidance		4,400	4,400	4,023	377
Administrative Information Technology	18,070	(4,792)	13,278	13,278	
Total Equipment	18,070	24,114	42,184	41,807	377
Facilities Acquisition and Constuction Services:					
Other Objects	1,105		1,105	1,105	
Total Facilities Acquisitions and Construction Services	1,105		1,105	1,105	
Assets Acquired Under Capital Leases (non-budgeted):					
Transportation - School Bus - Regular				44,939	(44,939)
Total Assets Acquired Under Capital Leases (non-budgeted)				44,939	(44,939)
TOTAL CAPITAL OUTLAY	19,175	24,114	43,289	87,851	(44,562)
TOTAL EXPENDITURES	13,481,917	217,718	13,699,635	14,683,606	(983,971)

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over/(Under) Expenditures	$ (127,114)		$ (127,114)	$ 94,007	$ 221,121
Other Financing Sources:					
Capital Leases (non-budgeted)				44,939	44,939
Total Other Financing Sources				44,939	44,939
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(127,114)		(127,114)	138,946	266,060
Fund Balance, July 1	1,113,741		1,113,741	1,113,741	
Fund Balance, June 30	$ 986,627	$ -0-	$ 986,627	$ 1,252,687	$ 266,060

Recapitulation:	
Restricted:	
Excess Surplus	$ 215,724
Excess Surplus - Designated for Subsequent Year's Expenditures	411,091
Capital Reserve	268,582
Assigned:	
Designated for Subsequent Year's Expenditures	31,481
Unassigned Fund Balance	325,809
	1,252,687
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payments not Recognized on GAAP Basis	(395,965)
Fund Balance per Governmental Funds (GAAP)	$ 856,722

Exhibit C-2

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	$ 164,752	$ 48,466	$ 213,218	$ 210,293	$ (2,925)
Total Revenues	164,752	48,466	213,218	210,293	(2,925)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	153,767	8,698	162,465	162,465	
General Supplies		1,830	1,830	1,830	
Total Instruction	153,767	10,528	164,295	164,295	
Support Services:					
Personal Services - Employee Benefits		32,941	32,941	32,941	
Other Purchased Services	10,985	4,997	15,982	13,057	2,925
Total Support Services	10,985	37,938	48,923	45,998	2,925
Total Expenditures	$ 164,752	$ 48,466	$ 213,218	$ 210,293	$ 2,925

Exhibit C-3
1 of 2

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	$ 14,777,613	$ 210,293
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	359,935	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(395,965)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 14,741,583	$ 210,293
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 14,683,606	$ 210,293
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 14,683,606	$ 210,293

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the annual school election on the fourth Wednesday in April, 2011. Budgets are prepared using the modified accrual basis of accounting. The leg level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

Exhibit E-1

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	No Child Left Behind		I.D.E.A.		
	Title I	Title II, Part A	Part B, Basic	Learn and Serve America	Totals June 30, 2012
REVENUE:					
Federal Sources	$ 34,693	$ 11,322	$ 162,448	$ 1,830	$ 210,293
Total Revenue	34,693	11,322	162,448	1,830	210,293
EXPENDITURES:					
Instruction:					
Salaries of Teachers	27,465		135,000		162,465
General Supplies				1,830	1,830
Total Instruction	27,465		135,000	1,830	164,295
Support Services:					
Personal Services - Employee Benefits	5,493		27,448		32,941
Other Purchased Services	1,735	11,322			13,057
Total Support Services	7,228	11,322	27,448		45,998
Total Expenditures	$ 34,693	$ 11,322	$ 162,448	$ 1,830	$ 210,293

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

Exhibit G-1

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$	3,502
Intergovernmental Accounts Receivable:		
State		15
Federal		472
Inventories		2,619
Total Current Assets		6,608
Non-Current Assets:		
Capital Assets:		
Depreciable Furniture, Machinery & Equipment		114,157
Less: Accumulated Depreciation		(107,334)
Total Non-Current Assets		6,823
Total Assets		13,431
LIABILITIES:		
Current Liabilities:		
Accounts Payable - Vendors		3,246
Interfund- General Fund		487
Total Liabilities		3,733
NET ASSETS:		
Investment in Capital Assets, Net of Related Debt		6,823
Unrestricted		2,875
Total Net Assets	$	9,698

Exhibit G-2

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenue:		
Local Sources:		
Daily Sales - Non-Reimbursable Programs	$	110,587
Daily Sales - Reimbursable Programs		71,327
Miscellaneous		110
Total Operating Revenue		182,024
Operating Expenses:		
Cost of Sales		113,500
Salaries, Benefits & Payroll Taxes		91,516
Supplies, Insurance & Other Costs		2,839
Management Fee		9,000
Miscellaneous Expense		6,424
Depreciation Expense		1,071
Total Operating Expenses		224,350
Operating Loss		(42,326)
Non-Operating Income:		
Interest Income		37
State Sources:		
State School Lunch Program		1,335
Federal Sources:		
National School Lunch Program		24,550
National School Breakfast Program		4,400
Food Distribution Program		8,291
Total Non-Operating Income		38,613
Change in Net Assets		(3,713)
Net Assets - Beginning of Year		13,411
Net Assets - End of Year	$	9,698

Exhibit G-3

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:		
Receipts from Customers	$	182,024
Payments to Food Service Vendor		(208,437)
Payments for Miscellaneous Expenditures		(6,424)
Net Cash Used for Operating Activities		(32,837)
Cash Flows from Investing Activities:		
Interest Income		37
Net Cash Provided by Investing Activities		37
Cash Flows from Noncapital Financing Activities:		
Local Sources:		
Interfund Advanced - General Fund		487
Receipt of Federal Lunch Reimbursement		28,477
Receipt of State Lunch Reimbursement		1,321
Net Cash Provided by Noncapital Financing Activities		30,285
Net Decrease in Cash and Cash Equivalents		(2,515)
Cash and Cash Equivalents, July 1		6,017
Cash and Cash Equivalents, June 30	$	3,502
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	$	(42,326)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:		
Depreciation		1,071
Food Distribution Program		8,291
Changes in Assets and Liabilities:		
(Increase) in Inventory		1,312
Increase/(Decrease) in Accounts Receivable		
(Decrease) in Accounts Payable		(1,185)
Net Cash Used for Operating Activities	$	(32,837)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at $8,291 for the fiscal year ended June 30, 2012.

FIDUCIARY FUNDS

Exhibit H-1

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	Student Activities	Payroll	Total Agency	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Totals
ASSETS:						
Cash and Cash Equivalents	$ 68,140	$ 99,546	$ 167,686	$ 32,421	$ 71,870	$ 271,977
Interfund Receivable				11,351		11,351
Total Assets	68,140	99,546	167,686	43,772	71,870	283,328
LIABILITIES:						
Payroll Deductions and Withholdings		88,195	88,195			88,195
Due to Student Groups	68,140		68,140			68,140
Interfund Payable		11,351	11,351			11,351
Total Liabilities	68,140	99,546	167,686			167,686
NET ASSETS:						
Held in Trust for:						
Unemployment Claims				43,772		43,772
Scholarships					71,870	71,870
Total Net Assets	$ -0-	$ -0-	$ -0-	$ 43,772	$ 71,870	$ 115,642

Exhibit H-2

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Private Purpose Scholarship Trust
ADDITIONS:		
Contributions:		
Plan Members	$ 11,385	
Board Contributions	506	
Other		$ 18,471
Total Contributions	11,891	18,471
Investment Earnings:		
Interest	56	22
Net Investment Earnings	56	22
Total Additions	11,947	18,493
DEDUCTIONS:		
Unemployment Compensation Claims	12,963	
Scholarship Payments		6,400
Total Deductions	12,963	6,400
Change in Net Assets	(1,016)	12,093
Net Assets - Beginning of the Year	44,788	59,777
Net Assets - End of the Year	$ 43,772	$ 71,870

Exhibit H-3

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS:				
Cash and Cash Equivalents	$ 59,899	$ 259,703	$ 251,462	$ 68,140
Total Assets	$ 59,899	$ 259,703	$ 251,462	$ 68,140
LIABILITIES:				
Liabilities:				
Due to Student Groups	$ 59,899	$ 259,703	$ 251,462	$ 68,140
Total Liabilities	$ 59,899	$ 259,703	$ 251,462	$ 68,140

Exhibit H-4

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Cash Receipts	Cash Disbursements	Balance June 30, 2012
Senior High School:				
Lenape Valley Activities	$ 59,203	$ 189,103	$ 180,525	$ 67,781
Lenape Valley Athletics	696	70,600	70,937	359
Total All Schools	$ 59,899	$ 259,703	$ 251,462	$ 68,140

Exhibit H-5

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS:				
Cash and Cash Equivalents	$ 43,998	$ 14,454,273	$ 14,398,725	$ 99,546
Total Assets	$ 43,998	$ 14,454,273	$ 14,398,725	$ 99,546
LIABILITIES:				
Payroll Deductions and Withholdings	$ 10,538	$ 9,234,521	$ 9,156,864	$ 88,195
Net Payroll		5,208,367	5,208,367	
Interfund Payable	33,460	11,385	33,494	11,351
Total Liabilities	$ 43,998	$ 14,454,273	$ 14,398,725	$ 99,546

LONG-TERM DEBT

Exhibit I-2

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Item	Interest Rate	Original Issue	Balance June 30, 2011	Issued	Matured	Balance June 30, 2012
Buses	4.48%	$ 229,503	$ 47,973		$ 47,973	
Chassis Cab/Dump Truck	6.80%	39,718	23,762		7,406	$ 16,356
Wagon	6.80%	23,230	13,898		4,331	9,567
Passenger Bus	4.58%	84,222	67,956		15,865	52,091
Passenger Bus	3.11%	44,939		$ 44,939	9,565	35,374
			$ 153,589	$ 44,939	$ 85,140	$ 113,388

STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

	Exhibit
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2003.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	$ 2,044,443	$ 2,444,788	$ 2,425,869	$ 2,440,995	$ 2,546,734
Restricted	619,396	815,104	667,661	589,231	427,795
Unrestricted/(Deficit)	(162,086)	(346,872)	(332,194)	(188,979)	(281,071)
Total Governmental Activities Net Assets	$ 2,501,753	$ 2,913,020	$ 2,761,336	$ 2,841,247	$ 2,693,458
Business-Type Activities:					
Invested in Capital Assets, Net of Related Debt	$ 14,672	$ 11,047	$ 7,464	$ 3,890	$ 1,224
Unrestricted	54,175	60,472	41,954	23,120	15,974
Total Business-Type Activities Net Assets	$ 68,847	$ 71,519	$ 49,418	$ 27,010	$ 17,198
District-Wide:					
Invested in Capital Assets, Net of Related Debt	$ 2,059,115	$ 2,455,835	$ 2,433,333	$ 2,444,885	$ 2,547,958
Restricted	619,396	815,104	667,661	589,231	427,795
Unrestricted/(Deficit)	(107,911)	(286,400)	(290,240)	(165,859)	(265,097)
Total District Net Assets	$ 2,570,600	$ 2,984,539	$ 2,810,754	$ 2,868,258	$ 2,710,657

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	$ 2,443,990	$ 2,335,034	$ 1,606,896	$ 1,328,713	$ 1,457,452
Restricted	364,118	462,173	447,825	764,094	895,397
Unrestricted/(Deficit)	(270,292)	(468,343)	(344,079)	(223,188)	(359,718)
Total Governmental Activities Net Assets	$ 2,537,816	$ 2,328,864	$ 1,710,642	$ 1,869,619	$ 1,993,131
Business-Type Activities:					
Invested in Capital Assets, Net of Related Debt	$ 7,936	$ 10,091	$ 8,965	$ 7,894	$ 6,823
Unrestricted	25,901	19,689	10,961	5,517	2,875
Total Business-Type Activities Net Assets	$ 33,836	$ 29,780	$ 19,926	$ 13,411	$ 9,698
District-Wide:					
Invested in Capital Assets, Net of Related Debt	$ 2,451,926	$ 2,345,125	$ 1,615,861	$ 1,336,607	$ 1,464,275
Restricted	364,118	462,173	447,825	764,094	895,397
Unrestricted/(Deficit)	(244,391)	(448,654)	(333,118)	(217,671)	(356,843)
Total District Net Assets	$ 2,571,652	$ 2,358,644	$ 1,730,568	$ 1,883,030	$ 2,002,829

Source: School District Financial Reports

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
Expenses:					
Governmental Activities					
Instruction:					
Regular	$ 4,721,294	$ 5,075,003	$ 5,523,313	$ 5,642,912	$ 6,222,538
Special Education	607,964	737,379	494,900	702,857	748,287
Other Instruction	610,582	682,679	662,228	721,682	734,325
School Sponsored					
Support Services:					
Tuition	528,627	482,006	599,135	581,185	586,182
Student & Instruction Related Services	1,735,046	1,724,767	1,901,732	1,849,325	1,944,741
General and Business Administrative Services	735,739	791,918	860,316	924,617	990,594
School Administrative Services	418,081	476,410	444,246	495,081	513,914
Central Services					
Administrative Information Technology					
Plant Operations and Maintenance	1,109,694	977,084	1,146,522	1,160,858	1,309,124
Pupil Transportation	651,461	553,539	648,030	631,733	573,713
Capital Outlay					
Total Governmental Activities Expenses	11,118,489	11,500,784	12,280,422	12,710,248	13,623,417
Business-Type Activities:					
Food Service	319,073	315,612	340,624	355,277	344,885
School Store	6,030	5,349	5,744	1,611	1,076
Total Business-type Activities Expense	325,103	320,961	346,368	356,888	345,961
Total District Expenses	$ 11,443,591	$ 11,821,745	$ 12,626,790	$ 13,067,136	$ 13,969,379
Program Revenues					
Operating Grants and Contributions and Charges for Services	$ 1,510,281	$ 1,659,581	$ 969,932	$ 1,863,290	$ 992,027
Total Governmental Activities Program Revenues	1,510,281	1,659,581	969,932	1,863,290	992,027
Business-Type Activities:					
Charges for Services:					
Food Service	281,474	284,777	287,788	305,153	305,492
School Store	6,661	6,588	5,523		
Operating Grants and Contributions	32,431	31,092	29,534	26,965	29,288
Total Business-type Activities Program Revenues	320,565	322,458	322,845	332,118	334,780

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
Total District Program Revenues	$ 1,830,846	$ 1,982,039	$ 1,292,777	$ 2,195,408	$ 1,326,807
Net (Expense)/Revenue					
Governmental Activities	$ (9,608,207)	$ (9,841,203)	$ (11,310,490)	$ (10,846,958)	$ (12,631,390)
Business-type Activities	(4,537)	1,497	(23,523)	(24,770)	(11,182)
Total District-wide Net Expense	$ (9,612,745)	$ (9,839,706)	$ (11,334,013)	$ (10,871,728)	$ (12,642,572)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Property Taxes Levied for General Purposes, net	$ 6,919,379	$ 7,383,397	$ 7,387,855	$ 7,922,789	$ 8,271,550
Federal and State Aid not Restricted	2,589,353	2,805,588	3,680,748	2,944,781	4,275,535
Investment Earnings	26,810	33,082	27,805	37,228	51,904
Miscellaneous Income	38,850	41,448	47,084	21,525	16,735
Other	272,800				(132,123)
Adjustment to Capital Assets				547	
Disposition of Assets		(16,270)	(39,000)		
Total Governmental Activities	9,847,192	10,247,245	11,104,492	10,926,869	12,483,601
Business-Type Activities:					
Transfer In					
Investment Earnings	927	1,176	1,422	2,362	1,370
Total Business-Type Activities	927	1,176	1,422	2,362	1,370
Total District-Wide	$ 9,848,119	$ 10,248,420	$ 11,105,914	$ 10,929,231	$ 12,484,971
Change in Net Assets:					
Governmental Activities	$ 238,985	$ 406,042	$ (205,998)	$ 79,911	$ (147,789)
Business-type Activities	(3,611)	2,672	(22,101)	(22,408)	(9,812)
Total District	$ 235,374	$ 408,714	$ (228,099)	$ 57,504	$ (157,601)

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Expenses:					
Governmental Activities					
Instruction:					
Regular	$ 6,378,346	$ 6,173,160	$ 6,733,502	$ 6,487,227	$ 6,576,056
Special Education	543,798	773,623	965,455	844,954	892,891
Other Instruction	80,343	64,464	91,742	97,428	103,335
School Sponsored	743,434	746,566	657,550	656,597	780,555
Support Services:					
Tuition	831,619	646,558	619,516	665,130	916,865
Student & Instruction Related Services	2,144,795	2,129,257	2,183,873	1,798,734	1,934,543
General and Business Administrative Services	400,399	484,221	375,878	377,587	383,058
School Administrative Services	581,778	518,301	583,784	497,332	540,414
Central Services	568,505	448,007	378,104	400,098	403,585
Administrative Information Technology		96,376	99,483	108,597	113,249
Plant Operations and Maintenance	1,305,772	1,341,679	1,173,170	1,441,539	1,417,345
Pupil Transportation	706,234	639,467	664,866	648,247	766,468
Capital Outlay			(10,534)		
Total Governmental Activities Expenses	14,285,025	14,061,680	14,516,389	14,023,470	14,828,364
Business-Type Activities:					
Food Service	303,041	266,846	265,330	230,809	224,350
School Store					
Total Business-type Activities Expense	303,041	266,846	265,330	230,809	224,350
Total District Expenses	$ 14,588,066	$ 14,328,526	$ 14,781,719	$ 14,254,279	$ 15,052,714
Program Revenues					
Operating Grants and Contributions and Charges for Services	$ 2,099,165	$ 1,792,009	$ 2,019,810	$ 1,469,318	$ 1,988,142
Total Governmental Activities Program Revenues	2,099,165	1,792,009	2,019,810	1,469,318	1,988,142
Business-Type Activities:					
Charges for Services:					
Food Service	288,133	239,138	225,848	191,032	182,024
School Store					
Operating Grants and Contributions	25,849	23,289	29,551	33,210	38,576
Total Business-type Activities Program Revenues	313,982	262,427	255,399	224,242	220,600

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Total District Program Revenues	$ 2,413,147	$ 2,054,436	$ 2,275,209	$ 1,693,560	$ 2,208,742
Net (Expense)/Revenue					
Governmental Activities	$ (12,185,860)	$ (12,269,671)	$ (12,496,579)	$ (12,554,152)	$ (12,840,222)
Business-type Activities	10,941	(4,419)	(9,931)	(6,567)	(3,750)
Total District-wide Net Expense	$ (12,174,919)	$ (12,274,090)	$ (12,506,510)	$ (12,560,719)	$ (12,843,972)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Property Taxes Levied for General Purposes, net	$ 8,671,403	$ 8,671,403	$ 9,008,355	$ 9,218,689	$ 9,403,063
Federal and State Aid not Restricted	3,313,297	3,357,312	3,481,980	3,469,386	3,551,372
Investment Earnings	29,589	2,564	3,134	669	560
Miscellaneous Income	20,928	29,439	62,113	24,385	8,739
Other	(5,000)		(30,000)		
Adjustment to Capital Assets			(647,225)		
Disposition of Assets					
Total Governmental Activities	12,030,217	12,060,718	11,878,357	12,713,129	12,963,734
Business-Type Activities:					
Transfer In	5,000				
Investment Earnings	697	363	77	52	37
Total Business-Type Activities	5,697	363	77	52	37
Total District-Wide	$ 12,035,914	$ 12,061,081	$ 11,878,434	$ 12,713,181	$ 12,963,771
Change in Net Assets:					
Governmental Activities	$ (155,643)	$ (208,953)	$ (618,222)	$ 158,977	$ 123,512
Business-type Activities	16,638	(4,056)	(9,854)	(6,515)	(3,713)
Total District	$ (139,005)	$ (213,009)	$ (628,076)	$ 152,462	$ 119,799

Source: School District Financial Reports

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
General Fund:					
Reserved/Restricted	$ 348,275	$ 704,603	$ 560,304	$ 481,874	$ 426,725
Unreserved:					
Assigned/Designated for Subsequent Year's Expenditures					
Undesignated/(Deficit)	454,836	150,018	43,394	54,089	66,479
Unassigned/(Deficit)					
Total General Fund	$ 803,111	$ 854,621	$ 603,698	$ 535,963	$ 493,204
All Other Governmental Funds:					
Unreserved, Reported in:					
Capital Projects Fund	272,800	107,357	107,357	107,357	1,070
Total All Other Governmental Funds	$ 272,800	$ 107,357	$ 107,357	$ 107,357	$ 1,070

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012
General Fund:					
Reserved/Restricted	$ 364,118	$ 362,173	$ 447,825	$ 764,094	$ 895,397
Unreserved:					
Assigned/Designated for Subsequent Year's Expenditures		100,000	4,509		
Undesignated/(Deficit)	40,253	(146,387)	(125,208)		
Unassigned/(Deficit)				(10,288)	(38,675)
Total General Fund	$ 404,371	$ 315,786	$ 327,126	$ 753,806	$ 856,722
All Other Governmental Funds:					
Unreserved, Reported in:					
Capital Projects Fund					
Total All Other Governmental Funds	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

Source: School District Financial Reports

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
Revenues:					
Tax Levy	$ 6,919,379	$ 7,383,397	$ 7,387,855	$ 7,922,789	$ 8,271,550
Tuition from Individuals					
Tuition from Other LEA's					
Interest Earnings	26,810	33,082	27,805	37,228	51,904
Miscellaneous	38,850	41,448	47,084	21,525	16,735
State Sources	3,962,213	4,306,093	4,474,624	4,621,004	5,082,696
Federal Sources	137,421	159,076	176,056		184,866
Total Revenue	11,084,674	11,923,096	12,113,424	12,602,545	13,607,751
Expenditures					
Instruction:					
Regular Instruction	3,500,545	3,710,272	4,071,285	4,149,398	4,402,983
Special Education Instruction	439,183	539,857	328,906	373,422	539,339
Other Instruction	510,806	539,427	545,502	574,446	581,809
School Sponsored Instruction					
Support Services:					
Tuition	528,627	482,006	599,135	581,185	586,182
Student & Instruction Related Services	1,385,938	1,349,614	1,443,639	1,382,007	1,416,637
General Administrative Services	579,369	631,402	666,795	673,412	698,511
School Administrative Services	366,168	416,409	396,183	430,308	420,696
Central Services and Administrative Information Technology					
Plant Operations and Maintenance	1,030,674	1,047,424	1,224,212	1,212,116	1,333,570
Student Transportation	644,015	528,112	621,483	623,853	615,410
Unallocated Benefits	1,940,753	2,247,364	2,394,738	2,603,271	2,983,911

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
Expenditures					
Capital Outlay	$ 207,926	$ 516,462	$ 38,169	$ 33,864	$ 275,129
Total Expenditures	11,134,004	12,008,350	12,330,046	12,637,281	13,854,177
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(49,331)	(85,254)	(216,622)	(34,735)	(246,425)
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)					229,503
N.J. Economic Development Authority grants cancelled					(97,513)
Transfers In	272,800	264,000			
Transfers Out	(28,000)	(291,000)	(34,300)	(33,000)	(34,609)
Total Other Financing Sources/(Uses)	244,800	(27,000)	(34,300)	(33,000)	97,380
Net Change in Fund Balances	$ 195,469	$ (112,254)	$ (250,922)	$ (67,735)	$ (149,045)
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues:					
Tax Levy	$ 8,671,403	$ 8,671,403	$ 9,008,355	$ 9,218,689	$ 9,403,063
Tuition from Individuals				7,000	
Tuition from Other LEA's				38,268	35,241
Interest Earnings	29,589	10,904	3,134	669	560
Miscellaneous	20,928	21,099	62,113	24,385	8,739
State Sources	5,221,687	4,977,256	4,506,565	4,690,181	5,146,854
Federal Sources	190,775	172,066	995,225	203,255	357,419
Total Revenue	14,134,382	13,852,728	14,575,392	14,182,447	14,951,876
Expenditures					
Instruction:					
Regular Instruction	4,705,979	4,640,008	4,871,775	4,530,907	4,576,018
Special Education Instruction	401,940	579,709	776,679	657,462	671,183
Other Instruction	59,394	64,464	67,220	72,213	73,815
School Sponsored Instruction	580,624	613,299	568,384	495,799	572,714
Support Services:					
Tuition	831,619	646,558	619,516	665,130	916,865
Student & Instruction Related Services	1,638,005	1,727,939	1,917,134	1,512,958	1,616,875
General Administrative Services	333,550	334,679	331,906	321,804	329,127
School Administrative Services	437,205	452,678	466,826	385,876	407,458
Central Services and				342,385	334,466
Administrative Information Technology	432,994	428,521	405,863	88,619	90,314
Plant Operations and Maintenance	1,210,516	1,199,715	1,076,547	1,327,030	1,319,504
Student Transportation	674,726	671,899	703,561	686,447	819,134
Unallocated Benefits	2,881,261	2,554,312	2,694,129	2,622,807	3,078,575

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Expenditures					
Capital Outlay	$ 31,473	$ 27,533	$ 97,460	$ 130,552	$ 87,851
Total Expenditures	14,219,285	13,941,314	14,597,000	13,839,989	14,893,899
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(84,903)	(88,586)	(21,608)	342,458	57,977
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)			62,948	84,222	44,939
N.J. Economic Development Authority grants cancelled					
Transfers In					
Transfers Out	(5,000)		(30,000)		
Total Other Financing Sources/(Uses)	(5,000)		32,948	84,222	44,939
Net Change in Fund Balances	$ (89,903)	$ (88,586)	$ 11,340	$ 426,680	$ 102,916
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School District Financial Reports

Exhibit J-5

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Other Miscellaneous	Rentals - Use of Facilities	Total
2003	$ 26,810		$ 38,850		$ 65,660
2004	33,082		41,448		74,530
2005	27,805		47,084		74,889
2006	37,228		21,525		58,752
2007	51,904		16,735		68,639
2008	29,589		20,928		50,517
2009	10,904		21,099		32,003
2010	3,134	$ 24,420	33,448	$ 4,245	65,247
2011	669	45,268	24,385		70,322
2012	560	35,241	8,739		44,540

Source: School District Financial Reports

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
UNAUDITED

Byram Township

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Actual (County Equalized Value)
2002	$ 13,964,000	$ 439,883,000	$ 5,208,700	$ 270,130	$ 40,954,500	$ 1,877,900	$ 643,600	$ 502,801,830	$ 34,367,300	$ 1,418,844	$ 504,220,674	$ 0.80	$ 640,833,069
2003	14,121,900	446,375,100	5,208,700	273,230	40,960,700	1,877,900	643,600	509,461,130	34,110,500	1,251,529	510,712,659	0.82	698,927,443
2004	12,746,700	451,844,500	5,209,600	273,530	40,960,700	1,877,900	643,600	513,556,530	34,604,900	1,069,561	514,626,091	0.83	705,189,073
2005	11,967,300	457,682,600	5,842,100	271,630	40,165,500	1,877,900	643,600	518,450,630	35,791,100	903,311	519,353,941	0.85	1,027,203,206
2006	10,995,800	461,816,300	6,687,500	272,730	42,757,200	1,877,900	643,600	525,051,030	35,976,800	748,257	525,799,287	0.90	1,040,524,010
2007	10,889,000	464,460,700	7,340,100	274,230	43,859,100	1,594,000	643,600	529,060,730	36,528,900	687,019	529,747,749	0.93	1,155,200,736
2008	12,114,800	464,612,100	7,462,100	284,330	43,587,500	1,139,000	643,600	529,843,430	34,772,700	681,320	530,524,750	0.95	1,174,693,765
2009	* 22,317,900	973,495,200	19,217,700	742,700	92,633,900	2,395,200	1,288,700	1,112,091,300	67,604,100	1,602,366	1,113,693,666	0.47	1,187,662,199
2010	21,245,900	971,973,300	17,110,400	739,500	91,769,700	2,395,200	1,288,700	1,106,522,700	66,879,200	1,619,451	1,108,142,151	0.49	1,158,651,730
2011	20,595,500	969,486,200	16,733,900	725,500	91,981,000	2,134,900	1,288,700	1,102,945,700	67,835,000	1,360,870	1,104,306,570	0.51	1,133,421,802

Netcong Borough

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Actual (County Equalized Value)
2002	$ 3,336,700	$ 116,506,000			$ 23,766,000	$ 12,206,400	$ 18,139,700	$ 173,954,800	$ 9,718,400	$ 3,135,537	$ 177,090,337	$ 0.73	$ 186,324,354
2003	2,601,800	117,027,200			23,591,000	12,668,200	20,575,300	176,463,500	9,971,700	2,905,800	179,369,300	0.80	207,063,460
2004	2,582,200	117,313,600			24,191,100	11,034,300	20,575,300	175,696,500	10,090,600	2,527,089	178,223,589	0.80	237,999,980
2005	2,536,700	117,883,500			24,191,100	11,034,300	20,575,300	176,220,900	10,224,500	2,300,929	178,521,829	0.89	293,863,093
2006	* 6,204,500	240,251,700			43,753,700	21,202,500	32,118,300	343,530,700	20,827,100	3,404,862	346,935,562	0.45	296,693,704
2007	6,504,500	239,878,700			43,595,500	21,202,500	32,118,300	343,299,500	20,827,100	3,063,631	346,363,131	0.45	327,186,674
2008	6,520,600	240,262,300			44,059,600	20,396,900	27,085,700	338,325,100	20,644,400	3,132,783	341,457,883	0.45	330,607,298
2009	6,240,200	240,485,300			43,745,600	20,196,900	27,085,700	337,753,700	20,966,400	3,159,554	340,913,254	0.45	342,948,236
2010	6,002,600	240,302,400			43,259,800	18,796,900	25,781,800	334,143,500	21,259,300	3,085,763	337,229,263	0.48	318,940,713
2011	5,892,600	240,069,800			43,115,700	18,746,800	25,781,800	333,606,700	21,583,300	3,043,835	336,650,535	0.50	321,029,391

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
UNAUDITED

Stanhope Borough

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]	Actual (County Equalized Value)
2002	$ 2,400,600	$ 146,641,800		$ 13,100	$ 9,629,900	$ 3,111,800	$ 1,572,500	$ 163,369,700	$ 22,668,700	$ 502,174	$ 163,871,874	$ 0.86	$ 204,292,281
2003	2,387,400	147,373,000		17,100	9,629,900	3,111,800	1,572,500	164,091,700	22,854,600	433,291	164,524,991	0.93	231,221,758
2004	1,793,900	150,185,000		18,200	9,685,600	3,111,800	1,572,500	166,367,000	23,558,000	352,025	166,719,025	0.92	267,727,796
2005	1,834,700	152,249,100		18,200	9,866,000	3,111,800	1,572,500	168,652,300	23,608,100	279,699	168,931,999	0.87	357,150,104
2006 *	5,296,800	394,389,500		18,400	23,172,500	5,624,800	3,744,200	432,246,200	49,491,700	480,235	432,726,435	0.41	363,683,094
2007	5,067,100	394,458,500		18,400	23,181,600	5,624,800	3,744,200	432,094,600	49,468,700	476,760	432,571,360	0.45	410,232,962
2008	4,543,000	395,609,500		18,400	22,010,700	5,624,300	3,744,200	431,550,100	51,420,000	485,828	432,035,928	0.47	425,333,309
2009	4,699,100	396,061,600		18,100	23,357,300	5,624,300	3,744,200	433,504,600	50,133,200	498,534	434,003,134	0.48	442,899,919
2010	3,867,500	315,145,600		18,100	22,409,100	5,490,300	3,430,500	350,361,100	48,923,400	494,678	350,855,778	0.60	419,493,289
2011	3,967,300	314,060,400		18,100	22,753,200	5,194,500	3,429,700	349,423,200	47,555,100	392,954	349,816,154	0.57	386,336,984

* Revaluation became effective.

Source: Municipal Tax Assessors and State of New Jersey Website

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

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
b Tax rates are per $100

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per $100 of assessed value)

Byram Township

Year Ended December 31,	Direct Rate: Basic Rate [a]	Direct Rate: General Obligation Debt Service [b]	Direct Rate: Total Direct	Overlapping Rates: Municipality	Overlapping Rates: County	Overlapping Rates: Local School	Total Direct and Overlapping Tax Rate
2002	$ 0.800		$ 0.800	$ 0.870	$ 0.740	$ 1.180	$ 3.590
2003	0.820		0.820	0.900	0.750	1.450	3.920
2004	0.830		0.830	0.960	0.780	1.570	4.140
2005	0.850		0.850	1.020	0.830	1.640	4.340
2006	0.900		0.900	1.100	0.870	1.690	4.560
2007	0.930		0.930	1.161	0.890	1.759	4.740
2008	0.950		0.950	1.264	0.874	1.810	4.898
2009 *	0.470		0.470	0.640	0.410	0.900	2.420
2010	0.490		0.490	0.679	0.422	0.950	2.541
2011	0.512		0.512	0.697	0.444	0.982	2.635

Netcong Borough

Year Ended December 31,	Direct Rate: Basic Rate [a]	Direct Rate: General Obligation Debt Service [b]	Direct Rate: Total Direct	Overlapping Rates: Municipality	Overlapping Rates: County	Overlapping Rates: Local School	Total Direct and Overlapping Tax Rate
2002	$ 0.730		$ 0.730	$ 0.730	$ 0.320	$ 1.240	$ 3.020
2003	0.800		0.800	0.770	0.340	1.280	3.190
2004	0.800		0.800	0.830	0.380	1.300	3.310
2005	0.890		0.890	0.910	0.400	1.360	3.560
2006 *	0.450		0.450	0.510	0.210	0.750	1.920
2007	0.450		0.450	0.570	0.230	0.770	2.020
2008	0.450		0.450	0.630	0.226	0.770	2.076
2009	0.450		0.450	0.660	0.230	0.770	2.110
2010	0.480		0.480	0.681	0.216	0.789	2.166
2011	0.496		0.496	0.701	0.225	0.813	2.235

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per $100 of assessed value)

Stanhope Borough

Year Ended December 31,	Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Municipality	County	Local School	
2002	$ 0.860		$ 0.860	$ 1.070	$ 0.690	$ 1.450	$ 4.070
2003	0.930		0.930	1.220	0.740	1.680	4.570
2004	0.920		0.920	1.280	0.780	1.920	4.900
2005	0.870		0.870	1.350	0.850	1.970	5.040
2006 *	0.410		0.410	0.560	0.360	0.780	2.110
2007	0.449		0.449	0.612	0.390	0.798	2.249
2008	0.470		0.470	0.690	0.390	0.810	2.360
2009	0.480		0.480	0.690	0.390	0.830	2.390
2010	0.600		0.600	0.874	0.480	1.070	3.024
2011	0.566		0.566	0.894	0.478	1.089	3.027

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

* Revaluation became effective.

Source: Municipal Tax Collectors and School Business Administrator

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Byram Township

	2011				2002		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Gordan Byram Assoc, LLC	$ 22,696,700	1	2.04%	Gordon Byram Associates	$ 13,352,200	1	2.65%
Byram Land Development, LLC	5,323,700	2	0.48%	Dominick Tozzo	1,907,500	2	0.38%
Byram Self Storage, LLC	4,950,000	3	0.44%	NJ Bell Telephone Company	1,267,500	3	0.25%
Tozzo Dominick C.O Lynnes Nissan	3,607,700	4	0.32%	206 Acorn Development Corporation	1,227,100	4	0.24%
Panther Lake Camping Resort, Inc	2,939,200	5	0.26%	Panther Lake Camping Resort	1,133,005	5	0.22%
206 Acorn Development Corp	2,575,200	6	0.23%	Joseph & Nancy Lombardi	859,900	6	0.17%
Lombardie, Joseph and Nancy	2,486,900	7	0.22%	Byram Associates	835,500	7	0.17%
Esposito, Louis N JR.& Kathleen A	2,367,200	8	0.21%	Margaret Heller	801,300	8	0.16%
Lake Lackawanna	2,208,400	9	0.20%	Bryan Land Development LLC	800,000	9	0.16%
One Main Street Sparta, LLC	2,009,500	10	0.18%	Bryan Land Development LLC	750,000	10	0.15%
Total	$ 52,974,500		4.59%		$ 22,934,005		4.55%

Netcong Borough

	2011				2002		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Quirk Realty, LLC	$ 21,500,000	1	6.31%	Netcong Heights	$ 16,051,400	1	9.59%
Individual Taxpayer 1	8,500,000	2	2.49%	N.J Bell	5,118,483	2	3.06%
Semper Development	3,500,000	3	1.03%	P.E.C.D.(Shoprite)	1,459,600	3	0.87%
U S Mineral Wool Products	3,188,300	4	0.94%	U.S Mineral Wool	1,403,000	4	0.84%
Individual Taxpayer 2	3,167,000	5	0.93%	Quirk	1,081,400	5	0.65%
Verizon - NJ	3,083,706	6	0.90%	Marl Appraisal	939,100	6	0.56%
Netcong 201 LLC	2,761,500	7	0.81%	Dowel Associates	805,600	7	0.48%
Individual Taxpayer 3	2,513,100	8	0.74%	Dover Handbag	750,000	8	0.45%
Quirk Realty, LLC	2,427,300	9	0.71%	Sinagra	637,600	9	0.38%
Bell Atlantic-NJ	2,037,500	10	0.60%	Netcong Properties	600,000	10	0.36%
Total	$ 52,678,406		15.45%		$ 28,846,183		17.24%

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	Stanhope Borough					
	2011			2002		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Paramount Self Storage, LLC	$ 3,228,400	1	0.74%			
US Mineral Products Co	2,256,600	2	0.52%			
Individual Taxpayer 1	1,434,200	3	0.33%			
Individual Taxpayer 2	1,378,200	4	0.32%			
Netcong Development, LLC	1,367,400	5	0.32%		Not Available	
AHS Enterprises LLC	1,320,600	6	0.30%			
Aichem Heinrich & Elke	1,287,300	7	0.30%			
Heritage, Crossing, LLC	1,286,800	8	0.30%			
Individual Taxpayer 3	1,032,900	9	0.24%			
Lakeland Bank	925,800	10	0.21%			
Total	$ 15,518,200		2.83%	$ - 0 -		0.00%

Source: Municipal Tax Assessor

Exhibit J-9

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy[a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	$ 6,919,379	$ 6,919,379	100.00%	- 0 -
2004	7,383,397	7,383,397	100.00%	- 0 -
2005	7,387,855	7,387,855	100.00%	- 0 -
2006	7,922,789	7,922,789	100.00%	- 0 -
2007	8,271,550	8,271,550	100.00%	- 0 -
2008	8,671,403	8,671,403	100.00%	- 0 -
2009	8,671,403	8,671,403	100.00%	- 0 -
2010	9,008,355	9,008,355	100.00%	- 0 -
2011	9,218,689	9,218,689	100.00%	- 0 -
2012	9,403,063	9,403,063	100.00%	- 0 -

[a] School taxes are collected by the Municipal Tax Collectors. 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: Lenape Valley Regional High School District records including the Certificate and Report of School Taxes (A4F form)

Exhibit J-10

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT FISCAL YEARS
UNAUDITED
(dollars in thousands, except per capita)

	Governmental Activities					
Fiscal Year Ended June 30,	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)	Total District	Percentage of Personal Income [a]	Per Capita [a]
2005		$ 434,487		$ 434,487	0.06%	$ 28.15
2006		248,478		248,478	0.03%	16.17
2007		231,098		231,098	0.03%	15.09
2008		179,926		179,926	0.02%	11.78
2009		137,870		137,870	0.02%	9.04
2010		142,556		142,556	0.02%	9.39
2011		153,589		153,589	0.02%	10.14
2012		113,388		113,388	0.01%	7.48

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

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: School District Financial Reports

Exhibit J-12

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
Township of Byram	$ 2,905,036	100.00%	$ 2,905,036
Borough of Netcong	801,729	100.00%	801,729
Borough of Stanhope	2,036,483	100.00%	2,036,483
Morris County County General Obligation Debt (All Constituent Municipalities) (1)	269,247,125	0.33%	881,526
Sussex County County General Obligation Debt (All Constituent Municipalities) (1)	77,690,095	7.65%	5,939,895
Subtotal, Overlapping Debt			12,564,668
Lenape Valley Regional School District Direct Debt			113,388
Total Direct and Overlapping Debt			$ 12,678,056

(1) Township of Byram/County of Sussex - 5.70%
Borough of Netcong/County of Morris - 0.33%
Borough of Stanhope/County of Sussex - 1.94%

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

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

Sources: Assessed value data used to estimate applicable percentages provided by the Morris and Sussex County Board of Taxation; debt outstanding data provided by each governmental unit.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST NINE FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2012

Year	Township of Byram	Borough of Netcong	Borough of Stanhope	Total Equalized Valuation Basis
2009	$1,161,453,055	$ 316,782,686	$ 415,512,892	$1,893,748,633
2010	1,134,429,670	316,244,085	385,350,968	1,836,024,723
2011	1,108,154,024	298,395,975	376,249,812	1,782,799,811
	$3,404,036,749	$ 931,422,746	$1,177,113,672	$5,512,573,167

Average Equalized Valuation of Taxable Property	$1,837,524,389
Debt Limit (4% of average equalization value)[a]	$ 73,500,976
Net Bonded School Debt as of June 30, 2012	-0-
Legal Debt Margin	$ 73,500,976

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	$ 34,097,863	$ 38,933,451	$ 44,498,833	$ 67,194,137	$ 72,508,957	$ 77,225,375	$ 77,495,351	$ 75,738,603	$ 73,500,976
Total Net Debt Applicable to Limit									
Legal Debt Margin	$ 34,097,863	$ 38,933,451	$ 44,498,833	$ 67,194,137	$ 72,508,957	$ 77,225,375	$ 77,495,351	$ 75,738,603	$ 73,500,976
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

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

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

Exhibit J-14
1 of 2

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Byram Township

Year	Population [a]	Personal Income [b]	Sussex County Per Capita Personal Income [c]	Unemployment Rate [d]
2003	8,535	$ 335,690,085	$ 39,331	3.20%
2004	8,552	348,374,272	40,736	2.40%
2005	8,546	362,427,314	42,409	3.90%
2006	8,529	387,523,644	45,436	4.50%
2007	8,508	410,094,108	48,201	4.30%
2008	8,486	420,693,450	49,575	5.50%
2009	8,478	402,526,962	47,479	9.20%
2010	8,346	410,681,622	49,207	9.80%
2011	8,308	408,811,756 ***	49,207 *	9.50%
2012	8,308 **	408,811,756 ***	49,207 *	N/A

Netcong Borough

Year	Population [a]	Personal Income [b]	Morris County Per Capita Personal Income [c]	Unemployment Rate [d]
2003	3,266	$ 185,521,864	$ 56,804	5.10%
2004	3,258	198,021,240	60,780	4.10%
2005	3,248	204,396,640	62,930	3.10%
2006	3,224	218,967,632	67,918	3.30%
2007	3,210	228,523,110	71,191	3.00%
2008	3,207	237,398,175	74,025	3.90%
2009	3,211	217,108,554	67,614	6.70%
2010	3,234	225,768,774	69,811	6.80%
2011	3,250	226,885,750 ***	69,811 *	6.60%
2012	3,250 **	226,885,750 ***	69,811 *	N/A

Exhibit J-14
2 of 2

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

	Stanhope Borough			
Year	Population [a]	Personal Income [b]	Sussex County Per Capita Personal Income [c]	Unemployment Rate [d]
2003	3,646	$ 143,400,826	$ 39,331	5.20%
2004	3,660	149,093,760	40,736	3.90%
2005	3,641	154,411,169	42,409	4.50%
2006	3,615	164,251,140	45,436	3.80%
2007	3,598	173,427,198	48,201	3.70%
2008	3,577	177,329,775	49,575	4.70%
2009	3,566	169,310,114	47,479	7.80%
2010	3,608	177,538,856	49,207	8.40%
2011	3,592	176,751,544 ***	49,207 *	8.10%
2011	3,592 **	176,751,544 ***	49,207 *	N/A

* - Latest Sussex/Morris County per capita personal income available (2010) was used for calculation purposes.

** - Latest population data available (2011) was used for calculation purposes.

*** - Latest Borough personal income available (2010) was used for calculation purposes.

N/A - Information not available

Source:

[a] Population information provided by the NJ Dept of Labor and Workforce Development

[b] Personal income has been estimated based upon the municipal population and per capita personal income presented

[c] Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF SUSSEX
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2011			2002		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Crystal Springs Gold & Spa Resort	2,000	N/A			
Newton Memorial Hosptial	1,200	N/A			
Selective Insurance	900	N/A			
County of Sussex	830	N/A			
Mountain Creek Resort	800	N/A	NOT AVAILABLE		
Ames Rubber Corp.	445	N/A			
Shop Rite Supermarkets	301	N/A			
Andover Subacute & Rehab Center	300	N/A			
Sussex County Community College	300	N/A			
SCARC, Inc.	287	N/A			
Total	7,363	0.00%			

N/A - Not Available

Source: Sussex County Area Chamber of Commerce

Exhibit J-16

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Function/Program:								
Instruction:	94.5	91	57	62	68	62	57	57
Regular	15	15	8	8	10	12	8	8
Special Education	11	11	7	7	7	1	3	3
Other								
Support Services:								
Student & Instruction Related Services	19	19	21	21	14	24	23	23
School Administrative Services	13	13	6	7	7	3	7	7
General and Business Administrative Services	5	5	8	7	7	6	6	6
Plant Operations and Maintenance	12.5	12.5	10	10	10	9	8	8
Pupil Transportation	2	2	4	5	5	3	6	6

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: School District Financial Reports

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil [d]	Percentage Change	Teaching Staff [b]	Pupil/ Teacher Ratio High School	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2003	827	$ 10,959,000	$ 13,252	1.84%	80	10:1	827	771	3.12%	93.23%
2004	832	11,415,831	13,721	3.54%	81	10:1	832	767	0.60%	92.19%
2005	861	12,149,991	14,111	2.85%	86	10:1	861	807	3.49%	93.73%
2006	873	12,603,147	14,437	2.30%	89	10:1	873	846	1.39%	96.91%
2007	854	13,660,537	15,996	10.80%	91	10:1	854	805	-2.18%	94.26%
2008	859	14,187,813	16,517	3.26%	88	10:1	859	819	0.59%	95.34%
2009	860	13,913,781	16,179	-2.05%	88	10:1	860	836	0.12%	97.21%
2010	846	14,499,540	17,139	5.93%	80	10:1	846	804	-1.63%	95.04%
2011	836	13,709,437	16,399	-4.32%	68	12:1	836	796	-1.18%	95.22%
2012	799	14,806,048	18,531	13.00%	66	12:1	799	766	-4.43%	95.87%

Sources: School District Records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

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

d The Cost per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST EIGHT FISCAL YEARS
UNAUDITED

	2005	2006	2007	2008	2009	2010	2011	2012
District Building								
High School								
Square Feet	146,637	146,637	146,637	146,637	146,637	146,637	146,637	146,637
Capacity (students)	900	900	900	900	900	900	900	900
Enrollment	861	873	854	859	860	846	836	799

Number of Schools at June 30, 2012
High School = 1

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006

Source: School District Records

Note: Enrollment is based on the annual October district count.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

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

Facility	Project #('s)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
School Facilities:											
Lenape Valley High School District	N/A	$ 149,024	$ 145,152	$ 214,954	$ 168,955	$ 229,765	$ 239,607	$ 260,799	$ 182,434	$ 422,530	$ 443,911

N/A - Not Applicable

Source: District records

Exhibit J-20

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

	Coverage	Deductible
School Package Policy - School Alliance Insurance Fund:	$250,000,000	$1,000
Building & Personal Property		
Inland Marine - Auto Physical Damage		
General Liability including Auto, Employee Benefits		
Each Occurrence		
General Aggregate	$50,000,000	
Product/Completed Ops		
Personal Injury		
Fire Damage	$2,500,000	
Medical Expenses	$10,000	
(excluding students taking part in athletics)		
Automobile Coverage		
Combined Single Limit		
Hired/Non-owned		
Environmental Impairment Liability	$1,000,000	$10,000
Fund Aggregate	$25,000,000	
Crime Coverage	$50,000	$1,000
Blanket Dishonesty Bond	$500,000	$1,000
Boiler and Machinery	$100,000,000	$1,000
Excess Liability (AL/GL)	$5,000,000	
School Board Legal	$5,000,000	$5,000
Excess SLPL	$5,000,000	
Workers' Compensation	NJ Statutory	
Employer's Liability	$5,000,000	
Supplemental Indemnity	NJ Statutory	
Selective Insurance Company		
Bond for Assistant Superintendent for Business/Board Secretary	$85,000	
Bond for Treasurer of School Moneys	$225,000	
Student Accident - Bollinger	$5,000,000	

Source: School District Records

SINGLE AUDIT SECTION

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Independent Auditors' 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
Lenape Valley Regional High School District
County of Sussex, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Lenape Valley Regional High School District, in the County of Sussex (the "Board") as of, and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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.

The Honorable President and Members
of the Board of Education
Lenape Valley Regional High School District
Page 2

Compliance and Other Matters

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

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

August 3, 2012
Mount Arlington, New Jersey

NISIVOCCIA LLP

David H. Evans
Licensed Public School Accountant #740
Certified Public Accountant

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Independent Auditors' Report on Compliance with Requirements 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 New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members
of the Board of Education
Lenape Valley Regional High School District
County of Sussex, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Lenape Valley Regional High School District in the County of Sussex (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012. The Board's major state programs are identified in the summary of auditors' 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 state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board'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; audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey's OMB Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

The management of the Board 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 Board's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our 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 the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board'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 management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be, used by anyone other than these specified parties.

August 3, 2012
Mount Arlington, New Jersey

NISIVOCCIA LLP

David H. Evans
Licensed Public School Accountant #740
Certified Public Accountant

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance @ 6/30/2011 (Accounts Receivable)	Cash Received	Budgetary Expenditures	Cancelled	Balance @ 6/30/2012 (Accounts Receivable)
U.S. Department of Education									
Passed-Through State Department of Education									
General Fund:									
Education Jobs Funds	84.394	N/A	7/1/11-9/30/12	$ 147,126		$ 107,550	$ (147,126)		$ (39,576)
Total General Fund						107,550	(147,126)		(39,576)
Special Revenue Fund:									
No Child Left Behind Consolidated Grant:									
Title I, Part A	84.010	NCLB261512	9/1/11-8/31/12	34,693		27,465	(34,693)		(7,228)
Title II, Part A	84.367A	NCLB261511	9/1/10-8/31/11	12,924	$ (7,637)	7,629		$ 8	
Title II, Part A	84.367A	NCLB261512	9/1/11-8/31/12	11,322		10,701	(11,322)		(621)
Learn and Serve America Grant	94.004	09KSANJ001	8/1/10-7/31/12	14,000	(1,670)	3,500	(1,830)		
Special Education Cluster:									
I.D.E.A. Part B, Basic	84.027	IDEA261511	9/1/10-8/31/11	161,359	(24,217)	24,217			
I.D.E.A. Part B, Basic	84.027	IDEA261512	9/1/11-8/31/12	162,448		128,692	(162,448)		(33,756)
Total Special Education Cluster					(24,217)	152,909	(162,448)		(33,756)
Total Special Revenue Fund					(33,524)	202,204	(210,293)	8	(41,605)
U.S. Department of Agriculture									
Passed-Through State Department of Education:									
Child Nutrition Cluster:									
Food Distribution Program	10.555	N/A	7/1/11-6/30/12	8,291		8,291	(8,291)		
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	4,400		4,212	(4,400)		(188)
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	24,550		24,266	(24,550)		(284)
Total Child Nutrition Cluster						36,769	(37,241)		(472)
Total Federal Awards					$ (33,524)	$ 346,523	$ (394,660)	$ 8	$ (81,653)

N/A - Not Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance 6/30/2011 Budgetary (Accounts Receivable)	Cash Received	Budgetary Expenditures	Balance 6/30/2012 GAAP (Accounts Receivable)	Memo Budgetary (Accounts Receivable)	Memo Cumulative Total Expenditures
NJ Department of Education:									
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	07/01/10-6/30/11	$ 472,440	$ (23,665)	$ 23,665				$ 472,440
Categorical Special Education Aid	11-495-034-5120-089	07/01/10-6/30/11	427,461	(42,356)	42,356				427,461
Equalization Aid	11-495-034-5120-078	07/01/10-6/30/11	3,205,053	(317,579)	317,579				3,205,053
TPAF Wage Freeze Grant	11-495-034-5095-002	07/01/10-6/30/11	10,451	(5,225)	5,225				10,451
Extraordinary Aid	11-100-034-5120-473	07/01/10-6/30/11	39,912	(39,912)	39,912				39,912
Non-Public Transportation	11-495-034-5120-014	07/01/10-6/30/11	2,805	(2,805)	2,805				2,805
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	07/01/11-6/30/12	467,939		443,794	$ (467,939)	$ (24,145)	$ (24,145)	467,939
Categorical Special Education Aid	12-495-034-5120-089	07/01/11-6/30/12	427,461		385,021	(427,461)		(42,440)	427,461
Equalization Aid	12-495-034-5120-078	07/01/11-6/30/12	3,467,734		3,123,443	(3,467,734)		(344,291)	3,467,734
Categorical Security Aid	12-495-034-5120-084	07/01/11-6/30/12	6,457		5,816	(6,457)		(641)	6,457
School Choice Aid	12-495-034-5120-068	07/01/11-6/30/12	86,548		77,955	(86,548)		(164,503)	86,548
Extraordinary Aid	12-100-034-5120-473	07/01/11-6/30/12	53,505			(53,505)	(53,505)	(53,505)	53,505
Anti-Bullying Aid	N/A	07/01/11-6/30/12	551		551	(551)			551
Non-Public Transportation	12-495-034-5120-014	07/01/11-6/30/12	2,297			(2,297)	(2,297)	(2,297)	2,297
Total General Fund State Aid				(431,542)	4,468,122	(4,512,492)	(79,947)	(631,822)	8,670,614
Total NJ Department of Education				(431,542)	4,468,122	(4,512,492)	(79,947)	(631,822)	8,670,614
State Department of Agriculture									
Enterprise Funds:									
State School Lunch Program	12-100-010-3350-023	07/01/11-6/30/12	1,335		1,320	(1,335)	(15)	(15)	1,335
Total Enterprise Fund					1,320	(1,335)	(15)	(15)	1,335
Total State Awards				$ (431,542)	$ 4,469,442	$ (4,513,827)	$ (79,962)	$ (631,837)	$ 8,671,949

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Lenape Valley Regional High School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $36,030 for the General Fund, $-0- for the Special Revenue Fund. See Exhibits C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post Retirement Contributions revenue of $222,702 and $447,690 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page:

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	Federal	State	Total
General Fund	$ 147,126	$ 5,146,854	$ 5,293,980
Special Revenue Fund	210,293		210,293
Food Service Fund	37,241	1,335	38,576
Total Awards	$ 394,660	$ 5,148,189	$ 5,542,849

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.OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major state programs.
- An unqualified report was issued on the District's compliance for its major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular NJOMB 04-04 or Federal OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for the fiscal year ending June 30, 2012 as federal expenditures were less than the single audit threshold of $500,000 identified in the Circular.
- The District's major state programs for the current fiscal year consisted of the following:

State:	Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Categorical Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	$ 427,461	$ 427,461
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	3,467,734	3,467,734
Categorical Security Aid	12-495-034-5120-084	7/1/11-6/30/12	6,457	6,457
School Choice Aid	12-495-034-5120-068	7/1/11-6/30/12	86,548	86,548
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	467,939	467,939

- The threshold for distinguishing Type A and Type B state programs was $300,000.
- The District qualified as a "low-risk" auditee for state programs under the provisions of section 530 of the federal Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(CONTINUED)

Findings and Questioned Costs for State Awards:

- The audit did not disclose any finding or questioned costs for state awards as defined in section 510(a) of the federal circular and New Jersey's OMB Circular NJOMB 04-04.

LENAPE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

There were no prior year findings.