

**Delsea Regional High School Board of Education
Comprehensive Annual Financial Report
For the Year Ended June 30, 2012**

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
FRANKLINVILLE, NEW JERSEY**

**Delsea Regional High School Board of Education
Franklinville, New Jersey**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Delsea Regional High School Board of Education
Franklinville, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by:

Delsea Regional High School Board of Education Administration

OUTLINE OF CAFR

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	2-9
Roster of Officials	10
Consultants and Advisors	11
	12
FINANCIAL SECTION	
	13
Independent Auditor's Report	14-15
Required Supplementary Information – Part I	16
Management's Discussion and Analysis	17-26
Basic Financial Statements	27
A. District-Wide Financial Statements:	28
A-1 Statement of Net Assets	29
A-2 Statement of Activities	30
B. Fund Financial Statements:	31
Governmental Funds:	
B-1 Balance Sheet	32-33
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	34
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Proprietary Funds:	
B-4 Statement of Net Assets	36
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	37
B-6 Statement of Cash Flows	38
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	39
B-8 Statement of Changes in Fiduciary Net Assets	40
Notes to the Financial Statements	41-63
Required Supplementary Information – Part II	64
C. Budgetary Comparison Schedules:	65
C-1 Budgetary Comparison Schedule – General Fund	66-80
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b Education Jobs Fund Program – Budget and Actual	81
C-2 Budgetary Comparison Schedule – Special Revenue Fund	82
Notes to the Required Supplementary Information	83
C-3 Budget-to-GAAP Reconciliation	84

	Page
Other Supplementary Information	85
D. School Based Budget Schedules:	N/A
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	86
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	87-90
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	N/A
F. Capital Projects Fund:	N/A
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	N/A
F-2(x) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	N/A
G. Proprietary Funds:	91
Enterprise Fund:	
G-1 Combining Schedule of Net Assets	92
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	93
G-3 Combining Schedule of Cash Flows	94
Internal Service Fund:	
G-4 Combining Schedule of Net Assets	95
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets	96
G-6 Combining Schedule of Cash Flows	97
H. Fiduciary Funds:	98
H-1 Combining Statement of Fiduciary Net Assets	99
H-2 Combining Statement of Changes in Fiduciary Net Assets	100
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	101
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	102
I. Long-Term Debt:	103
I-1 Schedule of Serial Bonds	104-105
I-2 Schedule of Obligations under Capital Leases	106
I-3 Debt Service Fund Budgetary Comparison Schedule	107

STATISTICAL SECTION (Unaudited)		Page
		108
Introduction to the Statistical Section		109
Financial Trends		
J-1	Net Assets by Component	110
J-2	Changes in Net Assets	111-112
J-3	Fund Balances – Governmental Funds	113
J-4	Changes in Fund Balances – Governmental Funds	114
J-5	General Fund Other Local Revenue by Source	115
Revenue Capacity		
J-6	Assessed Value and Estimated Actual Value of Taxable Property	116
J-7	Direct and Overlapping Property Tax Rates	117
J-8	Principal Property Taxpayers	118
J-9	Property Tax Levies and Collections	119
Debt Capacity		
J-10	Ratios of Outstanding Debt by Type	120
J-11	Ratios of General Bonded Debt Outstanding	121
J-12	Direct and Overlapping Governmental Activities Debt	122
J-13	Legal Debt Margin Information	123
Demographic and Economic Information		
J-14	Demographic and Economic Statistics	124
J-15	Principal Employers	125
Operating Information		
J-16	Full-time Equivalent District Employees by Function/Program	126
J-17	Operating Statistics	127
J-18	School Building Information	128
J-19	Schedule of Required Maintenance Expenditures by School Facility	129
J-20	Insurance Schedule	130
SINGLE AUDIT SECTION		131
K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	132-133
K-2	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 04-04	134-136
K-3	Schedule of Expenditures of Federal Awards, Schedule A	137
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	138-139
K-5	Notes to the Schedules of Awards and Financial Assistance	140-141
K-6	Schedule of Findings and Questioned Costs	142-144
K-7	Summary Schedule of Prior Audit Findings	145

INTRODUCTORY SECTION



DELSEA REGIONAL HIGH SCHOOL DISTRICT

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Superintendent

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Joseph M. Collins
Business Administrator/
Board Secretary

November 29, 2012

Honorable President and
Members of the Board of Education
Delsea Regional High School District
242 Fries Mill Road
P.O. Box 405
Franklinville, New Jersey 08322

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Delsea Regional High School District for the fiscal year ended June 30, 2012, is hereby submitted. This CAFR includes the District's basic financial statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designated to present fairly the financial position and results of operations of the various funds 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:

- The Introductory Section contains a table of contents, letter of transmittal, list of principal officials, and an organizational chart of the District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the basic financial statements, and notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- The Single Audit Section - The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and the New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*.

- Information related to this single audit, including the auditors' reports on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, if any, are included in the single audit section of this report.

Reporting Entity and Its Services

Delsea Regional High School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Delsea Regional High School District Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2011-12 fiscal year with an average daily enrollment of 1,712 students, which is 35 students less than the previous year's enrollment.

The teaching staff consists of approximately 184 faculty members, plus classroom support personnel. The district administrative structure includes a superintendent, an assistant superintendent of curriculum, a business administrator/board secretary, a director of the child study team, and district wide instructional supervisors. The middle school has one principal and one vice principal; the high school has one principal and two vice principals. The nine-member board of education is an elected body consisting of seven representatives from Franklin Township and two from Elk Township. Each of the two satellite districts, Franklin and Elk, has its own board of education.

The District is committed to helping every student reach his or her individual potential, capabilities and goals, and in doing so, provides a stimulating physical and social environment which is designed to activate the appetite for learning and motivate the students to excel to their fullest potential. It is the District philosophy that education must be flexible and oriented toward the future and that we must attempt to insure the fulfillment of the student's educational and/or vocational aspirations and their correlated growth characteristics. Our educational process shall continually be improved, expanded, and evaluated to meet the demands of the times. We must provide a physical and social environment which discovers, develops, and nurtures human talents, self-confidence, and critical thinking. Additionally, an emphasis has been placed on technology throughout the District through integration and immersion. The District has a State approved 2010-2013 Technology Plan.

Specialized Honors and Advanced Placement subjects are available for students in grades seven through twelve to prepare them for college-level learning experiences. These courses operate through a sequentially based process from honors courses in the lower grades to Advanced Placement courses in grades eleven and twelve. The programs are available in math, science, English, social studies, art, music, history, psychology, and foreign language. A number of extra curricular activities designed for the gifted students are present in both the Middle and High schools.

A strong basic skills curriculum in reading, writing, and math is available for students who benefit from small group instruction and need reinforcement of their foundation skills.

Comprehensive special education programs are provided to meet the requirements of the special needs population. The District employs six Child Study Team members whose purpose is to ensure that these students receive an educational program appropriate to their needs.

Reporting Entity and Its Services (Continued)

The District has made available to students a number of intervention groups to provide for the varied needs of our diversified population. Natural Helpers is a group whose purpose is to help students develop the capacity to intervene effectively with troubled friends. Peer Mediation is available for students to meet with a student mediator for the purpose of resolving conflicts. The 9th Grade Transition Program consists of a select group of upper classman who are trained to work with incoming freshmen providing academic, emotional and social assistance. Additional intervention groups are: Affected Others Educational Support Group, Students United for Respect and Equality, Achieving Sex Equality Through Students, Drug Information Support Group, Recovering Support Group, Pupil Assistance Committee, Concerned Persons Group, Chemical Dependency Support Group, and Teens as Teachers.

The high school students are scheduled for an eight-period day to complete the State and District requirements for graduation and also to select from the extensive program of 65 to 70 elective courses. Vocational training is offered through Delsea's successful comprehensive technical education programs. State-of-the-art instructional equipment is part of the educational services provided to the students of the District.

Delsea students participate in college admissions testing programs, where the average scores for Delsea students typically exceed state and national averages. Graduates of Delsea have successfully completed degree programs at a full range of institutions of higher learning from Ivy League universities to community colleges.

A comprehensive after-school activities program for high school students includes academic, social, and service organizations; interest clubs; and extensive inter-scholastic athletic programs for male and female students.

The Delsea Middle School offers a secure and caring environment to address the special needs of the adolescent student. The friendly and empathetic staff, coupled with a meaningful curricula for middle level students, provides an atmosphere conducive to the student's academic, social, and emotional growth.

All seventh and eighth grade students are exposed to a seven period day of sequentially designed programs in language arts; math; science; social studies; health/physical education; Latin-4-vocabulary/library/study skills; and exploratory programs in art, music, foreign language, and computer technology. Students are scheduled into program levels according to their interest, test scores, teacher recommendations, past achievements, and parental requests. A multiplicity of clubs and activities are available to meet the social, academic, and physical needs of the middle school student.

Economic Condition and Outlook

The Delsea Regional High School District is nestled in a rural area in Gloucester County in the southern part of New Jersey, and serves the seventh through twelfth grade populations of two constituencies, Franklin and Elk Townships.

The total land area of the two townships is seventy-six square miles. Eighty percent of the land is undeveloped. The sites are classified rural/agricultural made up of small truck farms and fruit orchards. A few small, locally-operated businesses are located within the communities; industries and large businesses are not part of the regional setting. The location of the two townships; the desire for safe, non-urban residences; the pastoral setting; the massive amounts of undeveloped land; and the travel convenience to Philadelphia, Wilmington, Atlantic City, and the shore areas entice new residents into the District. The 2000 census shows a 31% growth

Economic Condition and Outlook (Continued)

rate from 1990 to 2000. However, this movement of positive and controlled population growth may change dramatically in the near future. Presently there are minor and major subdivisions being presented to planning and zoning boards in both Franklin and Elk Townships. These housing developments will impact on the populations of not only the regional school district but also our elementary school districts. Our municipal governments have closely monitored this process as they are sensitive to the needs of the schools and their communities.

The museums, theaters, and other enriching activities of Philadelphia and New York City are within a short driving distance, allowing residents to enjoy the quiet, bucolic life without sacrificing cultural stimulation. Many major colleges and universities are within an hour drive in both urban and suburban settings. Within the communities, the Delsea Regional school buildings and grounds are the hub of many varied activities for both children and adults.

Delsea Regional is comprised of two buildings on an attractive 85 acre campus. The high school, constructed in 1960, houses students in grades nine through twelve, and the middle school, built in 1989, accommodates the seventh and eighth grade populations. To keep up with the present demands of educational growth, both buildings have been refurbished to include appropriate technology upgrades and expansion of core facilities.

Major Initiatives

The District is continuing to provide an enhanced educational program for our students through the upgrading of the high school facilities, new, innovative educational programs and activities, and a comprehensive curriculum which addresses students' needs from basic skills to advanced placement.

Alternative School Program - The District was granted approval by the State to operate an Alternative School Program. The program offers unique non-traditional educational opportunities to students who do not perform well in the traditional school setting. This program serves as a major component to our Dropout Prevention Program.

Bookbinders Alternative School Program - The District added an additional alternative school program for the special education population. This program offers the same non-traditional educational opportunities to students not performing well in the traditional school setting to those students needing accommodations and modifications to increase academic success.

In-District Specialized Educational Programs for Students with Disabilities - The District has developed programs for low functioning cognitive children to ensure their placements would remain in-district. These programs provide for life skills and transitioning while maintaining strong academic components. When an opening is available we promote and accept tuition students from other districts.

Junior Reserve Officers' Training Corps (JROTC) - The JROTC program is a cooperative financial and curricular effort agreed to by the Army and the District to provide secondary school students with opportunities for the development of leadership, patriotism, strength of character, community service, self-discipline and responsibility.

Major Initiatives (Continued)

Technology - In order to challenge students in the twenty-first century, an emphasis has been placed on technology throughout the District. Technology has been integrated into every aspect of the curriculum. Both the high school and middle school facilities are equipped with state of the art labs, media centers, and technological tools, as well as a district wide wireless network with e-mail and internet access. The high school also boasts many specialized areas for specific, more sophisticated technology utilization. In addition to numerous computer labs, there is a television/broadcast studio and a language lab. There are also wireless laptop carts in both the middle school and high school, an iPad cart in the high school, and "Smartboard" technology in both buildings. There is also an iPad cart in the middle school music department infusing technology into music and creating a seamless transition to the high school music tech program.

Literacy and Math - The district continues its focus on literacy continuing the daily Sustained Silent Reading (SSR) at both the middle and high schools. The summer reading program was altered to promote more student interests and nonfiction. Through professional development, Science and Social Studies teachers are increasing the focus on informational text in their curriculum. The middle school math department is piloting Progressive Mathematics Initiative (PMI) in both the seventh and eighth grades.

Advanced Placement - The District offers a variety of Advanced Placement courses that expand and solidify the college preparatory curricula to provide students with college entrance skills compatible to, and competitive with, the skills of academic students in other post-secondary institutions in the nation. This special academic curricula in grades seven through twelve function through an articulated and graduated program process from Honors courses in the lower grade levels to fifteen Advanced Placement courses in grades 10, 11 and 12.

Violence Reduction - As a result of continuing revisions in the District's discipline code and board policy, as well as the institution of a variety of pro-active violence prevention strategies, such as service learning, there has been a reduction in the number of acts of violence as reported in the District Report on Violence and Vandalism and Substance Abuse.

School to Careers - Emphasis is being placed on School to Career initiatives to provide students with work-based learning, school-based learning, and connecting activities. To this end, the District has formed School to Career Partnerships with other local school districts, as well as partnerships with businesses and industry.

Renaissance Program - To recognize and reward the academic achievement of our students, the District has implemented the national education-focused program called "Renaissance". The program is designed to promote a comprehensive change in attitude that brings academic achievement to the forefront. It sets academic standards for students and recognizes continuous improvement in academic achievement and behavior. The program also promotes teacher enthusiasm by recognizing them as dedicated and valued professionals, and raises the level of community participation in our schools by seeking the involvement of parents and businesses.

Professional Development - The District, as an advocate of professional growth, recognizes the need to remain current on educational research, practice and initiatives. The District recognizes each student's ability to learn and promotes training in Let Me Learn, a program which focuses on individual learning patterns. Through a comprehensive training cycle, staff members are instructed in the application of this innovative program, proven instructional

Major Initiatives (Continued)

Professional Development (Continued) - practices, research based activities, and effective school procedures to affect all student achievement and performance.

SHAPE Program - SHAPE serves as a summer enrichment program for academic and social programs for the most at-risk population. Students are exposed to instruction in math, English, and study skills, are mentored by high school students who serve as role models, and complete hands-on projects. Cultural excursions are also part of the program.

Olweus Bullying Prevention Program - The district received a grant from Gloucester County to implement the Olweus Bullying Prevention program in both the middle and high schools. The program focuses on changing the culture of the school and community to decrease incidents of bullying and teach students to be inclusive and accepting.

Internal Accounting Controls

Management of the District is responsible for establishing and maintaining internal controls designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. The internal controls are also subject to periodic evaluation by the District management.

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

Budgetary Controls

In addition to internal accounting controls, the 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 municipalities. 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 canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at year end.

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 fund basis. These funds are explained in "Notes to the Financial Statements," Note 1.

Management's Discussion and Analysis

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

Cash Management

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District is required 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.

Risk Management

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

Independent Audit

State statutes require an annual audit by independent Certified Public Accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC, was selected by the Board of Education. In addition to meeting the requirements set forth in the state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and New Jersey Circular Letter 04-04, as revised. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Significant Awards - Educational

Delsea Regional School District's service learning program was selected as a "National Promising Practice" by the Character Education Partnership in Washington DC.

Delsea Regional High School has been recognized for their outstanding JROTC program. The program was awarded the designation of "Honor Unit with Distinction" for the 2011-12 school year by the Department of the Army.

Eleven high school students in the DECA (Distributive Education Club of America) program were recognized as top students in the State of New Jersey. These students were also selected to represent Delsea at the International Career Development Conference in Salt Lake City Utah.

The Delsea Regional School District has been recognized by the New Jersey Education

Significant Awards – Educational (Continued)

Association for its exemplary professional development program model of action research. The District was also recognized by the National Education Association as having one of the top three professional development programs in the nation.

Delsea was selected as one of sixteen pilot programs from across the state for the development of Personalized Student Learning Plans. The State will financially support the development of these plans through a grant in the amount of \$15,000.

Delsea was awarded an Olweus grant from Gloucester County in the amount of \$11,000 to begin a bullying prevention program aimed at altering school and community climates.

Acknowledgements

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

Respectfully submitted,

Dr. Piera Gravenor

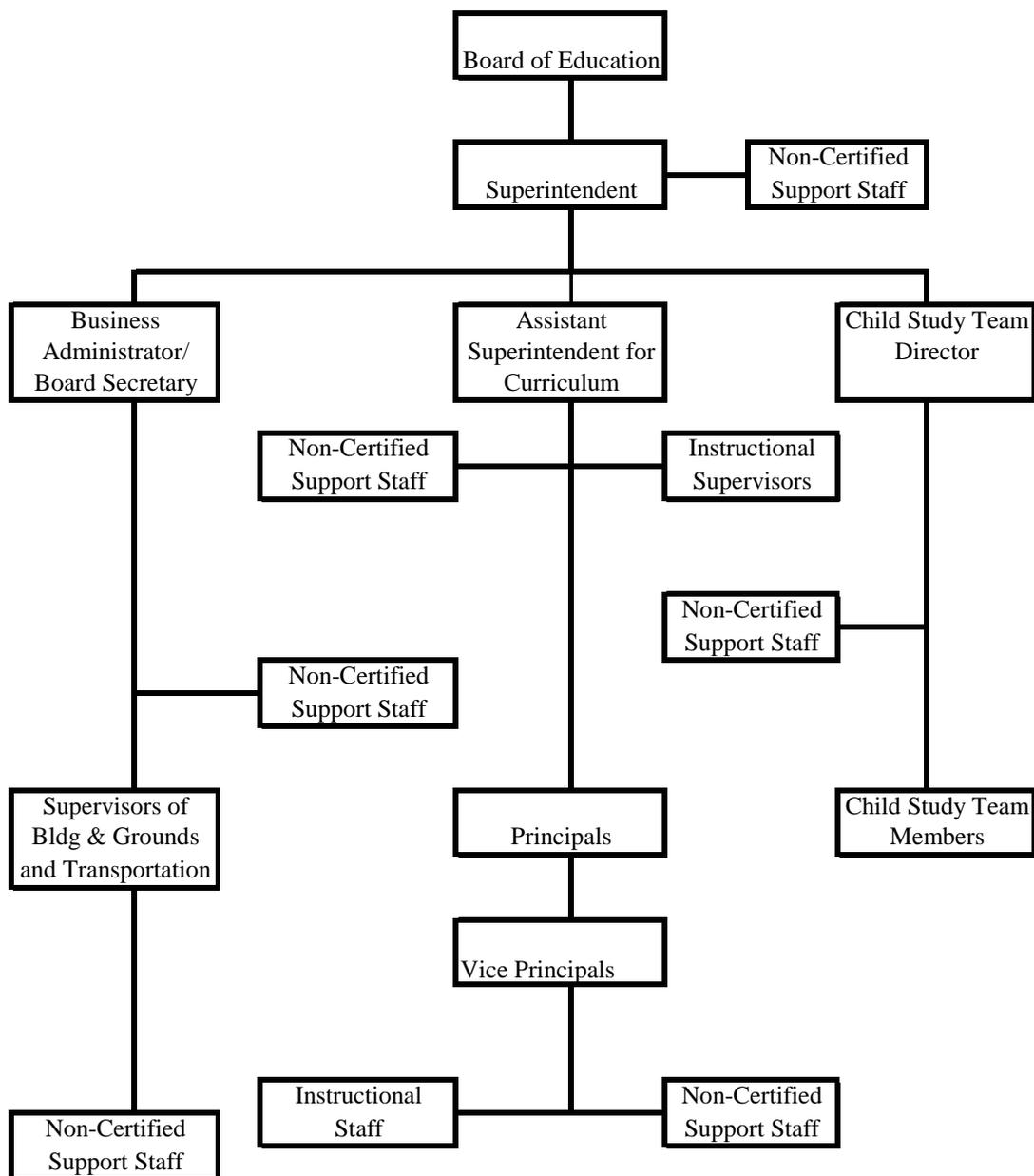
Dr. Piera Gravenor
Superintendent

Joseph M. Collins

Joseph M. Collins
Business Administrator/Board Secretary

BOARD OF EDUCATION
OF THE
DELSEA REGIONAL HIGH SCHOOL DISTRICT
Franklinville, New Jersey 08322

ORGANIZATIONAL CHART



DELSEA REGIONAL HIGH SCHOOL DISTRICT

FRANKLINVILLE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2012

Members of the Board of Education	Term Expires
Mario R. Christina, President	2014
Kathie P. Catucci, Vice President	2014
John Bruno	2015
Gregory Coffin	2013
William DiMatteo	2013
Garry Lightfoot	2015
David J. Piccirillo	2013
Ruth D. Short	2013
Thomas Tobin	2015

Other Officials

Dr. Piera Gravenor, Superintendent

Joseph M. Collins, School Business Administrator/Board Secretary

Angela M. Gregory, Treasurer

Frank P. Cavallo, Jr. Esq., Solicitor

DELSEA REGIONAL HIGH SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

ARCHITECT

Garrison Architects
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Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Delsea Regional High School District
242 Fries Mill Road
P.O. Box 405
Franklinville, New Jersey 08322

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of the Board of Education of the Delsea Regional High School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Delsea Regional High School Board of Education's management. Our responsibility is to express an opinion on these basic 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Delsea Regional High School Board of Education, in the County of Gloucester, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2012, on our consideration of the Delsea Regional High School Board of Education's internal control over financial reporting and our test 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 our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison information referenced in the outline of CAFR are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delsea Regional High School Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* respectively, and is also not a required part of the basic financial statements. The combining and individual fund financial statements and the schedules of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

November 29, 2012

Required Supplementary Information – Part I

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

The discussion and analysis of Delsea Regional High School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- In total, net assets increased \$2,361,927 from \$15,298,523 to \$17,660,450, which represents a 15.4 percent increase from fiscal year 2011.
- General revenues (see exhibit A-2) accounted for \$30,943,026 in revenue or 93.1 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2,299,032 or 6.9 percent of total revenues of \$33,242,058.
- The District had (see exhibit A-2) \$30,880,131 in expenses; only \$2,299,032 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$30,943,026 were adequate to provide for these programs.
- Among governmental funds, (see exhibit B-2) the general fund had \$29,493,543 in revenues and \$27,642,897 in expenditures. The fund balance for the general fund increased \$1,904,122 from fiscal year 2011.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Of the governmental funds, the general fund is by far the most significant fund.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "Is the District as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the District's financial statements, report

Reporting the District as a Whole (Continued)

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Statement of Net Assets and the Statement of Activities (Continued)

information on the District as a whole and its activities in a way that helps you answer this question. These statements are prepared to include all assets and liabilities, using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector businesses. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors. Because the goal of the District is to provide services to our students, not to generate a profit as commercial entities do, one must consider the many non-financial factors, including the quality of the education provided and the safety of the schools, when assessing the overall health of the District.

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

- Governmental activities - All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The food service enterprise fund is reported as a business-type activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide more detailed information about the District's funds. The District uses many funds to account for a multitude of financial transaction. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Reporting the District's Most Significant Funds (Continued)

Governmental Funds (Continued)

the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements. The District's governmental funds are the general fund, special revenue fund, and debt service fund.

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. There are two types of proprietary funds, enterprise funds, and internal service funds. The enterprise fund (food service fund) is the same as the business-type activities in the district-wide statements, but additional detail and information is provided in the fund statements. The District uses the internal service fund to report activities associated with supplying transportation, technology, and administrative services to other school districts.

The District as Trustee

Reporting on the District's Fiduciary Responsibilities

All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District as a trustee, or fiduciary, is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the 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. This information is information that has not been presented on the face of the financial statements, for reasons of practicality, but is essential for the financial statements to be fairly presented.

The District as a Whole

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

Table 1 provides a summary comparison of the District's net assets for fiscal years 2012 and 2011.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

The District as a Whole (Continued)

**Table 1
Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 4,793,114	\$ 2,898,821	\$ 85,647	\$ 98,248	\$ 4,878,761	\$ 2,997,069
Capital assets	18,340,721	19,231,625	11,304	13,098	18,352,025	19,244,723
Total assets	23,133,835	22,130,446	96,951	111,346	23,230,786	22,241,792
Liabilities						
Long-term liabilities	4,147,097	5,493,753			4,147,097	5,493,753
Other liabilities	1,418,164	1,446,714	5,075	2,802	1,423,239	1,449,516
Total liabilities	5,565,261	6,940,467	5,075	2,802	5,570,336	6,943,269
Net Assets						
Invested in capital assets, net of debt	14,946,760	14,550,244	11,304	13,098	14,958,064	14,563,342
Restricted	3,970,350	1,950,525		11,751	3,970,350	1,962,276
Unrestricted	(1,348,536)	(1,310,790)	80,572	83,695	(1,267,964)	(1,227,095)
Total net assets	\$ 17,568,574	\$ 15,189,979	\$ 91,876	\$ 108,544	\$ 17,660,450	\$ 15,298,523

The District's combined net assets were \$17,660,450 on June 30, 2012. This was an increase of 15.4 percent from the prior year.

Total assets increased \$987,866. There was an increase in current and other assets of \$1,881,692 and a decrease in capital assets of \$892,698. The decrease in capital assets is due primarily to depreciation of the assets.

Total liabilities decreased \$1,372,933 due primarily to a decrease in bonds and loans payable.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

The District as a Whole (Continued)

Table 2 shows changes in net assets for fiscal year 2012 compared to fiscal year 2011.

**Table 2
Changes in Net Assets**

	Governmental Activities		Business- Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 684,350	\$ 579,576	\$ 473,176	\$ 534,661	\$ 1,157,526	\$ 1,114,237
Operating grants and contributions	828,905	958,299	312,601	289,672	1,141,506	1,247,971
General revenues:						
Property taxes	12,559,259	12,639,762			12,559,259	12,639,762
Federal and State aid not restricted	16,271,448	15,256,246			16,271,448	15,256,246
Other	2,112,195	1,406,747	124	174	2,112,319	1,406,921
Total revenues	32,456,157	30,840,630	785,901	824,507	33,242,058	31,665,137
Functions/Programs Expenses:						
Instruction	10,359,490	10,582,744			10,359,490	10,582,744
Support services:						
Pupils and instructional staff General, school and business administration	4,677,519	4,299,796			4,677,519	4,299,796
Plant operations and maintenance	1,832,849	2,093,188			1,832,849	2,093,188
Plant operations and maintenance	2,363,505	2,232,770			2,363,505	2,232,770
Pupil transportation	3,156,366	2,844,651			3,156,366	2,844,651
Employee benefits	6,803,880	6,158,013			6,803,880	
Interest on debt	139,821	196,906			139,821	196,906
Unallocated depreciation	717,965	738,107			717,965	738,107
Capital outlay	26,167	3,122			26,167	
Food service			802,569	772,112	802,569	772,112
Total expenses	30,077,562	29,149,297	802,569	772,112	30,880,131	23,760,274
Increase (decrease) in net assets	\$ 2,378,595	\$ 1,691,333	\$ (16,668)	\$ 52,395	\$ 2,361,927	\$ 1,743,728

Program revenues include charges for services and operating grants and contributions. The increase in program revenues is primarily the result of an increase in grant revenues.

General revenues include property taxes, federal and state aids, and other revenues, with unrestricted state aid being the predominant source of revenue for the District. Other revenues include revenues from transportation jointures, tuition, community school, athletic events, and other miscellaneous sources.

There was a decrease in property taxes of \$80,503. The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District budget and related tax levy.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Governmental Activities

The District's total revenues for governmental activities were \$32,456,157 for the year ended June 30, 2012. Federal, state, and local grants/aid accounted for 52.7 percent of revenue. Property taxes made up 38.7 percent of revenues for governmental activities and charges for services made up 2.1 percent.

The total cost of all program and services was \$30,077,562. Instruction and instruction related activities account for 50 percent of District expenses, plant operations and maintenance account for 7.9 percent, pupil transportation 10.5 percent, school and other administrative services 6.1 percent, employee benefits 22.6 percent.

The Statement of Activities shows the cost of program services and the charges for these services and offsetting grant revenues. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Of the \$30,077,562 total cost of services for fiscal year 28,564,307 is for activities which are not self-supporting, and are supported by tax revenue and unrestricted State aid.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Instruction	\$ 10,359,490	\$ 10,582,744	\$ 10,099,304	\$ 10,235,855
Support services:				
Pupils and instructional staff	4,677,519	4,299,796	4,104,344	3,687,973
General, school and business administration	1,832,849	2,093,188	1,640,811	1,896,240
Plant operations and maintenance	2,363,505	2,232,770	2,325,659	2,201,043
Pupil transportation	3,156,366	2,844,651	2,728,447	2,520,922
Employee benefits	6,803,880	6,158,013	6,781,789	6,131,254
Interest on debt	139,821	196,906	139,821	196,906
Capital outlay	26,167	3,122	26,167	3,122
Unallocated depreciation	717,965	738,107	717,965	738,107
Total expenses	\$ 30,077,562	\$ 29,149,297	\$ 28,564,307	\$ 27,611,422

Business-Type Activities

Business-type activities include the food service operation. This program had program revenues of \$785,901 and expenses of \$802,569 for fiscal year 2012. The District received 39.8% of its program revenues from grants from the Federal and State reimbursable lunch programs. Revenues from Federal and State grant programs are driven by participation. The decrease in net assets of \$16,668 for fiscal year 2012 was mainly caused by a decrease in grant revenue.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$31,771,807 and expenditures were \$29,921,158. The net increase in fund balance for the year was most significant in the general fund, an increase of \$1,904,122. The increase was mainly caused by budget cuts. The negative balance in unreserved undesignated fund balance in the general fund is the result of the deferred June state aid payments as described in the footnotes to the financial statements.

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget numerous times. Many of the amendments are due to changes in expenditure priorities in the District. The District uses program based budgeting and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

Revisions in the budget were made to prevent over-expenditures in specific line item accounts. Budget revisions were made to adjust for staffing changes based on student needs, additional costs for student transportation, and the purchase of transportation vehicles.

For the general fund, total revenues on the budget basis were \$29,481,816, which includes \$1,933,930 in reimbursed TPAF pension and social security contributions. The State contribution for TPAF members for pension and social security is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements, elimination of this item will provide a more accurate comparison of budget to actual revenues and expenditures. The total revenues represent an increase of \$3,204,883 over the final budget amount. This was mainly due to additional transportation fees earned for transportation jointures, and unanticipated tuition revenue. Total expenditures, on the budget basis, were \$27,642,897. Expenditures were \$762,461 less than the final budget amount of \$26,880,437 due to \$1,933,930 in reimbursed TPAF pension and social security contributions.

The final budget includes amounts encumbered in the prior year to be expended in the current year, as well as additional transportation revenue appropriated in the current year. Expenditures were less than anticipated due to tight budgetary controls.

Capital Assets

At the end of the fiscal year 2012 the District had \$18,340,721 invested in land, buildings, and furniture and equipment. Table 4 shows fiscal year 2012 balances compared to 2011.

Overall capital assets decreased \$892,698 from fiscal year 2011 to fiscal year 2012. The decrease in capital assets is due primarily to depreciation of existing fixed assets. Total capital asset additions for fiscal year 2012 were \$27,192.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Capital Assets (Continued)

**Table 4
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 71,500	\$ 71,500			\$ 71,500	\$ 71,500
Site improvements	1,022,805	1,147,219			1,022,805	1,147,219
Buildings and improvements	16,026,350	16,562,211			16,026,350	16,562,211
Equipment	1,220,066	1,450,695	\$ 11,304	\$ 13,098	1,231,370	1,463,793
Total	<u>\$ 18,340,721</u>	<u>\$ 19,231,625</u>	<u>\$ 11,304</u>	<u>\$ 13,098</u>	<u>\$ 18,352,025</u>	<u>\$ 19,244,723</u>

Debt Administration

At June 30, 2012, the District had \$4,147,097 of outstanding debt. Of this amount, \$2,275,000 is for serial bonds for school construction/renovation, \$1,053,354 for EDA loans for school construction/renovation, and \$796,626 is for compensated absences. The District continues to pay down its debt, decreasing bonds and loans \$1,291,229 in fiscal year 2012.

**Table 5
Outstanding Debt at Year End**

	2012	2011
1993 general obligation bonds	\$ 1,990,000	\$ 2,660,000
2000 general obligation bonds	285,000	380,000
1993 EDA facilities loan	1,036,052	1,554,078
1993 EDA small projects loan	14,137	20,758
1993 EDA safe schools loan	3,165	4,747
Capital lease	22,117	
Compensated absences payable	796,626	874,170
Total	<u>\$ 4,147,097</u>	<u>\$ 5,493,753</u>

Factors Bearing on the District's Future

The Delsea Regional High School District has continued to maintain the highest standards of service to our students, parents, and community. The District is proud of its community support of the public schools. A major concern is the continued increase in the costs of operating the District with a decrease in State aid which comprises a significant portion of District revenue.

Franklin and Elk Townships and the town of Newfield are rural communities, with very little industry, thus the burden of tax increases is born primarily by the homeowners. The 2012-2013 budget was rejected by voters in April 2012; this was the case for the two previous budgets as well.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Factors Bearing on the District's Future (Continued)

The District has experienced a decrease in enrollment over the past five years, but the District could experience an increase in the future. Housing projects have been approved in both townships on land that was previously used for agricultural purposes. A drastic increase in the growth rate would necessitate an expansion of existing facilities, or the construction of a new facility.

The District was recently approved as a Choice School through an application process developed by the State. Delsea highlighted three programs as exemplary to pique the interest of possible choice students: a strong Honors/AP track, the award winning JROTC program, and our Career and Technical Education program (Perkins).

The District continues to investigate and implement shared service agreements to decrease costs while providing quality services. Recently the District signed shared service agreements with one of the constituent elementary districts for the provision of all administrative services including superintendent, business administrator, Director of Curriculum, Director of Child Study Team, facilities manager, transportation, technology and purchasing services. This decision has essentially made Elk and Delsea a de facto Pre-K through 12 District with the ultimate beneficiaries being the students and taxpayers.

The configuration of the District may change in the future based on a law that was recently passed by the legislature. The law mandates the submission of a plan by the Executive County Superintendent, within a three year period, to consolidate local public school districts within the county into comprehensive consolidated or regional school districts, with a focus on the consolidation of limited purpose regional school districts with the local public school districts of the constituent municipalities. The plan was submitted by the Executive County Superintendent in March of 2010 and indicated a full purpose regional school district comprised of the municipalities of Franklin, Elk, Newfield, and possibly Clayton, would be advantageous. The ultimate decision to create a full purpose regional school district and eliminate the constituent elementary districts resides with the taxpayers of the affected municipalities.

Subsequent to the release of the regionalization/consolidation plan by the Executive County Superintendent, the Franklin Township School District, one of the two constituent Districts comprising the Delsea Regional High School District, presented in June 2010, the results of a feasibility study conducted solely by the Franklin Township School District. Of the options discussed in the study, the Franklin Township School District made the decision to endorse the option of withdrawing from the Delsea Regional High School District, and passed a resolution to that effect. In accordance with law, the resolution was forwarded to the Executive County Superintendent for review. Based on the review of the Executive County Superintendent, a recommendation will be made to the Commissioner of Education, who has the authority to authorize a question to be submitted to the voters in the municipalities of Franklin and Elk to allow the withdraw of Franklin from the Delsea Regional High School District. Because there are only two districts that comprise the regional district, a withdrawal of Franklin would be a de facto dissolution of the regional district. The Delsea Regional High School District passed a resolution and forwarded it to the Commissioner of Education protesting the withdrawal of Franklin based on this fact. This was denied by the Board of Review but since that

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Factors Bearing on the District's Future (Continued)

time the point has become moot, as the Franklin Board of Education voted to end all investigation into the matter.

In conclusion, the Delsea Regional High School District has committed itself to financial excellence for many years. The District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Joseph M. Collins, Business Administrator/Board Secretary at Delsea Regional Board of Education, PO Box 405, 242 Fries Mill Road, Franklinville, NJ 08322. Please visit our website at www.delsearegional.us.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Delsea Regional High School District
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	2,478,945	62,604	2,541,549
Receivables, net	1,659,839	9,534	1,669,373
Interfund receivable	220		220
Inventory		13,509	13,509
Restricted assets:			
Restricted cash and cash equivalents	198		198
Capital reserve account	653,912		653,912
Capital assets:			
Non-depreciable assets	71,500		71,500
Assets net of depreciation	18,269,221	11,304	18,280,525
Total assets	23,133,835	96,951	23,230,786
LIABILITIES			
Accounts payable	154,999		154,999
Deposits payable		1,697	1,697
Loans payable	1,181,897		1,181,897
Interfund payable		220	220
Payable to state government	3,114		3,114
Payable to federal government	5,998		5,998
Deferred revenue	28,666	3,158	31,824
Accrued interest payable	43,490		43,490
Noncurrent liabilities:			
Due within one year	1,296,662		1,296,662
Due beyond one year	2,850,435		2,850,435
Total liabilities	5,565,261	5,075	5,570,336
NET ASSETS			
Invested in capital assets, net of related debt	14,946,760	11,304	14,958,064
Restricted for:			
Debt service	198		198
Capital projects	653,912		653,912
Other purposes	3,316,240		3,316,240
Unrestricted	(1,348,536)	80,572	(1,267,964)
Total net assets	17,568,574	91,876	17,660,450

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Instruction:						
Regular	7,141,834			(7,141,834)		(7,141,834)
Special education	1,959,016		260,186	(1,698,830)		(1,698,830)
Other special instruction	255,045			(255,045)		(255,045)
Other instruction	1,002,302			(1,002,302)		(1,002,302)
Nonpublic school programs	1,293			(1,293)		(1,293)
Support services:						
Tuition	2,033,131		444,989	(1,588,142)		(1,588,142)
Student & instruction related services	2,644,388	26,547	101,639	(2,516,202)		(2,516,202)
School administrative services	828,329	91,500		(736,829)		(736,829)
Other administrative services	1,004,520	100,538		(903,982)		(903,982)
Plant operations and maintenance	2,363,505	37,846		(2,325,659)		(2,325,659)
Pupil transportation	3,156,366	427,919		(2,728,447)		(2,728,447)
Employee benefits	6,803,880		22,091	(6,781,789)		(6,781,789)
Interest on long-term debt	139,821			(139,821)		(139,821)
Capital outlay	26,167			(26,167)		(26,167)
Unallocated depreciation	717,965			(717,965)		(717,965)
Total governmental activities	<u>30,077,562</u>	<u>684,350</u>	<u>828,905</u>	<u>(28,564,307)</u>		<u>(28,564,307)</u>
Business-type activities:						
Food service	<u>802,569</u>	<u>473,176</u>	<u>312,601</u>		<u>(16,792)</u>	<u>(16,792)</u>
Total primary government	<u>30,880,131</u>	<u>1,157,526</u>	<u>1,141,506</u>	<u>(28,564,307)</u>	<u>(16,792)</u>	<u>(28,581,099)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes, net				11,801,436		11,801,436
Taxes levied for debt service				757,823		757,823
Federal and State aid not restricted				16,271,448		16,271,448
Tuition				983,497		983,497
Transportation fees				1,001,273		1,001,273
Investment earnings				10,458	124	10,582
Miscellaneous income				116,967		116,967
Subtotal, general revenues				<u>30,942,902</u>	<u>124</u>	<u>30,943,026</u>
Changes in net assets				<u>2,378,595</u>	<u>(16,668)</u>	<u>2,361,927</u>
Net assets - beginning				<u>15,189,979</u>	<u>108,544</u>	<u>15,298,523</u>
Net assets - ending				<u>17,568,574</u>	<u>91,876</u>	<u>17,660,450</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

Delsea Regional High School District
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	2,478,945			198	2,479,143
Due from other funds	465,821				465,821
Receivables from other governments	272,771	212,741	168,355		653,867
Other	850,542				850,542
Restricted cash and cash equivalents	653,912				653,912
	<u>4,721,991</u>	<u>212,741</u>	<u>168,355</u>	<u>198</u>	<u>5,103,285</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	122,264	30,558			152,822
Loans payable	1,181,897				1,181,897
Due to other funds		144,405	168,355		312,760
Deferred revenue		28,666			28,666
Payable to state government		3,114			3,114
Payable to federal government		5,998			5,998
	<u>1,304,161</u>	<u>212,741</u>	<u>168,355</u>		<u>1,685,257</u>
Fund balances:					
Restricted for					
Excess surplus - current year	1,418,182				1,418,182
Excess surplus - prior year - designated for subsequent year's expenditures	1,146,757				1,146,757
Capital reserve account	653,912				653,912
Debt service fund				198	198
Assigned to:					
Designated by the BOE for subsequent year's expenditures	335,096				335,096
Other purposes	416,205				416,205
Unassigned					
General fund	(552,322)				(552,322)
	<u>3,417,830</u>			<u>198</u>	<u>3,418,028</u>
	<u>4,721,991</u>	<u>212,741</u>		<u>198</u>	

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Balance Sheet
Governmental Funds
June 30, 2012

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 \$37,831,115, and the accumulated depreciation is \$19,490,394.		18,340,721
Internal service funds are used by management to charge the costs of certain activities, such as custodial services to other governments. Assets and liabilities of the Internal Service Fund of \$412 are included in the Statement of Net Assets.		412
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds payable	2,275,000	
Loans payable	1,053,354	
Capital lease payable	22,117	
Compensated absences payable	<u>796,626</u>	(4,147,097.00)
Interest on long-term debt in the statement of activities is accrued, regardless of when due		<u>(43,490)</u>
Net assets of governmental activities		<u><u>17,568,574</u></u>

Delsea Regional High School District
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local sources:				
Local tax levy	11,801,436		757,823	12,559,259
Tuition	983,497			983,497
Transportation fees	1,001,273			1,001,273
Interest on Investments	10,117			10,117
Interest earned on capital reserve funds	341			341
Miscellaneous	116,967	8,048		125,015
Total - Local Sources	13,913,631	8,048	757,823	14,679,502
State sources	15,097,853	57,295	691,536	15,846,684
Federal sources	482,059	763,562		1,245,621
Total revenues	29,493,543	828,905	1,449,359	31,771,807
EXPENDITURES:				
Current:				
Regular instruction	7,156,285			7,156,285
Special education instruction	1,709,153	260,186		1,969,339
Other special instruction	243,915			243,915
Other instruction	1,000,990			1,000,990
Support services and undistributed costs:				
Tuition	1,588,142	444,989		2,033,131
Student & instruction related services	2,512,558	101,639		2,614,197
School administrative services	785,768			785,768
Other administrative services	903,009			903,009
Plant operations and maintenance	2,311,087			2,311,087
Pupil transportation	2,569,241	22,091		2,591,332
Employee benefits	6,809,390			6,809,390
Debt service:				
Principal			1,291,229	1,291,229
Interest and other charges			158,127	158,127
Capital outlay	53,359			53,359
Total expenditures	27,642,897	828,905	1,449,356	29,921,158
Excess (deficiency) of revenues over expenditures	1,850,646		3	1,850,649
OTHER FINANCING SOURCES (USES):				
Transfers in from internal service	25,136			25,136
Capital leases (non-budgeted)	28,340			28,340
Total other financing sources (uses)	53,476			53,476
Net change in fund balances	1,904,122		3	1,904,125
Fund balance - July 1	1,513,708		195	1,513,903
Fund balance - June 30	3,417,830		198	3,418,028

See accompanying notes to the basic financial statements.

Delsea 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 Year Ended June 30, 2012

Total net change in fund balances - governmental funds (from B-2)	1,904,125
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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.

Capital outlays	27,192
Depreciation	(918,096)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

Bond and loan repayments	1,291,229
Capital lease repayment	6,223
Capital lease proceeds	(28,340)

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.

	18,306
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Internal service funds are used by management to charge the costs of certain activities. The operating income of \$412 are included in the governmental activities in the Statement of Activities.

	412
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In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.

	77,544
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Change in net assets of governmental activities	
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	2,378,595
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See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities Enterprise Fund	Governmental Activities - Internal Service Fund
	Food Service	
ASSETS		
Current assets:		
Cash and cash equivalents	62,604	
Accounts receivable:		
State	277	
Federal	9,257	
Intergovernmental		155,430
Inventories	13,509	
Total current assets	85,647	155,430
Noncurrent assets:		
Furniture, machinery & equipment	422,536	
Less accumulated depreciation	(411,232)	
Total noncurrent assets	11,304	
Total assets	96,951	155,430
LIABILITIES		
Current liabilities:		
Accounts payable		2,177
Deposits payable	1,697	
Interfund payables	220	152,841
Deferred revenue	3,158	
Total current liabilities	5,075	155,018
NET ASSETS		
Invested in capital assets net of related debt	11,304	
Unrestricted	80,572	412
Total net assets	91,876	412

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities Enterprise Funds <u>Food Service</u>	Governmental Activities - <u>Internal Service Fund</u>
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	241,128	
Daily sales - non-reimbursable programs	213,263	
Special functions	18,785	
Services provided to other LEA's		684,350
Total operating revenues	<u>473,176</u>	<u>684,350</u>
Operating expenses:		
Cost of sales	377,104	
Salaries	249,861	429,098
Employee benefits	84,058	128,402
Other professional/technical services		3,389
Purchased property service	22,644	9,876
Other purchased services	58,263	4,667
Contracted services (aid in lieu payments)		38,896
General supplies	6,234	44,174
Depreciation	1,794	
Miscellaneous	2,611	300
Total operating expenses	<u>802,569</u>	<u>658,802</u>
Operating income (loss)	<u>(329,393)</u>	<u>25,548</u>
Nonoperating revenues (expenses):		
State sources:		
State school lunch program	7,860	
Federal sources:		
National school lunch program	210,661	
National school breakfast program	29,293	
Food distribution program	64,787	
Interest and investment revenue	124	
Total nonoperating revenues (expenses)	<u>312,725</u>	
Income (loss) before contributions & transfers	<u>(16,668)</u>	<u>25,548</u>
Transfers in (out)		<u>(25,136)</u>
Change in net assets	(16,668)	412
Total net assets - beginning	<u>108,544</u>	
Total net assets - ending	<u><u>91,876</u></u>	<u><u>412</u></u>

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities	Governmental Activities -
	Enterprise Funds	Internal
	Food	Service
	Service	Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	479,204	627,499
Payments to employees	(249,861)	(427,076)
Payments for employee benefits	(84,058)	(128,247)
Payments to suppliers	(477,918)	(106,600)
	<u>(332,633)</u>	<u>(34,424)</u>
Net cash provided by (used for) operating activities		
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	7,963	
Federal sources	305,334	
Increase (decrease) in interfund loan	26,020	59,560
Operating subsidies and transfers to other funds	(220)	(25,136)
	<u>339,097</u>	<u>34,424</u>
Net cash provided by (used for) non-capital financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends	<u>124</u>	
Net increase (decrease) in cash and cash equivalents	6,588	
Balances - beginning of year	<u>56,016</u>	
Balances - end of year	<u><u>62,604</u></u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(329,393)	25,548
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and net amortization	1,794	
(Increase) decrease in accounts receivable, net		(56,851)
(Increase) decrease in inventories	(7,088)	
Increase (decrease) in deferred revenue	2,054	
Increase (decrease) in accounts payable		(3,121)
Total adjustments	<u>(3,240)</u>	<u>(59,972)</u>
Net cash provided by (used for) operating activities	<u><u>(332,633)</u></u>	<u><u>(34,424)</u></u>

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Private Purpose Trust Funds</u>		
	<u>Unemployment Compensation Trust</u>	<u>Scholarship Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	34,255	47,495	201,242
Investments		258,650	
Total assets	<u>34,255</u>	<u>306,145</u>	<u>201,242</u>
LIABILITIES			
Accounts payable	11,744	31,250	
Payable to student groups			187,223
Payroll deductions and withholdings			14,019
Total liabilities	<u>11,744</u>	<u>31,250</u>	<u>201,242</u>
NET ASSETS			
Held in trust for unemployment claims and other purposes	<u>22,511</u>		
Permanent endowment-nonexpendable		50,000	
Expendable scholarship funds		<u>224,895</u>	
Total reserved for scholarships		<u>274,895</u>	

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	<u>Private Purpose Trust Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Scholarship Funds</u>
ADDITIONS:		
Contributions:		
Plan member	39,910	44,901
Other	30,000	
Investment earnings:		
Interest	173	14,490
Total additions	<u>70,083</u>	<u>59,391</u>
DEDUCTIONS:		
Unemployment claims	84,837	
Scholarships awarded		50,760
Total deductions	<u>84,837</u>	<u>50,760</u>
Change in net assets	(14,754)	8,631
Net asset - beginning of the year	<u>37,265</u>	<u>266,264</u>
Net assets - end of the year	<u><u>22,511</u></u>	<u><u>274,895</u></u>

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO 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 of Delsea Regional High School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in (GAAP) and used by the District are discussed below.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict (GASB) pronouncements. Although the District has the option to apply (FASB) pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so.

A. Reporting Entity:

The Delsea Regional High School District is a Type II school district located in the County of Gloucester, State of New Jersey. As a Type II school district, the District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The purpose of the District is to educate students in grades 7-12.

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

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

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

B. Basis of Presentation, Basis of Accounting:

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

The statement of net assets presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities.

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

Fund Financial Statements - During the fiscal year, the District segregates transactions related to certain 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.

GOVERNMENTAL FUND TYPES

The focus of governmental fund measurement is on determination of financial position and changes of financial position, (sources, uses and balances of financial resources) rather than on net income. 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 all expendable financial resources except those required to be accounted for in another fund.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPES (CONTINUED)

General Fund (Continued) - As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. These resources can be transferred from and to current expense by Board resolution. 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; which are not required to be accounted for in the capital projects fund. Also included are certain expenditures for vehicles and movable instructional or non-instructional equipment.

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenue from the State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities and capital renovations/repairs to existing facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes, 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, state funding through grant agreements in accordance with the Educational Facilities Construction and Financing Act, P.L. 2000 c.72, and/or transfers from the general fund to augment the grant.

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

PROPRIETARY FUND TYPES

The focus of proprietary fund measurement is on determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The District reports the following proprietary funds:

Enterprise (Food Service) Fund - The enterprise fund accounts for all revenues 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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPRIETARY FUND TYPES (CONTINUED)

Enterprise (Food Service) Fund (Continued) - depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Internal Service Fund - The internal service fund has been established to account for the financing of transportation, administrative, technology and custodial services provided by the District for use by other school districts and governmental entities. Services are provided on a cost-reimbursement basis.

FIDUCIARY FUND TYPES

Fiduciary funds include private purpose trust funds and agency funds. The private purpose trust funds consist of expendable trust funds and nonexpendable trust funds. The measurement focus of the expendable trust funds is the same as for governmental funds. The measurement focus of the nonexpendable trust funds is similar to proprietary funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The District reports the following fiduciary funds:

Private Purpose Trust Funds - The private purpose trust funds consist of both expendable and nonexpendable trust funds. The expendable trust funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. The expendable trust funds account for assets where both the principal and interest may be spent. The expendable trust funds include the unemployment compensation insurance fund and various scholarship funds. The nonexpendable trust fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The nonexpendable trust fund includes a scholarship fund.

Agency Funds - The agency funds are used to account for the assets that the District holds on behalf of others as their agent. The agency funds are custodial in nature and do not involve measurement of results of operations. The agency funds include the payroll and student activities funds.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligibility requirements are met are recorded as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses/Expenditures (Continued) - donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval.

Budgets are prepared using the modified accrual basis of accounting except for special revenue funds. 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 NJAC 6:23-2.2 f(1). All budget amendments/transfers must be approved by School Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated revenue recognition of the June state aid payments for budgetary purposes only. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2012, there were reconciling differences between the budgetary basis and GAAP basis in the special revenue fund see exhibit C-3.

D. Encumbrance Accounting:

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Encumbrance Accounting (Continued):

revenue fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

E. Assets, Liabilities, and Equity:

Interfund Transactions

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

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

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 or governmental and agency funds, which are presented as internal balances.

Inventories

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

Capital Assets

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site improvements	20
School buildings	50
Building improvements	20
Electrical/plumbing	30
Vehicles	12
Office & computer equipment	5-10
Instructional equipment	10
Grounds/custodial equipment	15
Kitchen equipment	15

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

Compensated Absences

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, and are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bond principal maturities are recognized as a liability on the fund financial statements when due.

Net Assets

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

Fund Balance Reserves

The District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications and policies for determining such classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**F. Revenues, Expenses and Other
Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service, and charges for administrative, technology, maintenance, and transportation services. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the funds.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions and are reported with direct expenses in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function.

Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extraordinary and Special Items

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

Management Estimates

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Custodial Credit Risk - Cash and Cash Equivalents

Custodial Credit Risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal policy regarding Custodial Credit Risk. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 18A:20-37 that are treated as cash equivalents). The carrying amount of the District's cash and cash equivalents at June 30, 2012 and 2011, was \$3,478,651 and \$1,792,389. As of June 30, 2012 and 2011, \$0 of the District's bank balance of \$4,341,952 and \$2,270,952, respectively, was exposed to Custodial Credit Risk.

Investments

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

Custodial Credit Risk - Investments

For an investment, Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to Custodial Credit Risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. The carrying amount of the District's, investments at June 30, 2012 and 2011, was \$258,650 and \$247,783, which are certificates of deposit held in the District's name covered by GUDPA.

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

NOTE 3: RECEIVABLES

Receivables at June 30, 2012, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	414,210	277
Other	879,008	
Federal aid	212,319	9,257
	<u>1,505,537</u>	<u>9,534</u>

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2012:

	Interfund	
	Receivable	Payable
General fund	465,821	
Food service fund		220
Special revenue fund		144,405
Internal service fund		152,841
Capital projects fund		168,355
	<u>465,821</u>	<u>465,821</u>

Interfund balances are the result of negative cash balances at June 30, set up as interfunds.

NOTE 5: INVENTORY

Inventory in the Food Service Fund at June 30, 2012, consisted of the following:

Food	8,507
Commodities	3,158
Supplies	<u>1,845</u>
Total	<u>13,509</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

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

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated - land	71,500			71,500
Site Improvements	2,967,045			2,967,045
Building and building improvements	29,196,131	6,222		29,202,353
Machinery and equipment	5,569,247	20,970		5,590,217
Totals at historical cost	<u>37,732,423</u>	<u>27,192</u>	None	<u>37,759,615</u>
Less accumulated depreciation for :				
Site Improvements	(1,819,826)	(124,414)		(1,944,240)
Building and improvements	(12,633,920)	(542,083)		(13,176,003)
Equipment	(4,118,552)	(251,599)		(4,370,151)
Total accumulated depreciation	<u>(18,572,298)</u>	<u>(918,096)</u>	None	<u>(19,490,394)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>19,160,125</u>	<u>(890,904)</u>		<u>18,269,221</u>
Government activities capital assets, net	<u><u>19,231,625</u></u>	<u><u>(890,904)</u></u>		<u><u>18,340,721</u></u>
Business-type activities:				
Equipment	422,536			422,536
Less accumulated depreciation for :				
Equipment	(409,438)	(1,794)		(411,232)
Business-type activities capital assets, net	<u><u>13,098</u></u>	<u><u>(1,794)</u></u>	None	<u><u>11,304</u></u>

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

NOTE 7: LONG-TERM OBLIGATIONS

A. Long-term Obligation Activity:

During the year ended June 30, 2012, the following changes occurred in bonds, loans, and compensated absences payable:

	<u>Balance July 1, 2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2012</u>	<u>Due within One Year</u>
Bonds payable	3,040,000		(765,000)	2,275,000	765,000
Loans payable	1,579,583		(526,229)	1,053,354	526,523
Capital leases		28,340	(6,223)	22,117	5,139
Compensated absences payable	874,170	61,052	(138,596)	796,626	
	<u>5,493,753</u>	<u>89,392</u>	<u>(1,436,048)</u>	<u>4,147,097</u>	<u>1,296,662</u>

Bonds and loans payable have been liquidated in the debt service fund, and compensated absences payable have been liquidated in the general fund.

Bonds Payable

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

Principal due on the serial bonds is as follows:

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Outstanding Amount</u>
1993	9,830,000	2005 to 2014	5.00	1,990,000
2000	1,200,000	2005 to 2015	5.65	<u>285,000</u>
				<u>2,275,000</u>

Loans Payable

The District obtained loans from the New Jersey Economic Development Authority (NJEDA) for the purpose of high school reconstruction/ renovation and stadium renovations. The loans were received in 1993 and will be paid back over a 20 year period.

Principal due on the loans payable is as follows:

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Outstanding Amount</u>
1993	97,500	2005 to 2013	5.228%	14,137
1993	9,842,500	2005 to 2013	1.500	1,036,052
1993	32,500	2005 to 2013	1.500	<u>3,165</u>
				<u>1,053,354</u>

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

NOTE 7: LONG-TERM OBLIGATIONS (CONTINUED)

B. Debt Service Requirements:

As of June 30, 2012, debt service requirements in future years are as follows:

Year Ended			
June 30	Principal	Interest	Total
2013	1,291,523	111,108	1,402,631
2014	1,291,831	64,073	1,355,904
2015	745,000	21,618	766,618
	<u>\$ 3,328,354</u>	<u>\$ 196,799</u>	<u>\$ 3,525,153</u>

NOTE 8: OPERATING LEASES

The District has commitments to lease copying equipment, computers, technology equipment and software, and telephones under operating leases. Total operating lease expenditures for the year ended June 30, 2012, were \$111,422. Future minimum lease payments are as follows:

Year Ended	
June 30	Amount
2013	71,529
2014	32,255
Total	<u>\$ 103,784</u>

NOTE 9: PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of NJSA 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing, multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of

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

NOTE 9: PENSION PLANS (CONTINUED)

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

New Jersey on behalf of the District and the system's other related noncontributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established as of January 1, 1955, under the provisions of NJSA 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality,

District or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Funding Policy

The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and NJSA 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for TPAF and PERS increased from 5.5% of employees' annual compensation, as defined, to 6.5%. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018.

The School District's liability to the TPAF for post-retirement medical benefits and life insurance premiums for the years ending June 30, 2012, 2011 and 2010, were \$1,145,801, \$810,092 and \$768,581, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ended June 30, 2012, 2011 and 2010, were \$455,072, \$418,034 and \$319,559, respectively, equal to the required contributions for each year.

Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board years ending June 30, 2012, 2011 and 2010, \$788,129, \$857,101 and \$829,668 during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et. seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-

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

NOTE 9: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (Continued)

sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions to DCRP for the years ending June 30, 2012, 2011 and 2010, were \$1,393, \$2,561 and \$0.

NOTE 10: POST-RETIREMENT BENEFITS

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

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who 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.

NOTE 11: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1.00 on October 4, 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 department, a District may increase the balance in the capital reserve by

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

NOTE 11: CAPITAL RESERVE ACCOUNT (CONTINUED)

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 NJSA 19:60-2. Pursuant to NJAC 6A-23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The June 30, 2012, LRFP balance of local support costs of uncompleted capital projects is \$1,048,150.

The activity of the capital reserve account for the July 1, 2011 to June 30, 2012, fiscal year is as follows:

Beginning balance, July 1, 2011	\$ 353,571
Deposit	300,000
Interest earnings	<u>341</u>
Ending balance, June 30, 2012	<u><u>\$ 653,912</u></u>

NOTE 12: 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:

Lincoln Investment Planning, Inc.
Syracusa Benefits Program
MetLife

NOTE 13: COMPENSATED ABSENCES

The District accounts for compensated absences using the termination method (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 that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the 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 policies. The District's policy permits employees to accumulate sick leave and carry forward the full amount to subsequent

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

NOTE 13: COMPENSATED ABSENCES (CONTINUED)

years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with District's agreements with the various employee unions. The District uses the vesting method to record the liability.

For 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. The liability for compensated absences in the governmental fund at June 30, 2012, is \$796,626.

NOTE 14: RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2012, the District did not incur claims in excess of their coverage.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "benefits 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 employee contributions, reimbursements to the State for benefits paid, and the ending balance of the District's expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2011-2012	\$ 30,000	\$ 39,910	\$ 84,837	\$ 22,511
2010-2011	\$ 124,500	\$ 37,430	\$ 143,018	\$ 37,265
2009-2010	None	\$ 39,559	\$ 7,310	\$ 18,043

New Jersey Unemployment Compensation Insurance (Continued) - The administration believes that any potential incurred but not reported claims would be covered by the balance in the funds.

NOTE 15: LABOR CONTRACTS

As of June 30, 2012, the District's employees are organized in the Delsea Regional High School Education Association collective bargaining unit expired June 30, 2014.

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

NOTE 16: FUND BALANCE APPROPRIATED

Restrictions of fund balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

RESTRICTED FUND BALANCE:

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2012.

Capital Reserve Account - Of the \$653,912 balance in the capital reserve account at June 30, 2012, \$0 has been designated for utilization in the 2012-2013 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

Maintenance Reserve Account - The District had no maintenance reserve account at June 30, 2012.

Excess Surplus - At June 30, 2012, excess surplus created in FY 2011 of \$1,146,757 will be utilized for expenditures in the 2012-2013 budget, while excess surplus created in FY 2012 of \$1,418,182 is restricted and will be utilized for budget expenditures in 2013-2014.

Debt Service Fund - At June 30, 2012, there was \$198 fund balance.

Capital Projects Fund - At June 30, 2012, there was no fund balance.

Committed Fund Balance - The District had no fund balance at June 30, 2012.

Assigned Fund Balance - At June 30, 2012, the Board of School Estimates has assigned \$335,096 of general fund balance to expenditures in the 2012-2013 budget; \$416,205 was assigned for other purposes as of the year end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

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

NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)

RESTRICTED FUND BALANCE (CONTINUED):

Unassigned Fund Balance - At June 30, 2012, the District has \$(552,322) of unassigned fund balance in the general fund.

Special Revenue Fund - As of June 30, 2012, had no fund balance at June 30, 2012.

NOTE 17: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012, is \$2,564,939.

NOTE 18: DEFICIT FUND BALANCE

The District has a deficit fund balance of \$552,322 in the general fund as of June 30, 2012, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year.

The law provides legal authority for 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 the asset, the other government recognizes the liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the General Fund - fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to NJSA 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP fund statements of \$552,322 is less than the June state aid payments.

NOTE 19: STATE SCHOOL AID ANTICIPATION NOTE

NJSA 18A:22-44-2 provides school district board of education with the ability to enter into short term loans with a bank of their choice, if needed, due to the delay in the June State school aid payments. The school district borrowed \$1,181,897 dated June 8, 2012, with approval granted by the Executive County Superintendent. The loan is due on July 9, 2012, at the rate of .9%.

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

NOTE 20: ECONOMIC DEPENDENCY

The District is heavily reliant on federal and state sources to fund the District operations. Federal and state sources funded approximately 54% of the District's 2011-2012 governmental operations. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

NOTE 21: CONTINGENT LIABILITIES

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

The District is occasionally involved in certain legal claims arising in the ordinary course of its operations. The administration believes that the ultimate settlement of such claims will not have a material effect on the District's financial position.

NOTE 22: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2012 and November 29, 2012, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

Delsea 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 Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	11,801,436		11,801,436	11,801,436	
Tuition	550,000		550,000	983,497	(433,497)
Transportation fees from individuals				972	(972)
Transportation fees from other LEA's	600,000		600,000	1,000,301	(400,301)
Interest on investments	12,000		12,000	10,117	1,883
Interest earned on capital reserve	200		200	341	(141)
Unrestricted miscellaneous	58,000		58,000	116,967	(58,967)
Total - local sources	13,021,636		13,021,636	13,913,631	(891,995)
State sources:					
Extraordinary aid	86,429		86,429	176,290	(89,861)
Categorical special education aid	886,535		886,535	886,535	
Security aid	80,719		80,719	216,791	(136,072)
Equalization aid	11,716,416		11,716,416	11,716,416	
Transportation aid				130,063	(130,063)
Non-public transportation costs				26,101	(26,101)
TPAF post retirement medical (on-behalf - non-budgeted)				765,170	(765,170)
TPAF pension contrib. (on-behalf - non-budgeted)				380,631	(380,631)
Reimb. TPAF social security contrib. (non-budgeted)				788,129	(788,129)
Total - state sources	12,770,099		12,770,099	15,086,126	(2,316,027)
Federal sources:					
Medical assistance program	29,623		29,623	26,484	3,139
Education jobs fund	455,575		455,575	455,575	
Total - federal sources	485,198		485,198	482,059	3,139
Total revenues	26,276,933		26,276,933	29,481,816	(3,204,883)

Delsea 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 Positive (Negative) Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers					
Grades 6-8	2,386,565	(12,848)	2,373,717	2,365,306	8,411
Grades 9-12	4,341,428	(122,035)	4,219,393	4,176,745	42,648
Regular programs - home instruction:					
Salaries of teachers					
	8,000	11,253	19,253	19,211	42
Purchased professional - educational services					
	12,000	(10,000)	2,000	623	1,377
Other purchased services (400-500 series)					
	500	47	547	246	301
Regular programs - undistributed instruction:					
Other salaries for instruction					
	78,000	132,791	210,791	201,281	9,510
Purchased professional - educational services					
	19,575	(5,386)	14,189	10,327	3,862
Other purchased services (400-500 series)					
	113,950	43,186	157,136	153,279	3,857
General supplies					
	247,507	18,429	265,936	208,575	57,361
Textbooks					
	58,000	(34,801)	23,199	18,102	5,097
Other objects					
	1,000	1,675	2,675	2,590	85
Total regular programs	<u>7,266,525</u>	<u>22,311</u>	<u>7,288,836</u>	<u>7,156,285</u>	<u>132,551</u>
Special education - instruction:					
Learning and/or language disabilities					
Salaries of teachers					
	356,549	(123,576)	232,973	226,386	6,587
Other salaries for instruction					
	69,326	(2,143)	67,183	52,369	14,814
Other purchased services (400-500 series)					
	7,250	380	7,630	7,630	
General supplies					
	1,230	(380)	850	522	328
Textbooks					
	300		300		300
Total learning and/or language disabilities	<u>434,655</u>	<u>(125,719)</u>	<u>308,936</u>	<u>286,907</u>	<u>22,029</u>

Delsea 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 Positive (Negative) Final to Actual
Behavioral disabilities:					
Salaries of teachers	173,334	(30,000)	143,334	131,242	12,092
Other salaries for instruction	33,500	2,143	35,643	35,643	
Other purchased services (400-500 series)	150	42	192	192	
General supplies	1,230		1,230		1,230
Other objects	1,000	(42)	958		958
Total behavioral disabilities	209,214	(27,857)	181,357	167,077	14,280
Multiple disabilities:					
Salaries of teachers	78,400		78,400	74,301	4,099
Other salaries for instruction	35,558		35,558	33,417	2,141
Other purchased services (400-500 series)	150	42	192	192	
General supplies	980		980		980
Other objects	500	(42)	458		458
Total multiple disabilities	115,588		115,588	107,910	7,678
Resource room/resource center:					
Salaries of teachers	1,182,975	(160,893)	1,022,082	997,187	24,895
Other salaries for instruction	139,935		139,935	132,357	7,578
Other purchased services (400-500 series)	4,550	742	5,292	5,292	
General supplies	6,330	865	7,195	5,420	1,775
Textbooks	11,000	(1,607)	9,393		9,393
Other objects	1,000		1,000		1,000
Total resource room/resource center	1,345,790	(160,893)	1,184,897	1,140,256	44,641
Special education - instruction:					
Autism					
Salaries of teachers	80,000	(73,440)	6,560		6,560
General supplies	730		730		730
Other objects	1,000		1,000	975	25
Total autism	81,730	(73,440)	8,290	975	7,315

Delsea 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 Positive (Negative) Final to Actual
Home instruction:					
Salaries of teachers	5,000		5,000		5,000
Purchased professional - educational services	32,000	(18,200)	13,800	6,028	7,772
Total home instruction	37,000	(18,200)	18,800	6,028	12,772
Total special education - instruction	2,223,977	(406,109)	1,817,868	1,709,153	108,715
Basic skills/remedial - instruction:					
Salaries of teachers	245,248	3,686	248,934	239,185	9,749
Other purchased services (400-500 series)	1,000		1,000	1,000	
General supplies	6,175	524	6,699	3,730	2,969
Textbooks	2,000	(524)	1,476		1,476
Total basic skills/remedial - instruction	254,423	3,686	258,109	243,915	14,194
Bilingual education - instruction:					
Salaries of teachers	3,000		3,000		3,000
General supplies	500		500		500
Total bilingual education - instruction	3,500		3,500		3,500
School sponsored cocurricular activities - instruction:					
Salaries	92,400	6,224	98,624	97,667	957
Purchased services (300-500 series)	16,650	(7,750)	8,900	6,499	2,401
Supplies and materials	13,090	3,069	16,159	14,099	2,060
Other objects	9,000	(1,025)	7,975	7,211	764
Total school sponsored cocurricular activities - instruction	131,140	518	131,658	125,476	6,182
School sponsored athletic - instruction					
Salaries	376,486	1,275	377,761	377,622	139
Purchased services (300-500 series)	50,800	2,631	53,431	51,993	1,438
Supplies and materials	110,370	2,150	112,520	106,117	6,403
Other objects	25,000	2,607	27,607	27,607	
Total school sponsored athletic - instruction	562,656	8,663	571,319	563,339	7,980

Delsea 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 Positive (Negative) Final to Actual
Before/after school programs - instructional					
Other salaries of instruction	10,000	(4,013)	5,987	5,950	37
Total before/after school programs - instructional	10,000	(4,013)	5,987	5,950	37
Summer school - instruction:					
Salaries of teachers	30,300	15,863	46,163	46,163	
Other salaries for instruction	8,640	5,362	14,002	14,002	
General supplies	1,319	(1,037)	282	228	54
Other objects	495	(470)	25		25
Total summer school - instruction	40,754	19,718	60,472	60,393	79
Summer school - support services:					
Salaries	300	(300)			
Total summer school	41,054	19,418	60,472	60,393	79
Alternative education program - instructional:					
Salaries of teachers	75,000	53,546	128,546	128,222	324
Other salaries for instruction	16,100	10,519	26,619	26,559	60
Supplies and materials	1,000	1,869	2,869	2,852	17
Total alternative education program - instructional	92,100	65,934	158,034	157,633	401
Alternative education program - support services					
Salaries	46,710	20,405	67,115	63,765	3,350
Total alternative education program - support services	46,710	20,405	67,115	63,765	3,350
Total alternative education program	138,810	86,339	225,149	221,398	3,751

Delsea 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 Positive (Negative) Final to Actual
Community services programs - operations:					
Salaries	5,390	(2,060)	3,330	970	2,360
Other salaries	22,810	510	23,320	23,134	186
Purchased services (300-500 series)	4,000		4,000		4,000
Materials	2,000		2,000	330	1,670
Total community services programs - operations	34,200	(1,550)	32,650	24,434	8,216
Total instruction	10,666,285	(270,737)	10,395,548	10,110,343	285,205
Undistributed expenditures - instruction:					
Tuition to other LEA's within the state - regular	32,000	18,156	50,156	40,059	10,097
Tuition to other LEA's within the state - special		17,830	17,830	17,830	
Tuition to county vocational - regular	126,480	(16,320)	110,160	108,936	1,224
Tuition to county vocational - special	472,860	(472,860)			
Tuition to CSSD & regional day schools		367,210	367,210	350,910	16,300
Tuition to private sch. for the disabled - within state	425,434	286,342	711,776	710,832	944
Tuition to private sch. for the disabled - out of state		237,196	237,196	231,138	6,058
Tuition - state facilities	66,000	60,750	126,750	126,552	198
Tuition - other	93,100	(90,715)	2,385	1,885	500
Total undistributed expenditures - instruction	1,215,874	407,589	1,623,463	1,588,142	35,321
Undistributed exp. - attendance and social work:					
Salaries	62,398	(10,000)	52,398	43,540	8,858
Purchased professional and technical services	3,150		3,150	3,002	148
Other purchased services (400-500 series)	1,150	(11)	1,139	214	925
Supplies and materials	100	11	111	111	
Total undistributed exp. - attendance and social work	66,798	(10,000)	56,798	46,867	9,931
Undistributed expenditures - health services:					
Salaries	163,418	(1,000)	162,418	155,187	7,231
Other purchased prof. and tech services	15,000		15,000	15,000	
Other purchased services (400-500 series)	950	1,206	2,156	1,783	373
Supplies and materials	7,100	(206)	6,894	6,006	888
Total undistributed expenditures - health services	186,468		186,468	177,976	8,492

Delsea 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 Positive (Negative) Final to Actual
Undistributed expenditures - speech, OT, PT and related services:					
Salaries	49,939	(10,739)	39,200	31,544	7,656
Purchased professional - educational services	48,393	(26,172)	22,221	16,838	5,383
Supplies and materials	3,000		3,000	2,124	876
Other objects	250		250		250
Total undistributed expenditures - speech, OT, PT and related services:	101,582	(36,911)	64,671	50,506	14,165
Undistributed expenditures - special education - extraordinary services:					
Salaries	125,275		125,275	122,615	2,660
Purchased professional - educational services	6,000	8,962	14,962	14,962	
Supplies and materials	1,500	(990)	510	398	112
Other objects	500		500		500
Total undistributed expenditures - special education - extraordinary services	133,275	7,972	141,247	137,975	3,272
Undistributed expenditures - guidance:					
Salaries of other professional staff	525,516	(1,229)	524,287	517,595	6,692
Salaries of secretarial and clerical assistants	119,279	(6,736)	112,543	107,782	4,761
Other purchased prof. and tech services	15,150		15,150	14,485	665
Other purchased services (400-500 series)	13,500	14,737	28,237	27,397	840
Supplies and materials	16,608	(1,309)	15,299	7,363	7,936
Other objects	800		800	351	449
Total undistributed expenditures - guidance	690,853	5,463	696,316	674,973	21,343

Delsea 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 Positive (Negative) Final to Actual
Undistributed expenditures - child study teams:					
Salaries of other professional staff	404,787	(32,694)	372,093	361,869	10,224
Salaries of secretarial and clerical assistants	64,909	(3,688)	61,221	60,393	828
Purchased professional - educational services	31,700	1,253	32,953	32,215	738
Other purchased prof. and tech services	5,100	69,332	74,432	74,364	68
Misc pur serv (400-500 series other than resid costs)	11,050	34,092	45,142	45,129	13
Supplies and materials	13,697	4,848	18,545	13,393	5,152
Other objects	200	500	700	372	328
Total undistributed expenditures - child study teams	531,443	73,643	605,086	587,735	17,351
Undistributed exp. - improvement of instr. services:					
Salaries of supervisors of instruction	476,516	(1,210)	475,306	474,476	830
Salaries of other professional staff		27,610	27,610	27,610	
Salaries of secretarial and clerical assistants	53,700	(21,000)	32,700	32,340	360
Other purchased services (400-500 series)	4,250	220	4,470	2,324	2,146
Supplies and materials	4,000	(450)	3,550	475	3,075
Other objects	7,300	(5,070)	2,230	1,339	891
Total undistributed exp. - improv. of instr. services	545,766	100	545,866	538,564	7,302
Undistributed expenditures - educational media serv.:					
School library:					
Salaries of other professional staff	194,050	(34,050)	160,000	158,858	1,142
Salaries of secretarial and clerical assistants	13,000		13,000	12,025	975
Other purchased services (400-500 series)	89,382	(18,584)	70,798	70,419	379
Supplies and materials	34,500	9	34,509	22,144	12,365
Other objects	250		250		250
Total undistributed exp. - educational media serv. School library	331,182	(52,625)	278,557	263,446	15,111

Delsea 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 Positive (Negative) Final to Actual
Undistributed expenditures - instructional staff:					
Training services:					
Salaries of supervisors of instruction	48,036		48,036	29,891	18,145
Salaries of other professional staff	5,000	(550)	4,450		4,450
Purchased professional - educational service	5,000		5,000	1,620	3,380
Other purchased services (400-500 series)	5,100	(448)	4,652	1,421	3,231
Supplies and materials	1,000	898	1,898	1,584	314
Total undistributed expenditures - instructional staff					
Training services	64,136	(100)	64,036	34,516	29,520
Undistributed exp. - support services - gen. admin.:					
Salaries	239,622	(23,067)	216,555	214,964	1,591
Legal services	32,000	5,164	37,164	37,153	11
Audit fees	17,000	(1,650)	15,350	15,200	150
Architectural/engineering services	1,000	24,810	25,810	22,935	2,875
Other purchased professional services	12,250	(4,040)	8,210	7,832	378
Purchased technical services	2,635	50	2,685	2,685	
Communications/telephone	69,800	(6,335)	63,465	63,271	194
BOE other purchased services	2,000		2,000		2,000
Other purchased services (400-500 series)	50,050	(3,230)	46,820	42,178	4,642
Supplies and materials	7,010	7,180	14,190	7,865	6,325
BOE in-house training/meeting supplies	500		500	25	475
Judgements against the school district	15,000	10,000	25,000	25,000	
Miscellaneous expenditures	5,700	(1,401)	4,299	3,286	1,013
BOE membership dues and fees	13,500		13,500	12,789	711
Total undistributed exp. - support serv. - gen. admin.	468,067	7,481	475,548	455,183	20,365

Delsea 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 Positive (Negative) Final to Actual
Undistributed exp. - support serv. - school admin.:					
Salaries of principals/assistant principals	407,521	(900)	406,621	406,464	157
Salaries of other professional staff	178,998	2,500	181,498	179,684	1,814
Salaries of secretarial and clerical assistants	126,094	83	126,177	126,175	2
Purchased professional and technical services	10,200	(2,333)	7,867	6,027	1,840
Other purchased services (400-500 series)	29,150	(2,899)	26,251	25,277	974
Supplies and materials	29,533	192	29,725	26,615	3,110
Other objects	10,500	5,112	15,612	15,526	86
Total undistributed exp. - support serv. - school admin.	791,996	1,755	793,751	785,768	7,983
Undistributed exp. - central services:					
Salaries	275,985	(4,485)	271,500	264,103	7,397
Purchased technical services	26,770	485	27,255	27,055	200
Other purchased services (400-500 series)	7,775	(105)	7,670	2,890	4,780
Supplies and materials	9,000	675	9,675	3,337	6,338
Interest for lease purchase agreements	19,215	(2,995)	16,220	11,621	4,599
Miscellaneous expenditures	2,000		2,000	1,170	830
Total undistributed exp. - central services	340,745	(6,425)	334,320	310,176	24,144
Undistributed exp. - admin. information technology:					
Salaries	83,525	(19,965)	63,560	35,536	28,024
Purchased technical services	500	32,110	32,610	32,610	
Other purchased services (400-500 series)	71,846	(3,985)	67,861	57,543	10,318
Supplies and materials	8,642	5,565	14,207	11,927	2,280
Other objects	100		100	34	66
Total undistributed exp. - admin. info. technology	164,613	13,725	178,338	137,650	40,688

Delsea 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 Positive (Negative) Final to Actual
Undistributed expenditures - required maintenance for school facilities:					
Cleaning, repair and maintenance services	347,176	1,294	348,470	236,877	111,593
General supplies	33,005	(6,094)	26,911	17,294	9,617
Total undistributed expenditures - required maintenance for school facilities	380,181	(4,800)	375,381	254,171	121,210
Undistributed expenditures - custodial services:					
Salaries	929,464	(31,752)	897,712	882,802	14,910
Purchased professional and technical services	24,650	(3,733)	20,917	19,962	955
Cleaning, repair and maintenance services	67,777	42,595	110,372	86,718	23,654
Rental of Land/Bldgs		35,000	35,000	35,000	
Other purchased property services	6,800	13,706	20,506	18,474	2,032
Insurance	137,500	7,249	144,749	138,116	6,633
Miscellaneous purchased services	2,350	3,818	6,168	5,724	444
General supplies	103,118	(8,997)	94,121	83,088	11,033
Energy - natural gas	316,360	(162,284)	154,076	144,144	9,932
Energy - electricity	501,500	(93,965)	407,535	397,246	10,289
Energy - oil	10,000	(909)	9,091	6,589	2,502
Energy - gasoline	2,000		2,000		2,000
Other objects	4,000	1,572	5,572	5,395	177
Total undistributed expenditures - custodial services	2,105,519	(197,700)	1,907,819	1,823,258	84,561
Undistributed expenditures - care and upkeep of grounds:					
Salaries	74,671	(156)	74,515	68,456	6,059
Cleaning, repair and maintenance services	78,000	2,350	80,350	72,202	8,148
General supplies	30,432	(20,902)	9,530	8,271	1,259
Total undistributed exp. - care and upkeep of grounds	183,103	(18,708)	164,395	148,929	15,466
Undistributed expenditures - security:					
Salaries	74,560	(2,477)	72,083	71,953	130
Purchased professional and technical services	5,900	6,885	12,785	12,776	9
Total undistributed expenditures - security	80,460	4,408	84,868	84,729	139
Total operation and maintenance of plant	2,749,263	(216,800)	2,532,463	2,311,087	221,376

Delsea 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 Positive (Negative) Final to Actual
Undistributed exp. - student transportation services:					
Salaries of non-instructional aides	227,750	74,780	302,530	298,808	3,722
Salaries for pupil trans (bet home & sch) - reg	821,915	43,171	865,086	856,912	8,174
Salaries for pupil trans (bet home & sch) - sp ed	276,711	118,833	395,544	395,488	56
Salaries for pupil trans (other than bet home & sch)	83,267	21,583	104,850	104,766	84
Sal. for pupil trans (bet home & sch) - nonpublic sch	83,831	334	84,165	81,015	3,150
Other purchased prof. and technical service	11,700	(2,250)	9,450	4,546	4,904
Cleaning, repair, & maint. services	34,500	18,500	53,000	51,037	1,963
Rental payments - school buses	2,000	260	2,260	2,252	8
Contr serv. - (bet. home and sch.) - vendors	6,000	(1,000)	5,000		5,000
Contr serv. - (other than bet. home and sch.) - vendors	12,000	13,119	25,119	25,078	41
Contr serv. - (bet. home and sch) - joint agrmnts	4,700	34,071	38,771	38,016	755
Contr serv. - (special education) - vendors	21,250	(11,625)	9,625	8,400	1,225
Contr serv. - (special ed stds) - joint agrmnts	67,300	(4,125)	63,175	62,815	360
Contract serv - aid in lieu of payments	53,040	(8,700)	44,340	38,881	5,459
Misc. purchased services - transportation	58,950	(3,425)	55,525	51,778	3,747
Transportation supplies	486,000	65,400	551,400	546,148	5,252
Miscellaneous expenditures	3,000	325	3,325	3,301	24
Total undistributed exp. - student transportation serv.	2,253,914	359,251	2,613,165	2,569,241	43,924
Operation and maint. of plant serv. - employee benefits					
Other employee benefits	12,000		12,000	6,014	5,986

Delsea 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 Positive (Negative) Final to Actual
Student transportation services - employee benefits:					
Social security contributions	130,500		130,500	130,500	
Health benefits	793,350		793,350	793,350	
Other employee benefits	12,774	2,750	15,524	15,439	85
Total student transportation services	936,624	2,750	939,374	939,289	85
Total allocated benefits	948,624	2,750	951,374	945,303	6,071
Unallocated benefits - employee benefits:					
Social security contributions	289,582	1,070	290,652	277,087	13,565
Other retirement contribution - PERS	517,765	(55,069)	462,696	456,465	6,231
Unemployment compensation	150,000	(80,000)	70,000	30,000	40,000
Workmen's compensation	270,000		270,000	262,671	7,329
Health benefits	3,235,461	(452,570)	2,782,891	2,747,938	34,953
Tuition reimbursement	57,430	(15,545)	41,885	19,396	22,489
Other employee benefits	80,000	57,545	137,545	136,600	945
Total unallocated benefits	4,600,238	(544,569)	4,055,669	3,930,157	125,512
Total personal services - employee benefits	5,548,862	(541,819)	5,007,043	4,875,460	131,583
TPAF post retirement medical (on-behalf - non-budgeted)				765,170	(765,170)
TPAF pension contribution (on-behalf -non-budgeted)				380,631	(380,631)
Reimb. TPAF social security contrib. (non-budgeted)				788,129	(788,129)
Total on-behalf contributions				1,933,930	(1,933,930)
Total undistributed expenditures	16,184,837	12,299	16,197,136	17,479,195	(1,282,060)
Total current expense	26,851,122	(258,438)	26,592,684	27,589,538	(996,855)

Delsea 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 Positive (Negative) Final to Actual
Capital outlay:					
Interest deposit to capital reserve	200		200		200
Equipment:					
Regular programs - undistributed instruction:		27,618	27,618		27,618
School sponsored and other instructional programs	4,570	20,000	24,570	4,569	20,001
Undistributed expenditures:					
Child study team		13,750	13,750	2,560	11,190
Central Services		4,495	4,495	4,495	
Custodial services	4,545	14,800	19,345	9,345	10,000
Food service - non-instruc. equipment		4,050	4,050	4,050	
Total equipment	9,115	84,713	93,828	25,019	68,809
Facilities acquisition and construction services:					
Construction services		173,725	173,725		173,725
Total facilities acquisition and constructions services		173,725	173,725		173,725
Assets acquired under capital lease					
Assets acquired under capital lease (non-budgeted)					
Undistributed expenditures:					
Custodial services				28,340	(28,340)
Total capital outlay	9,315	258,438	267,753	53,359	214,394
Special schools:					
Adult education - local - instruction:					
Other salaries for instruction	3,500		3,500		3,500
Purchased professional and technical services	5,000		5,000		5,000
General supplies	500		500		500
Total adult education - local - instruction	9,000		9,000		9,000
Adult education - local - support services:					
Salaries	3,500		3,500		3,500
Other purchased services (400-500 series)	7,000		7,000		7,000
General supplies	500		500		500
Total adult education - local - support services	11,000		11,000		11,000

Delsea 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 Positive (Negative) Final to Actual
Total adult education - local	20,000		20,000		20,000
Total special schools	20,000		20,000		20,000
Total expenditures	26,880,437		26,880,437	27,642,897	(762,461)
Excess (deficiency) of revenues over (under) expenditures	(603,504)		(603,504)	1,838,919	(2,442,422)
Other financing sources (uses):					
Operating transfer in:					
Transfer from internal service fund				25,136	(25,136)
Capital leases (non-budgeted)				28,340	(28,340)
				53,476	(53,476)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(603,504)		(603,504)	1,892,395	(2,495,898)
Fund balances, July 1	2,707,332		2,707,332	2,707,332	
Fund balances, June 30	2,103,828		2,103,828	4,599,727	(2,495,898)
Recapitulation:					
Restricted Fund Balance:					
Capital reserve account				653,912	
Excess surplus - designated for subsequent year's expenditures				1,146,757	
Excess surplus - current year				1,418,182	
Assigned Fund Balance:					
Year-end encumbrances				416,205	
Designated for subsequent year's expenditures				335,096	
Unassigned Fund Balance				629,575	
				4,599,727	
Reconciliation to governmental funds statements (GAAP):					
June state aid payments are not recognized on GAAP basis				(1,181,897)	
Fund balance per governmental funds (GAAP)				3,417,830	

Delsea Regional High School District
Education Jobs Fund
Budget and Actual
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	455,575		455,575	455,575	
Total Revenues	<u>455,575</u>		<u>455,575</u>	<u>455,575</u>	
EXPENDITURES:					
Instruction:					
Regular program - salaries of teachers					
Grades 6-8	51,000	(10,785)	40,215	40,215	
Grades 9-12	61,200	64,785	125,985	125,985	
Total instruction	<u>112,200</u>	<u>54,000</u>	<u>166,200</u>	<u>166,200</u>	
Support services:					
Personal services - employee benefits					
Social security contributions	8,583		8,583	8,583	
Other retirement - PERS	334,792	(54,000)	280,792	280,792	
Total support services	<u>343,375</u>	<u>(54,000)</u>	<u>289,375</u>	<u>289,375</u>	
Total expenditures	<u>455,575</u>		<u>455,575</u>	<u>455,575</u>	

Delsea 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:					
Local sources		19,891	19,891	8,048	11,843
State sources	54,250	6,178	60,428	57,295	3,133
Federal sources	660,775	177,406	838,181	760,042	78,139
Total revenues	<u>715,025</u>	<u>203,475</u>	<u>918,500</u>	<u>825,385</u>	<u>93,115</u>
EXPENDITURES:					
Instruction					
Salaries of teachers	165,000	(43,380)	121,620	121,620	
Other salaries for instruction		505	505	505	
Purchased professional - technical services		37,873	37,873	14,006	23,867
Purchased professional - educational services	22,500	6,492	28,992	24,612	4,380
Tuition	390,000	54,989	444,989	444,989	
General supplies	55,375	40,595	95,970	87,683	8,287
Textbooks	10,000	(1,690)	8,310	8,240	70
Total instruction	<u>642,875</u>	<u>95,384</u>	<u>738,259</u>	<u>701,655</u>	<u>36,604</u>
Salaries of other professional staff	50,400	8,161	58,561	36,746	21,815
Personal services - employee benefits		28,254	28,254	22,091	6,163
Purchased professional - technical services		31,017	31,017	14,801	16,216
Purchased professional - educational services	11,750	119	11,869	11,869	
Travel		376	376	376	
Other purchased services (400-500 series)	10,000	16,884	26,884	26,480	404
Supplies & materials		23,280	23,280	11,367	11,913
Total support services	<u>72,150</u>	<u>108,091</u>	<u>180,241</u>	<u>123,730</u>	<u>56,511</u>
Total expenditures	<u>715,025</u>	<u>203,475</u>	<u>918,500</u>	<u>825,385</u>	<u>93,115</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Delsea Regional High School District
 Required Supplementary Information
 Budgetary Comparison Schedule
 Notes to Required Supplementary Information
 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	29,481,816	825,385
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		3,520
The last two State aid payments for the prior fiscal year are not recognized as revenue for budgetary purposes, and differs from GAAP which recognizes this revenue in the subsequent year when the State recognizes the related expense (GASB 33).	1,193,624	
The last two State aid payment for the current year are recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	<u>(1,181,897)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>29,493,543</u>	<u>828,905</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	27,642,897	825,385
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		3,520
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>27,642,897</u>	<u>828,905</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1a)	Local Programs	Title I Part A		Title I ARRA	Title III	Totals FY 2012
			FY 2012	Carryover			
REVENUES:							
Local sources		8,048					8,048
State sources	57,295						57,295
Federal sources	566,798		142,314	27,804	22,621	505	760,042
Total revenues	<u>624,093</u>	<u>8,048</u>	<u>142,314</u>	<u>27,804</u>	<u>22,621</u>	<u>505</u>	<u>825,385</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	920		100,000		20,700		121,620
Other salaries for instruction						505	505
Purchased professional - technical services			13,152	699	155		14,006
Purchased professional - educational services	24,612						24,612
Tuition	444,989						444,989
General supplies	60,026		2,419	25,068	170		87,683
Textbooks	8,240						8,240
Total instruction	<u>538,787</u>		<u>115,571</u>	<u>25,767</u>	<u>21,025</u>	<u>505</u>	<u>701,655</u>
Support services:							
Salaries of other professional staff	35,917			829			36,746
Personal services - employee benefits	3,232		17,200	63	1,596		22,091
Purchased professional - technical services	13,531		125	1,145			14,801
Purchased professional - educational services	11,869						11,869
Travel	376						376
Other purchased services (400-500 series)	17,062		9,418				26,480
Supplies & materials	3,319	8,048					11,367
Total support services	<u>85,306</u>	<u>8,048</u>	<u>26,743</u>	<u>2,037</u>	<u>1,596</u>		<u>123,730</u>
Total expenditures	<u>624,093</u>	<u>8,048</u>	<u>142,314</u>	<u>27,804</u>	<u>22,621</u>	<u>505</u>	<u>825,385</u>

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1b)	Title II Part A	Title II Part A Summer	IDEA Part B Summer	IDEA Part B Carryover	IDEA Part B	IDEA Part B ARRA	Total Carried Forward
REVENUES:								
State sources	57,295							57,295
Federal sources	41,808	34,354	24,748	3,159	1,724	452,045	8,960	566,798
Total revenues	<u>99,103</u>	<u>34,354</u>	<u>24,748</u>	<u>3,159</u>	<u>1,724</u>	<u>452,045</u>	<u>8,960</u>	<u>624,093</u>
EXPENDITURES:								
Instruction:								
Salaries of teachers	920							920
Purchased professional - educational services	24,612							24,612
Tuition						444,989		444,989
General supplies	40,851			3,159		7,056	8,960	60,026
Textbooks	8,240							8,240
Total instruction	<u>74,623</u>			<u>3,159</u>		<u>452,045</u>	<u>8,960</u>	<u>538,787</u>
Support services:								
Salaries of other professional staff	9,050	8,462	18,405					35,917
Personal services - employee benefits	436	647	2,149					3,232
Purchased professional - technical services		11,807			1,724			13,531
Purchased professional - educational services	11,869							11,869
Travel	376							376
Other purchased services (400-500 series)	2,560	10,308	4,194					17,062
Supplies & materials	189	3,130						3,319
Total support services	<u>24,480</u>	<u>34,354</u>	<u>24,748</u>		<u>1,724</u>			<u>85,306</u>
Total expenditures	<u>99,103</u>	<u>34,354</u>	<u>24,748</u>	<u>3,159</u>	<u>1,724</u>	<u>452,045</u>	<u>8,960</u>	<u>624,093</u>

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1c)	Municipal Alliance	Perkins Vocational Grant	PSLP Grant	Total Carried Forward
REVENUES:					
State sources	45,568	4,250		7,477	57,295
Federal sources			41,808		41,808
	<u>45,568</u>	<u>4,250</u>	<u>41,808</u>	<u>7,477</u>	<u>99,103</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers				920	920
Purchased professional - educational services	23,889		723		24,612
General supplies			38,717	2,134	40,851
Textbooks	8,240				8,240
Total instruction	<u>32,129</u>		<u>39,440</u>	<u>3,054</u>	<u>74,623</u>
Support services:					
Salaries of other professional staff		4,250	2,200	2,600	9,050
Personal services - employee benefits			168	268	436
Purchased professional - educational services	11,869				11,869
Travel				376	376
Other purchased services (400-500 series)	1,570			990	2,560
Supplies & materials				189	189
Total support services	<u>13,439</u>	<u>4,250</u>	<u>2,368</u>	<u>4,423</u>	<u>24,480</u>
Total expenditures	<u>45,568</u>	<u>4,250</u>	<u>41,808</u>	<u>7,477</u>	<u>99,103</u>

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	NJ Nonpublic Textbook Aid	NJ Nonpublic Nursing Aid	Auxilliary Services		Handicapped Services		Total Carried Forward
			Transportation	Home Instruction	Examination & Classification	Supplemental Instruction	
REVENUES:							
State sources	8,240	11,869	1,570	5,037	11,276	7,576	45,568
Total revenues	<u>8,240</u>	<u>11,869</u>	<u>1,570</u>	<u>5,037</u>	<u>11,276</u>	<u>7,576</u>	<u>45,568</u>
EXPENDITURES:							
Instruction:							
Purchased professional - educational services				5,037	11,276	7,576	23,889
Textbooks	8,240						8,240
Total instruction	<u>8,240</u>			<u>5,037</u>	<u>11,276</u>	<u>7,576</u>	<u>32,129</u>
Support services:							
Purchased professional - education services		11,869					11,869
Other purchased services (400-500 series)			1,570				1,570
Total support services		<u>11,869</u>	<u>1,570</u>				<u>13,439</u>
Total expenditures	<u>8,240</u>	<u>11,869</u>	<u>1,570</u>	<u>5,037</u>	<u>11,276</u>	<u>7,576</u>	<u>45,568</u>

PROPRIETARY FUNDS

Delsea Regional High School District
Combining Schedule of Net Assets
Enterprise Fund
June 30, 2012

	Enterprise Fund
	Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	62,604
Accounts receivable	
State	277
Federal	9,257
Inventories	13,509
Total current assets	85,647
Noncurrent assets:	
Furniture, machinery & equipment	422,536
Less accumulated depreciation	(411,232)
Total noncurrent assets	11,304
Total assets	96,951
LIABILITIES	
Current liabilities:	
Deposits payable	1,697
Deferred revenue	3,158
Interfund payable	220
Total current liabilities	5,075
NET ASSETS	
Invested in capital assets net of related debt	11,304
Unrestricted	80,572
Total net assets	91,876

Delsea Regional High School District
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Fund
For the Year Ended June 30, 2012

	Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	241,128
Daily sales - non-reimbursable programs	213,263
Special functions	18,785
Total operating revenues	473,176
Operating expenses:	
Salaries	249,861
Employee benefits	84,058
Purchased property service	22,644
Other purchased services	58,263
General supplies	6,234
Cost of sales	377,104
Other objects	2,611
Depreciation	1,794
Total operating expenses	802,569
Operating income (loss)	(329,393)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	7,860
Federal sources:	
National school lunch program	210,661
National school breakfast program	29,293
Food distribution program	64,787
Interest and investment revenue	124
Total nonoperating revenues (expenses)	312,725
Change in net assets	(16,668)
Total net assets - beginning	108,544
Total net assets - ending	91,876

Delsea Regional High School District
Combining Schedule of Cash Flows
Enterprise Fund
For the Year Ended June 30, 2012

	Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	479,204
Payments to employees	(249,861)
Payments for employee benefits	(84,058)
Payments to suppliers	(477,918)
	(332,633)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State reimbursements	7,963
Federal reimbursements	305,334
Decrease in interfund receivable	26,020
Increase in interfund payable	(220)
	339,097
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and dividends	124
	6,588
Balances - beginning of year	56,016
Balances - end of year	62,604
Reconciliation of operating income (loss) to net cash provided	
(used) by operating activities:	
Operating income (loss)	(329,393)
Adjustments to reconcile operating income (loss) to net cash provided by	
(used for) operating activities:	
Depreciation and net amortization	1,794
(Decrease) in inventories	(7,088)
Increase in deferred revenue	2,054
	(3,240)
Total adjustments	(3,240)
Net cash provided by (used for) operating activities	(332,633)

Delsea Regional High School District
 Combining Schedule of Net Assets
 Internal Service Fund
 June 30, 2012

		Internal Service Fund
ASSETS		
Current assets:		
Accounts receivable:		
Intergovernmental		155,430
		155,430
LIABILITIES		
Current liabilities:		
Accounts payable		2,177
Interfund payable		152,841
		152,841
Total current liabilities		155,018
		155,018
NET ASSETS		
Unrestricted		412
		412

EXHIBIT G-5

Delsea Regional High School District
 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
 Internal Service Fund
 For the Year Ended June 30, 2012

	Internal Service Fund
Operating revenues:	
Charges for services	
Service provided to other LEA's	684,350
	684,350
Operating expenses:	
Salaries	429,098
Employee benefits	128,402
Other professional/technical services	3,389
Cleaning, repair and maintenance	4,826
Other purchased services	4,035
Miscellaneous transportation services	5,050
Contracted services (aid in lieu payments)	38,896
General supplies	44,174
Energy	632
Miscellaneous	300
Total operating expenses	658,802
Operating income (loss)	25,548
Transfers in (out)	25,136
Total net assets - ending	412

Delsea Regional High School District
Combining Schedule of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2012

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	627,499
Payments to employees	(427,076)
Payments for employee benefits	(128,247)
Payments to suppliers	(106,600)
	(34,424)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Increase in interfund payable	59,560
Operating subsidies and transfers to general fund	(25,136)
	34,424
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	25,548
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
(Increase) in accounts receivable, net	(56,851)
(Decrease) in accounts payable	(3,121)
Total adjustments	(59,972)
Net cash provided by (used for) operating activities	(34,424)

FIDUCIARY FUNDS

Delsea Regional High School District
Fiduciary Funds
Combining Statement of Fiduciary Net Assets
June 30, 2012

	Private Purpose Trust		Agency		Totals
	Unemployment Compensation	Scholarship	Student Activity	Payroll	
ASSETS					
Cash and cash equivalents	34,255	47,495	187,223	14,019	282,992
Investments		258,650			258,650
Total assets	<u>34,255</u>	<u>306,145</u>	<u>187,223</u>	<u>14,019</u>	<u>541,642</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	11,744	31,250			42,994
Payroll deductions & withholdings				14,019	14,019
Due to student groups			<u>187,223</u>		<u>187,223</u>
Total liabilities	<u>11,744</u>	<u>31,250</u>	<u>187,223</u>	<u>14,019</u>	<u>244,236</u>
Net Assets:					
Held in trust for unemployment claims and other purposes		<u>22,511</u>			<u>22,511</u>
Permanent endowment - nonexpendable		50,000			50,000
Expendable scholarship funds		<u>224,895</u>			<u>224,895</u>
Total reserved for scholarships		<u>274,895</u>			<u>274,895</u>
Total net assets					<u>297,406</u>
Total liabilities and net assets					<u>541,642</u>

Delsea Regional High School District
Combining Statement of Changes in
Fiduciary Net Assets
for the Fiscal Year Ended June 30, 2012

	<u>Scholarship</u>	<u>New Jersey Unemployment Compensation</u>	<u>Total</u>
OPERATING REVENUES:			
Gifts and contributions	44,901		44,901
Employer contribution		30,000	30,000
Deductions from employees' salaries		39,910	39,910
Interest on investments	14,490	173	14,663
Total additions	<u>59,391</u>	<u>70,083</u>	<u>129,474</u>
OPERATING EXPENSES:			
Scholarship payments	50,760		50,760
Unemployment compensation insurance claims		84,837	84,837
Total deductions	<u>50,760</u>	<u>84,837</u>	<u>135,597</u>
Changes in net assets	8,631	(14,754)	(6,123)
Net assets, July 1	<u>266,264</u>	<u>37,265</u>	<u>303,529</u>
Net assets, June 30	<u><u>274,895</u></u>	<u><u>22,511</u></u>	<u><u>297,406</u></u>

Delsea Regional High School District
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 for the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
SCHOOLS:				
Delsea High School	157,606	510,108	513,716	153,998
Delsea Middle School	29,804	57,586	54,165	33,225
Total all schools	<u>187,410</u>	<u>567,694</u>	<u>567,881</u>	<u>187,223</u>

Delsea 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	133,294	17,485,538	17,604,813	14,019
LIABILITIES				
Net payroll		10,566,477	10,566,477	
Payroll deductions and withholdings	133,294	6,919,061	7,038,336	14,019
Total liabilities	133,294	17,485,538	17,604,813	14,019

LONG-TERM DEBT

Delsea Regional High School District
 Schedule of Serial Bonds
 Year Ended June 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2011</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>				
High school reconstruction and renovation	10/1/93	9,830,000	10/1/12-13	670,000	5.000	2,660,000	670,000	1,990,000
			10/1/14	650,000				
Athletic stadium renovations	6/15/00	1,200,000	1/15/13-15	95,000	5.650	380,000	95,000	285,000
						3,040,000	765,000	2,275,000
						3,040,000	765,000	2,275,000

Delsea Regional High School District
Statement of Loans Payable
Year Ended June 30, 2012

Loan	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2011	Retired	Balance June 30, 2012
			Date	Amount				
New Jersey Public School Facilities Loan Assistance Programs								
Facilities loan	8/18/93	9,842,500	7/15/12-13	518,026	1.500%	1,554,078	518,026	1,036,052
Small projects loan	8/18/93	97,500	7/15/12 7/15/13	6,915 7,223	5.228%	20,758	6,621	14,137
Safe schools loan	8/18/93	32,500	7/15/12-13	1,582	1.500%	4,747	1,582	3,165
						<u>1,579,583</u>	<u>526,229</u>	<u>1,053,354</u>

DELSEA REGIONAL HIGH SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2012

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Issued	Retired	Balance June 30, 2012
			Principle	Interest				
Pickup Truck	9/13/2011	5 Years	28,340	2,774	4.90%	28,340	6,223	22,117

Delsea Regional High School District
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	757,823		757,823	757,823	
Total local sources	757,823		757,823	757,823	
State sources:					
Debt service aid type II	691,536		691,536	691,536	
Total revenues	1,449,359		1,449,359	1,449,359	
EXPENDITURES:					
Regular debt service:					
Interest	158,129		158,129	158,127	2
Redemption of principal	1,291,230		1,291,230	1,291,229	1
Total expenditures	1,449,359		1,449,359	1,449,356	3
Excess (deficiency) of revenues over (under) expenditures				3	(3)
Fund balance, July 1	195		195	195	
Fund balance, June 30	195		195	198	(3)

STATISTICAL SECTION

Delsea Regional High School District
Statistical Section

Contents	<u>Page</u>
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.	110-115
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	116-119
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.	120-123
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.	124-125
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the district provides and the activities it performs.	126-130

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

Delsea Regional High School District
Net Assets by Component
Last Ten Fiscal Years

	Fiscal Year Ending June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets, net of related debt	9,746,629	10,715,999	11,468,792	12,326,241	12,604,684	12,895,375	13,175,895	13,766,917	14,550,244	14,946,760
Restricted	77,706	415,515	580,606	616,002	592,554	991,113	1,771,230	1,332,932	1,950,525	3,970,350
Unrestricted	(21,348)	168,131	(114,824)	(373,585)	(136,053)	(309,430)	(909,575)	(1,601,203)	(1,310,790)	(1,348,536)
Total governmental activities net assets	<u>9,802,987</u>	<u>11,299,645</u>	<u>11,934,574</u>	<u>12,568,658</u>	<u>13,061,185</u>	<u>13,577,058</u>	<u>14,037,550</u>	<u>13,498,646</u>	<u>15,189,979</u>	<u>17,568,574</u>
Business-type activities:										
Invested in capital assets, net of related debt	127,773	107,438	85,807	64,544	43,500	27,046	17,321	15,210	13,098	11,304
Restricted									11,751	
Unrestricted	18,850	4,727	23,518	16,121	31,901	28,146	25,520	40,939	83,695	80,572
Total business-type activities net assets	<u>146,623</u>	<u>112,165</u>	<u>109,325</u>	<u>80,665</u>	<u>75,401</u>	<u>55,192</u>	<u>42,841</u>	<u>56,149</u>	<u>108,544</u>	<u>91,876</u>
District-wide:										
Invested in capital assets, net of related debt	9,874,402	10,823,437	11,554,599	12,390,785	12,648,184	12,922,421	13,193,216	13,782,127	14,563,342	14,958,064
Restricted	77,706	415,515	580,606	616,002	592,554	991,113	1,771,230	1,332,932	1,962,276	3,970,350
Unrestricted	(2,498)	172,858	(91,306)	(357,464)	(104,152)	(281,284)	(884,055)	(1,560,264)	(1,227,095)	(1,267,964)
Total District net assets	<u>9,949,610</u>	<u>11,411,810</u>	<u>12,043,899</u>	<u>12,649,323</u>	<u>13,136,586</u>	<u>13,632,250</u>	<u>14,080,391</u>	<u>13,554,795</u>	<u>15,298,523</u>	<u>17,660,450</u>

Source: District records

Delsea Regional High School District
Changes in Net Assets
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES:										
Governmental activities:										
Instruction:										
Regular	8,228,817	8,788,862	9,115,603	9,449,578	10,119,561	10,927,233	10,234,450	10,381,084	7,070,584	7,141,834
Special education	1,970,255	2,319,233	2,482,324	2,562,256	2,701,408	2,494,855	2,751,321	3,233,428	2,418,985	1,959,016
Other special instruction	547,764	413,113	449,123	491,282	599,399	424,142	554,313	707,509	262,113	255,045
Other instruction	902,580	827,355	880,827	949,678	969,312	1,057,131	1,089,055	1,432,853	829,769	1,002,302
Nonpublic school programs	41,953	50,933	62,680	50,692	70,810	71,026	67,055	49,250	1,293	1,293
Support Services:										
Tuition	1,340,076	982,256	869,170	1,156,386	1,542,813	1,487,658	1,423,268	1,744,821	1,952,812	2,033,131
Student & instruction related services	2,732,318	2,883,964	3,257,899	3,603,007	3,571,229	3,885,437	3,515,522	3,513,745	2,346,984	2,644,388
School administrative services	1,138,367	1,253,474	1,266,372	1,374,845	1,352,403	1,504,334	1,433,770	1,424,900	1,131,314	828,329
General and business administrative services	982,122	968,431	950,614	1,002,111	1,057,715	1,162,694	1,274,939	1,387,541	961,874	1,004,520
Plant operations and maintenance	1,971,092	2,159,376	2,303,779	2,488,798	2,682,454	2,834,396	2,831,279	2,950,282	2,232,770	2,363,505
Pupil transportation	1,874,448	2,015,019	2,340,203	2,574,423	2,825,207	3,351,606	3,332,165	3,625,374	2,844,651	3,156,366
Employee benefits									6,158,013	6,803,880
Special schools	95,653	110,087	191,780	129,099	123,992	91,700	111,217	20,007		
Transfer of funds to charter schools			6,600							
Interest on long-term debt	614,485	544,475	488,265	401,837	350,760	312,367	273,834	232,132	196,906	139,821
Capital outlay									3,122	26,167
Unallocated depreciation	289,822	285,796	276,178	268,447	263,156	258,991	258,942	243,741	738,107	717,965
Total governmental activities expenses	<u>22,729,752</u>	<u>23,602,374</u>	<u>24,941,417</u>	<u>26,502,439</u>	<u>28,230,219</u>	<u>29,863,570</u>	<u>29,151,130</u>	<u>30,946,667</u>	<u>29,149,297</u>	<u>30,077,562</u>
Business-type activities:										
Food service	701,742	725,081	729,096	772,243	830,924	830,148	828,719	834,244	772,112	802,569
Total District expenses	<u>23,431,494</u>	<u>24,327,455</u>	<u>25,670,513</u>	<u>27,274,682</u>	<u>29,061,143</u>	<u>30,693,718</u>	<u>29,979,849</u>	<u>31,780,911</u>	<u>29,921,409</u>	<u>30,880,131</u>
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
Student and instruction related services									27,172	26,547
School administrative services									36,200	91,500
General and business administration						111,961	146,375	209,600	160,748	100,538
Plant operation and maintenance				893			20,253	38,955	31,727	37,846
Pupil transportation	80,551	82,249	62,736	88,637	126,233	399,581	428,349	367,677	323,729	427,919
Special schools	15,169	14,463	18,184	11,450	14,310	18,287	15,404	12,404		
Operating grants and contributions	858,023	818,025	859,913	1,060,944	1,116,492	1,496,231	1,145,479	1,291,463	958,299	828,905
Total governmental activities program revenues	<u>953,743</u>	<u>914,737</u>	<u>940,833</u>	<u>1,161,924</u>	<u>1,257,035</u>	<u>2,026,060</u>	<u>1,755,860</u>	<u>1,920,099</u>	<u>1,537,875</u>	<u>1,513,255</u>

Delsea Regional High School District
Changes in Net Assets
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Charges for services										
Food service	518,424	531,958	571,259	576,139	621,374	603,236	580,557	558,036	534,661	473,176
Operating grants and contributions	148,845	158,453	154,806	167,201	204,044	206,475	235,591	289,338	289,672	312,601
Total business-type activities program revenues	667,269	690,411	726,065	743,340	825,418	809,711	816,148	847,374	824,333	785,777
Total District program revenues	1,621,012	1,605,148	1,666,898	1,905,264	2,082,453	2,835,771	2,572,008	2,767,473	2,362,208	2,299,032
NET (EXPENSE)/REVENUE:										
Governmental activities	(21,776,009)	(22,687,637)	(24,000,584)	(25,340,515)	(26,973,184)	(27,837,510)	(27,395,270)	(29,026,568)	(27,611,422)	(28,564,307)
Business-type activities	(34,473)	(34,670)	(3,031)	(28,903)	(5,506)	(20,437)	(12,571)	13,130	52,221	(16,792)
Total District-wide net expense	(21,810,482)	(22,722,307)	(24,003,615)	(25,369,418)	(26,978,690)	(27,857,947)	(27,407,841)	(29,013,438)	(27,559,201)	(28,581,099)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:										
Governmental activities:										
Property taxes levied for general purposes, net	6,493,368	7,717,383	7,752,806	8,781,801	9,932,194	10,241,799	10,591,471	11,136,304	11,903,468	11,801,436
Taxes levied for debt service	967,091	940,382	913,543	872,802	650,279	633,818	617,817	636,554	736,294	757,823
Federal and State aid not restricted	13,984,605	15,065,391	15,480,255	15,648,188	16,085,653	16,524,649	15,585,378	15,407,161	15,256,246	16,271,448
Federal and State aid restricted		13,122								
Tuition		14,811	29,419	118,755	86,228	117,871	152,442	409,136	508,102	983,497
Transportation fees from other LEAs within the State	209,574	298,683	340,300	341,200	545,467	614,878	749,965	807,122	818,988	1,001,273
Investment earnings	28,886	23,869	26,573	45,016	63,233	54,704	26,017	17,628	8,431	10,458
Miscellaneous income	62,783	105,680	92,617	166,837	102,657	165,664	132,672	73,759	71,226	116,967
Extraordinary items		4,974								
Total governmental activities	21,746,307	24,184,295	24,635,513	25,974,599	27,465,711	28,353,383	27,855,762	28,487,664	29,302,755	30,942,902
Business-type activities:										
Investment earnings	362	212	191	243	242	228	220	178	174	124
Total business-type activities	362	212	191	243	242	228	220	178	174	124
Total District-wide	21,746,669	24,184,507	24,635,704	25,974,842	27,465,953	28,353,611	27,855,982	28,487,842	29,302,929	30,943,026
CHANGES IN NET ASSETS:										
Governmental activities	(29,702)	1,496,658	634,929	634,084	492,527	515,873	460,492	(538,904)	1,691,333	2,378,595
Business-type activities	(34,111)	(34,458)	(2,840)	(28,660)	(5,264)	(20,209)	(12,351)	13,308	52,395	(16,668)
Total District	(63,813)	1,462,200	632,089	605,424	487,263	495,664	448,141	(525,596)	1,743,728	2,361,927

Source: District records

Delsea Regional High School District
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Restricted									1,559,897	3,218,851
Assigned									543,935	751,301
Unrestricted									(590,124)	(552,322)
Reserved	77,706	415,515	620,845	666,574	732,749	1,121,910	2,095,666	1,332,412		
Unreserved	592,535	671,324	408,142	158,802	334,065	363,411	(360,151)	(734,300)		
Total general fund	<u>670,241</u>	<u>1,086,839</u>	<u>1,028,987</u>	<u>825,376</u>	<u>1,066,814</u>	<u>1,485,321</u>	<u>1,735,515</u>	<u>598,112</u>	<u>1,513,708</u>	<u>3,417,830</u>
All other governmental funds										
Assigned										
Debt service fund									197	198
Unreserved, reported in:										
Special revenue fund	(7,895)	(3,772)	(3,772)	(3,772)	(3,772)	(3,772)				
Debt service fund	485	277	10,679	279	793	1,517	389	520		
Total all other governmental funds	<u>(7,410)</u>	<u>(3,495)</u>	<u>6,907</u>	<u>(3,493)</u>	<u>(2,979)</u>	<u>(2,255)</u>	<u>389</u>	<u>520</u>	<u>197</u>	<u>198</u>

Source: District records

Delsea Regional High School District
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES:										
Tax levy	7,460,459	8,657,765	8,666,349	9,654,603	10,582,473	10,875,617	11,209,288	11,772,858	12,639,762	12,559,259
Tuition charges		14,811	29,419	118,755	86,228	117,871	152,442	409,136	508,102	983,497
Transportation fees							749,965	807,122	818,988	1,001,273
Interest earnings							26,017	17,628	8,431	10,458
Miscellaneous	316,412	442,695	481,255	573,187	731,417	859,233	173,406	96,556	84,831	125,015
State sources	14,186,437	15,190,583	15,622,821	15,793,718	16,263,049	16,975,363	15,689,585	13,287,266	15,280,017	15,846,684
Federal sources	656,191	692,833	713,766	906,730	933,346	1,039,817	1,015,942	3,400,965	920,923	1,245,621
Total revenue	<u>22,619,499</u>	<u>24,998,687</u>	<u>25,513,610</u>	<u>27,046,993</u>	<u>28,596,513</u>	<u>29,867,901</u>	<u>29,016,645</u>	<u>29,791,531</u>	<u>30,261,054</u>	<u>31,771,807</u>
EXPENDITURES:										
Instruction:										
Regular Instruction	6,400,150	6,754,891	6,906,018	7,005,161	7,116,394	7,707,616	7,611,868	7,742,463	7,048,107	7,156,285
Special education instruction	1,557,281	1,801,804	1,905,925	1,923,701	1,921,715	1,768,361	2,054,398	2,446,588	2,417,947	1,969,339
Other special instruction	436,238	296,472	383,953	411,156	474,755	324,358	427,948	545,100	261,873	243,915
Other instruction	654,367	587,402	618,689	671,599	686,962	747,711	760,080	1,013,212	824,501	1,000,990
Nonpublic school programs	41,130	50,110	63,472	49,869	69,987	70,037	66,232	47,618		
Community service	37,117	39,396	40,109	38,280	28,789	36,329	35,556	38,995		
Support Services:										
Tuition	1,340,076	982,256	869,170	1,156,386	1,542,813	1,487,658	1,423,268	1,744,821	1,952,812	2,033,131
Student & instruction related services	2,199,535	2,284,055	2,549,075	2,832,886	2,724,556	3,013,815	2,707,752	2,709,361	2,395,754	2,614,197
General administrative services	399,211	404,671	400,312	407,694	426,307	455,292	474,542	495,837	446,590	455,183
School administrative services	883,804	971,841	971,427	1,026,331	976,233	1,011,501	1,051,191	1,059,298	900,355	785,768
Central services			245,901	273,287	290,989	318,559	324,106	335,890	358,348	310,176
Admin. information technology			120,314	124,767	112,883	118,639	118,282	132,337	136,869	137,650
Plant operations and maintenance	1,747,674	1,920,272	2,036,213	2,192,642	2,345,309	2,454,702	2,397,730	2,491,428	2,173,112	2,311,087
Pupil transportation	1,616,835	1,744,639	2,049,130	2,244,687	2,445,898	2,138,465	2,075,153	2,239,814	2,386,913	2,591,332
Other support services	409,429	397,880								
Employee benefits	3,182,279	3,669,098	3,889,636	4,443,120	5,379,876	6,059,336	5,573,817	6,071,456	6,157,496	6,809,390
Special Schools	80,364	92,171	166,097	105,447	99,946	74,921	88,913	16,895		
Charter Schools			6,600							
Capital outlay	361,416	453,258	264,645	350,529	229,644	225,482	205,749	387,329	499,390	53,359
Debt service:										
Principal	1,573,209	1,579,394	1,579,608	1,573,779	1,119,995	1,120,219	1,125,456	1,205,697	1,205,956	1,291,229
Interest and other charges	633,166	565,244	496,437	430,932	363,039	324,652	286,253	245,558	202,850	158,127
Total expenditures	<u>23,553,281</u>	<u>24,594,854</u>	<u>25,562,731</u>	<u>27,262,253</u>	<u>28,356,090</u>	<u>29,457,653</u>	<u>28,808,294</u>	<u>30,969,697</u>	<u>29,368,873</u>	<u>29,921,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(933,782)</u>	<u>403,833</u>	<u>(49,121)</u>	<u>(215,260)</u>	<u>240,423</u>	<u>410,248</u>	<u>208,351</u>	<u>(1,178,166)</u>	<u>892,181</u>	<u>1,850,649</u>
OTHER FINANCING SOURCES (USES):										
Capital leases (non-budgeted)		21,000								28,340
Bond proceeds										
Original issue premium										
Transfers in	5,524	2,754	1,671	1,249	1,529	8,983	44,487	40,894	23,092	25,136
Transfers out		(7,074)								
Total other financing sources (uses)	<u>5,524</u>	<u>16,680</u>	<u>1,671</u>	<u>1,249</u>	<u>1,529</u>	<u>8,983</u>	<u>44,487</u>	<u>40,894</u>	<u>23,092</u>	<u>53,476</u>
Net change in fund balances	<u>(928,258)</u>	<u>420,513</u>	<u>(47,450)</u>	<u>(214,011)</u>	<u>241,952</u>	<u>419,231</u>	<u>252,838</u>	<u>(1,137,272)</u>	<u>915,273</u>	<u>1,904,125</u>
Debt service as a percentage of noncapital expenditures	9.5%	8.9%	8.2%	7.4%	5.3%	4.9%	4.9%	4.7%	4.9%	4.9%

Source: District records

Delsea Regional High School District
 General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Interest on investments	28,886	23,677	22,822	45,016	62,440	53,981	25,209	12,687		
Athletic events	14,054	17,606	14,014	16,944	17,519	14,670	15,465	14,530	13,451	11,707
Sale of assets	3,573	4,595	9,847	29,458	7,113	2,059	1,224	7,264	9,782	730
Rentals	2,960	2,811	3,608	3,193	5,457	7,027	4,720	10,568	4,506	7,239
Refunds	11,116	6,077	2,576	28,535	14,497	6,206	10,303	5,721	19,977	45,056
Prior year purchase order adjustment		30,668	10,351		109	563	6,968	331	1,601	
Fines	4,371	5,224	7,606	9,220	10,489	6,303	6,223	3,729	1,125	861
Community school	15,169	14,463	18,184	11,450	14,310	18,287	15,404	12,404		
Contributions/donations	10,891	3,475	2,000				1,000			
Educational fee									9,000	
Insurance dividend		22,523		65,150	28,469	50,533	44,330	17,449	11,680	37,874
Miscellaneous	15,647	12,701	42,616	12,552	13,871	84,726	42,439	13,972	104	13,500
	<u>106,667</u>	<u>143,820</u>	<u>133,624</u>	<u>221,518</u>	<u>174,274</u>	<u>244,355</u>	<u>173,285</u>	<u>98,655</u>	<u>71,226</u>	<u>116,967</u>

Source: District records

Delsea Regional High School District
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

FRANKLIN TOWNSHIP

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^b
2003	28,795,600	533,080,800	31,995,500	5,680,100	56,677,100		2,206,100	658,435,200	4,803,878	663,239,078	733,312,923	0.984
2004	30,227,200	549,012,900	31,171,200	5,545,000	58,359,100		2,206,100	676,521,500	4,307,595	680,829,095	811,606,074	1.027
2005	30,250,800	573,994,100	31,929,600	5,438,700	59,033,600		1,981,200	702,628,000	3,576,585	706,204,585	937,211,634	1.048
2006	29,814,600	604,152,100	32,267,900	5,412,300	58,711,100		1,985,700	732,343,700	2,903,630	735,247,330	1,115,205,228	1.112
2007	28,786,900	624,421,300	33,380,800	5,327,000	59,315,300		1,985,700	753,217,000	2,577,876	755,794,876	1,337,579,555	1.146
2008	25,204,900	656,497,100	34,245,100	5,323,100	59,615,100		1,957,100	782,842,400	2,528,351	785,370,751	1,512,873,481	1.131
2009	24,893,100	674,513,800	33,593,800	5,128,100	61,432,900		1,969,800	801,531,500	2,676,260	804,207,760	1,543,539,661	1.146
2010	24,021,100	681,600,400	31,797,900	5,883,200	60,877,100		1,969,800	806,149,500	2,676,260	808,825,760	1,499,113,437	1.210
2011	23,414,600	676,493,100	32,851,900	5,907,600	62,685,000		1,969,800	803,322,000	2,405,012	805,727,012	1,460,207,338	1.256
2012	23,785,000	676,688,100	33,177,400	5,877,300	62,760,500		1,969,800	804,258,100	2,447,866	806,705,966	1,383,180,084	1.277

ELK TOWNSHIP

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^b
2003	11,078,200	123,501,100	11,450,800	4,279,000	15,641,100	813,500	74,500	166,838,200	1,093,359	167,931,559	195,675,027	0.909
2004	12,685,600	128,384,100	11,051,300	4,329,900	16,117,000	813,500		173,381,400	1,030,878	174,412,278	207,586,433	0.957
2005	10,854,400	139,700,900	11,109,300	4,352,800	16,383,900	813,500		183,214,800	929,096	184,143,896	236,387,595	0.954
2006	10,166,200	152,623,400	11,737,100	4,262,400	16,223,400	813,500		195,826,000	770,469	196,596,469	277,462,206	0.988
2007	23,642,500	301,100,300	24,557,900	4,295,700	25,429,300	1,137,400		380,163,100	1,126,105	381,289,205	326,320,260	0.542
2008	24,226,600	304,093,100	25,243,000	4,324,100	25,485,800	1,137,400		384,510,000	1,310,507	385,820,507	368,937,053	0.562
2009	23,663,000	311,873,900	25,622,600	4,369,000	27,731,500	1,137,400		394,397,400	1,421,103	395,818,503	392,665,910	0.588
2010	21,249,300	314,651,800	25,981,400	4,396,300	24,901,100	1,137,400		392,317,300	1,421,103	393,738,403	398,626,420	0.600
2011	21,291,000	317,066,800	26,197,200	4,501,700	26,812,600	1,137,400		397,006,700	1,406,464	398,413,164	391,638,213	0.604
2012	19,466,400	320,339,500	26,458,300	4,412,100	27,936,500	1,137,400		399,750,200	1,336,575	401,086,775	3,825,470,020	0.616

Source: District records & Municipal Tax Assessor

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

Delsea Regional High School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

FRANKLIN TOWNSHIP

Fiscal Year Ended June 30	Delsea Regional High School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Franklin Township Municipality	Franklin Township School District	Gloucester County	
2003	0.868	0.116	0.984	0.718	0.751	0.690	3.143
2004	0.917	0.110	1.027	0.702	0.745	0.743	3.217
2005	0.946	0.102	1.048	0.705	0.790	0.853	3.396
2006	1.028	0.084	1.112	0.685	0.926	0.896	3.619
2007	1.077	0.069	1.146	0.740	1.011	0.975	3.872
2008	1.067	0.064	1.131	0.777	1.014	1.058	3.980
2009	1.083	0.063	1.146	0.820	1.014	1.054	4.034
2010	1.142	0.068	1.210	0.869	1.048	1.018	4.145
2011	1.183	0.073	1.256	0.912	1.082	0.980	4.230
2012	1.205	0.072	1.277	0.903	1.114	0.944	4.238

ELK TOWNSHIP

Fiscal Year Ended June 30	Delsea Regional High School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Elk Township Municipality	Elk Township School District	Gloucester County	
2003	0.802	0.107	0.909	0.728	0.933	0.778	3.348
2004	0.854	0.103	0.957	0.735	0.973	0.786	3.451
2005	0.861	0.093	0.954	0.721	1.021	0.876	3.572
2006	0.914	0.074	0.988	0.721	1.038	0.896	3.643
2007	0.510	0.032	0.542	0.444	0.551	0.509	2.046
2008	0.526	0.032	0.558	0.512	0.562	0.567	2.199
2009	0.543	0.032	0.575	0.549	0.588	0.586	2.298
2010	0.579	0.034	0.613	0.549	0.600	0.596	2.358
2011	0.597	0.037	0.634	0.574	0.604	0.575	2.387
2012	0.586	0.030	0.616	0.658	0.642	0.565	2.481

Source: District records and Municipal Tax Collector

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

Delsea Regional High School District
Principal Property Taxpayers
Current Year and Nine Years Ago

FRANKLIN TOWNSHIP

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
RT Enterprises, LLC	\$ 4,330,500	1	0.54%			
R. Leo & Sons, LLC	2,277,700	2	0.28%	2,277,700	2	0.34%
Wawa, Inc.	1,498,800	3	0.19%	1,087,300	5	0.16%
Rolo Land, LLC	1,457,500	4	0.18%			
Sharon Reed Community Dev. Corp.	1,409,300	5	0.17%			
Individual Taxpayer 1	1,260,300	6	0.16%	870,700	10	0.13%
State of NJ, DEP C/O White Oaks CC	1,195,900	7	0.15%	1,978,800	3	0.30%
Individual Taxpayer 2	1,162,400	8	0.14%			
Blackwood Town Industries, Inc.	1,143,300	9	0.14%			
Visconti Brothers Properties, LLC	1,100,000	10	0.14%			
New Jersey Bell Telephone				4,803,878	1	0.72%
Berkshire Gardens & Properties				1,663,700	4	0.25%
PDM, LLC:CVS:c/o Eproperty Tax Inc				1,087,000	6	0.16%
Meredith Farms Inc.				1,023,600	7	0.15%
Rosemar Properties, V.L.L.C.				950,000	8	0.14%
Niagara Chemical Co. FMC Corp.				877,900	9	0.13%
Total	\$ 16,835,700		2.09%	\$ 16,620,578		2.48%

ELK TOWNSHIP

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Laux Lakeview Park, Inc.	\$ 4,293,600	1	1.07%	\$2,770,500	1	1.65%
Paparone at Silver Lake Estates LLC	2,770,300	2	0.69%			
SCP 2007-C-27, LLC (CVS Caremark)	2,000,000	3	0.50%			
Silvergate Associates	1,824,800	4	0.45%	1,235,500	2	0.74%
Verizon New Jersey	1,336,575	5	0.33%	1,030,878	4	0.61%
Clayton Associates	1,223,200	6	0.30%	1,029,100	5	0.61%
Individual Taxpayer 1	1,181,500	7	0.29%	774,300	7	0.46%
Valley Del Sol	1,165,200	8	0.29%			
Western Oilfields Supply Co.	1,140,600	9	0.28%	725,000	9	0.43%
Christy Enterprises, LLC	1,037,800	10	0.26%			
Paparone at Hampton Hills, LLC				1,194,400	3	0.71%
Main Street Development Corp				963,000	6	0.57%
Individual Taxpayer 2				755,300	8	0.45%
First National Bank of Elmer				669,600	10	0.40%
Total	\$ 17,973,575		4.46%	\$ 11,147,578		6.63%

Source: Municipal Tax Assessor

Delsea Regional High School District
Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	8,059,112	8,059,112	100.00%	
2004	8,612,057	8,612,057	100.00%	
2005	9,160,476	9,160,476	100.00%	
2006	10,118,538	10,118,538	100.00%	
2007	10,582,473	10,582,473	100.00%	
2008	10,875,617	10,875,617	100.00%	
2009	11,209,288	11,209,288	100.00%	
2010	11,772,858	11,772,858	100.00%	
2011	12,639,762	12,639,762	100.00%	
2012	12,559,259	12,559,259	100.00%	

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

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

Delsea Regional High School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	EDA Loans	Capital Leases			
2003	9,354,000	5,780,662		15,134,662	0.21%	772
2004	8,299,000	5,251,294	13,532	13,563,826	0.24%	677
2005	7,239,000	4,731,686	7,034	11,977,720	0.29%	588
2006	6,190,000	4,206,907		10,396,907	0.35%	502
2007	5,595,000	3,681,912		9,276,912	0.41%	440
2008	5,000,000	3,156,694		8,156,694	0.48%	383
2009	4,400,000	2,631,236		7,031,236	0.57%	329
2010	3,720,000	2,105,539		5,825,539	0.71%	277
2011	3,040,000	1,579,583		4,619,583	N/A	219
2012	2,275,000	1,053,355	22,117	3,350,472	N/A	N/A

Source: District records

N/A - Information not available

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.

Delsea Regional High School District
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2003	9,354,000		9,354,000	1.13%	477
2004	8,299,000		8,299,000	0.97%	414
2005	7,239,000		7,239,000	0.81%	355
2006	6,190,000		6,190,000	0.66%	299
2007	5,595,000		5,595,000	0.49%	265
2008	5,000,000		5,000,000	0.43%	235
2009	4,400,000		4,400,000	0.37%	206
2010	3,720,000		3,720,000	0.31%	177
2011	3,040,000		3,040,000	0.25%	144
2012	2,275,000		2,275,000	0.19%	N/A

Source: District records

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

N/A: Information not available

a See Exhibit J-6 for property tax data.

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

Delsea Regional High School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Franklin Township	11,105,078	100.00%	11,105,078
Elk Township	2,870,750	100.00%	2,870,750
Township of Franklin School District	197,000	100.00%	197,000
Township of Elk School District	1,590,000	100.00%	1,590,000
Gloucester County	280,798,408	6.41%	18,016,955
Subtotal, overlapping debt			33,779,783
Delsea Regional High School District direct debt			<u>3,328,355</u>
Total direct and overlapping debt			<u><u>37,108,138</u></u>

Sources: Township Finance Officers, County Finance Office

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

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

Delsea Regional High School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Legal Debt Margin Calculation

	Equalized valuation basis		
	Elk	Franklin	Combined
2009	398,099,727	1,485,142,672	\$ 1,883,242,399
2010	384,813,438	1,459,886,816	\$ 1,844,700,254
2011	377,813,761	1,376,730,977	\$ 1,754,544,738
	<u>1,160,726,926</u>	<u>4,321,760,465</u>	<u>\$ 5,482,487,391</u>
Average equalized valuation of taxable property	\$ 386,908,975	\$ 1,440,586,822	\$ 1,827,495,797
Debt limit (3% of average equalized valuation)			^a 54,824,874
Net bonded school debt			<u>3,328,355</u>
Legal debt margin			<u>\$ 51,496,519</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 28,401,567	\$ 31,583,461	\$ 34,886,372	\$ 34,226,742	\$ 40,527,234	\$ 47,475,218	\$ 53,071,347	\$ 55,795,662	\$ 56,108,585	\$ 54,824,874
Total net debt applicable to limit	<u>15,134,662</u>	<u>13,550,294</u>	<u>11,970,686</u>	<u>10,396,907</u>	<u>9,276,912</u>	<u>8,156,694</u>	<u>7,031,236</u>	<u>5,825,539</u>	<u>4,619,583</u>	<u>3,328,355</u>
Legal debt margin	<u>\$ 13,266,905</u>	<u>\$ 18,033,167</u>	<u>\$ 22,915,686</u>	<u>\$ 23,829,835</u>	<u>\$ 31,250,322</u>	<u>\$ 39,318,524</u>	<u>\$ 46,040,111</u>	<u>\$ 49,970,123</u>	<u>\$ 51,489,002</u>	<u>\$ 51,496,519</u>
Total net debt applicable to the limit as a percentage of debt limit	53.29%	42.90%	34.31%	30.38%	22.89%	17.18%	13.25%	10.44%	8.23%	6.07%

Source: Abstract of Ratables and District records

^a Limit set by NJSA 18A:24-19 for a 7 through 12 regional district; other % limits would be applicable for other districts

Delsea Regional High School District
Demographic and Economic Statistics
Last Ten Fiscal Years

FRANKLIN TOWNSHIP

Fiscal Year Ended June 30	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2003	15,989	500,727,513	31,317	6.2%
2004	16,353	537,817,464	32,888	5.5%
2005	16,587	570,144,951	34,373	6.5%
2006	16,845	613,174,845	36,401	7.0%
2007	17,174	648,387,196	37,754	6.4%
2008	17,319	676,133,760	39,040	8.2%
2009	17,368	687,616,488	40,050	12.0%
2010	16,835	695,908,395	41,337	12.7%
2011	16,869	697,313,853 *	41,337 *	12.4%
2012	16,869 *	697,313,853 *	41,337 *	12.4%

ELK TOWNSHIP

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2003	3,604	112,866,468	31,317	5.2%
2004	3,682	121,093,616	32,888	4.6%
2005	3,787	130,170,551	34,373	4.8%
2006	3,878	141,163,078	36,401	5.2%
2007	3,932	148,448,728	37,754	4.7%
2008	3,974	155,144,960	39,040	6.1%
2009	4,005	160,400,250	40,050	9.0%
2010	4,220	174,442,140	41,337	9.5%
2011	4,229	174,814,173 *	41,337 *	9.3%
2012	4,229 *	174,814,173 *	41,337 *	9.3%

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 c 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

N/A - Information not available

* Estimated

Delsea Regional High School District
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2012</u>			<u>2003</u>	
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Underwood Memorial Hospital	1,825	1	1.28%	N/A	N/A
Kennedy Memorial Hospital	1,675	2	1.18%		
County of Gloucester	1,500	3	1.05%		
Washington Township School District	1,498	4	1.05%	N/A	N/A
Rowan University	1,483	5	1.04%	N/A	N/A
Missa Bay, LLC	950	6	0.67%	N/A	N/A
Monroe Township School District	792	7	0.56%	N/A	N/A
U.S. Foodservices	725	8	0.51%	N/A	N/A
Exxon Mobil Research & Development	700	9	0.49%	N/A	N/A
Delaware Valley Wholesale Florist	500	10	0.35%	N/A	N/A
	<u>11,648</u>				

Source: Gloucester County Department of Economic Development and Employer Directly

Note - The information provided is for the County of Gloucester, information at the municipal level is not readily available.

N/A - Information not available

Delsea Regional High School District
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	111	112	109	106	109	108	107	107	107	108
Special education	35	39	41	39	37	36	36	40	41	40
Other special instruction	6	6	6	6	7	5	5	5	4	3
Support Services:										
Student & instruction related services	36	36	39	39	34	36	36	34	34	33
General administrative services	3	3	3	3	3	3	3	3	3	3
School administrative services	14	14	13	13	12	12	12	12	13	9
Other administrative services	7									
Central services		5	5	5	5	5	5	5	5	5
Administrative information technology		3	2	2	2	3	3	3	3	2
Plant operations and maintenance	28	26	28	28	28	29	29	31	32	27
Pupil transportation	41	41	46	46	49	61	61	67	67	65
Total	<u>281</u>	<u>285</u>	<u>292</u>	<u>287</u>	<u>286</u>	<u>298</u>	<u>297</u>	<u>307</u>	<u>309</u>	<u>295</u>

Source: District personnel records

Delsea Regional High School District
Operating Statistics
Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Middle School	High School	Average Daily Enrollment (ADE) c	Average Daily Attendance (ADA) c	% Change in Average Daily Enrollment	Student Attendance Percentage
2003	1,914.0	21,346,906	11,153	5.46%	141	12:5:1	12:4:1	1,869	1,750	2.52%	93.6%
2004	1,949.5	22,450,216	11,516	3.25%	146	12:4:1	12:4:1	1,894	1,760	1.34%	92.9%
2005	1,874.0	23,486,686	12,533	8.83%	143	11:5:1	12:0:1	1,834	1,725	-3.17%	94.1%
2006	1,852.5	25,257,542	13,634	8.79%	141	11:4:1	11:9:1	1,829	1,718	-0.27%	93.9%
2007	1,823.0	26,643,412	14,615	7.19%	141	12:2:1	11:1:1	1,790	1,678	-2.13%	93.7%
2008	1,807.0	27,787,300	15,378	5.22%	136	11:8:1	11:3:1	1,773	1,671	-0.95%	94.2%
2009	1,795.5	27,190,836	15,144	-1.52%	136	12:1:1	11:6:1	1,781	1,677	0.45%	94.2%
2010	1,765.5	29,131,113	16,500	8.96%	136	10:6:1	11:9:1	1,753	1,651	-1.57%	94.2%
2011	1,743.0	27,460,677	15,755	-4.52%	139	10:8:1	13:6:1	1,748	1,648	-0.27%	94.3%
2012	1,712.5	28,418,443	16,595	5.33%	142	10:6:1	12:9:1	1,713	1,620	-2.05%	94.6%

Source: 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).

Delsea Regional High School District
 School Building Information
 Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
District Building										
Middle School										
Delsea Regional Middle School (1989)										
Square Feet	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000
Capacity (students)	724	724	724	724	724	724	724	724	724	724
Enrollment	636	618	588	567	611	622	628	570	547	539
High School										
Delsea Regional High School (1960)										
Square Feet	208,800	208,800	208,800	208,800	208,800	208,800	208,800	208,800	208,800	208,800
Capacity (students)	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376
Enrollment	1,208	1,285	1,255	1,253	1,212	1,185	1,168	1,182	1,196	1,173
Other										
Bus Garage (1996) ^a										
Square Feet	13,739	13,739	13,739	13,739	13,739	13,739	13,739	13,739	13,739	13,739
Maintenance/Transportation Trailer (1991)										
Square Feet	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180
Waste Water Treatment Plant (1989)										
Square Feet	700	700	700	700	700	700	700	700	700	700
Stadium Wrestling Building (1973)										
Square Feet	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118
Stadium Maintenance Office (1973)										
Square Feet	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352
Stadium Storage Building (1973)										
Square Feet	760	760	760	760	760	760	760	760	760	760
Stadium Press Box (2001)										
Square Feet	256	256	256	256	256	256	256	256	256	256
Concession Stand #1 (1973)										
Square Feet	320	320	320	320	320	320	320	320	320	320
Concession Stand #2 (1973)										
Square Feet	320	320	320	320	320	320	320	320	320	320
Stadium Equipment Storage Building (1989)										
Square Feet	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520
Greenhouse										
Square Feet	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012

Number of Schools at June 30, 2011
 Middle School = 1
 High School = 1
 Other = 8

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October district count.

a The bus garage was purchased in 1994 but was originally constructed in 1963.

Delsea Regional High School District
 General Fund
 Schedule of Required Maintenance Expenditures by School Facility
 Last Ten Fiscal Years

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Totals
UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES												
11-000-261-XXX												
School facilities:	Project Numbers:											
Delsea High School	N/A	\$ 75,901	\$ 69,197	\$ 108,603	\$ 102,968	\$ 100,358	\$ 242,691	\$ 119,613	\$ 194,986	\$ 95,152	\$ 137,006	\$ 1,246,475
Delsea Middle School	N/A	50,263	39,973	44,556	77,187	135,583	75,491	55,054	57,868	33,108	59,060	\$ 628,143
Total school facilities		126,164	109,170	153,159	180,155	235,941	318,182	174,667	252,854	128,260	196,066	\$ 1,874,618
Other facilities:												
Wastewater treatment plant	N/A	31,703	30,285	40,670	48,297	36,963	38,982	40,573	38,464	26,391	58,105	\$ 390,433
Grand total		\$ 157,867	\$ 139,455	\$ 193,829	\$ 228,452	\$ 272,904	\$ 357,164	\$ 215,240	\$ 291,318	\$ 154,651	\$ 254,171	\$ 2,265,051

Source: District records

Delsea Regional High School District
Insurance Schedule

	Coverage	Deductible
Commercial Package Policy - Republic Franklin Insurance Company		
Property - blanket building & contents	\$67,697,883	\$ 1,000
Crime Coverage		
Employee dishonesty/forgery/alteration	100,000	
Comprehensive General Liability		
General aggregate	3,000,000	
Products and completed operations	3,000,000	
Personal advertising injury	1,000,000	
Each occurrence	1,000,000	
Medical expense (any one person)	10,000	
School District Legal Liability		
Legal liability	1,000,000	
Aggregate for each year	3,000,000	\$7,500 plus 5%
Employee Benefits	3,000,000	1,000
Inland Marine		
Data processing hardware	4,100,000	100
Software	600,000	
Extra expense	200,000	
Commercial Umbrella - Utica Mutual Insurance Company	10,000,000	
Storage Tank System - Zurich	1,000,000	5,000
Catastrophe Access - Fireman's Fund Insurance Co.	50,000,000	
Comprehensive Automobile Liability - Republic Franklin Ins Co.	1,000,000	
Comprehensive		500
Collision		1,000
Worker's Compensation - New Jersey School Boards Association Insurance Group	2,000,000	
School Board Legal Liability - Utica National Insurance Group	1,000,000	2,500
Student Accident Insurance - Life Ins. Co. of North America Accident medical expense	2,500,000	25,000
Public Employees' Faithful Performance Bond - Ohio Casualty Insurance Co.		
Treasurer	235,000	
Board Secretary	35,000	

Source - District records

SINGLE AUDIT SECTION

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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
Delsea Regional High School District
242 Fries Mill Road
P.O. Box 405
Franklinville, New Jersey 08322

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 Delsea Regional High School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Delsea Regional High School District's basic financial statements and have issued our report thereon dated November 29, 2012. 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 Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Delsea Regional High School District, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Delsea Regional High School District'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 an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Delsea Regional High School District Board of Education, 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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

November 29, 2012

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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 04-04

The Honorable President and
Members of the Board of Education
Delsea Regional High School District
242 Fries Mill Road
P.O. Box 405
Franklinville, NJ 08322

Compliance

We have audited the compliance of the Board of Education of the Delsea Regional High School District, in the County of Gloucester, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended June 30, 2012. Delsea Regional High School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Delsea Regional High School District's management. Our responsibility is to express an opinion on the Delsea Regional High School District's compliance based on our audit.

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

Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred.

An audit includes examining, on a test basis, evidence about the Delsea Regional High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Delsea Regional High School District's compliance with those requirements.

In our opinion, the Delsea Regional High School District, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-1.

Internal Control over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information and use of management, the Delsea Regional High School District Board of Education, the New Jersey 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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

November 29, 2012

DELSEA REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2012			MEMO Cumulative Total Expenditures
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S.Department of Education															
General Fund:															
Medical Assistance Program (SEMI)	93.778	N/A	26,484	7/1/11	6/30/12			21,675	(26,484)			(4,809)			26,484
Medical Assistance Program (SEMI)	93.778	N/A	24,948	7/1/10	6/30/11	(2,903)		2,903							24,948
Medicaid Administrative Claiming (MAC)	93.778	N/A	5,723	7/1/10	6/30/11	(298)		298							5,723
Education Jobs Fund	84.410	N/A	455,575	9/1/10	9/30/12			455,575	(455,575)						455,575
Total General Fund						(3,201)		480,451	(482,059)			(4,809)			512,730
U.S.Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Title I, Part A	84.010	NCLB494012	177,431	9/1/11	8/31/12			80,995	(142,314)			(61,319)			142,314
Title I, Part A	84.010	NCLB494011	187,934	9/1/10	8/31/11	(148,036)		187,934	(27,804)				12,094		175,840
Title I, Part A - Carryover	84.010	NCLB494010	174,781	9/1/09	8/31/10	(16,250)		16,250							174,781
Title I, Part A	84.010	NCLB494010	34,218	9/1/09	8/31/10	5,998							5,998		28,220
ARRA - Title I, Part A	84.389	ARRA494010	119,622	9/1/09	8/31/11				(22,621)			(22,621)			119,622
IDEA Part B, Basic Regular	84.027	FT494012	455,064	9/1/11	8/31/12			358,682	(452,045)			(93,363)			452,045
IDEA Part B, Basic Regular	84.027	FT494011	447,880	9/1/10	8/31/11	(350,823)		353,982	(3,159)						447,880
IDEA Part B, Basic Regular	84.027	FT494010	446,033	9/1/09	8/31/10	(6,117)		7,841	(1,724)						446,033
ARRA - IDEA Part B, Basic Regular	84.391	ARRA494010	450,141	9/1/09	8/31/11	(32,859)		46,700	(8,960)				4,881		445,260
Title II Part A	84.367	NCLB494012	49,680	9/1/11	8/31/12			17,148	(34,354)			(17,206)			34,354
Title II Part A	84.367	NCLB494011	57,326	9/1/10	8/31/11	(19,673)		44,421	(24,748)						57,326
Title III	84.365	NCLB494012	505	9/1/11	8/31/12				(505)			(505)			505
Perkins	84.048	N/A	43,148	7/1/11	6/30/12			38,643	(41,808)			(3,165)			41,808
Perkins	84.048	N/A	59,080	7/1/10	6/30/11	(23,688)		23,688							59,080
Total Special Revenue Fund						(591,448)		1,176,284	(760,042)			(198,179)	16,975	5,998	2,625,068
U.S.Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550	N/A	64,787	7/1/11	6/30/12			64,787	(61,629)				3,158		61,629
Food Distribution Program	10.550	N/A	55,265	7/1/10	6/30/11	1,104			(1,104)						55,265
School Breakfast Program	10.553	N/A	29,293	7/1/11	6/30/12			27,879	(29,293)			(1,414)			29,293
School Breakfast Program	10.553	N/A	20,843	7/1/10	6/30/11	(2,381)		2,381							20,843
National School Lunch Program	10.555	N/A	210,661	7/1/11	6/30/12			202,818	(210,661)			(7,843)			210,661
National School Lunch Program	10.555	N/A	205,216	7/1/10	6/30/11	(8,735)		8,735							205,216
Total Enterprise Fund						(10,012)		306,600	(302,687)			(9,257)	3,158		582,907
Total Federal Financial Awards						(604,661)		1,963,335	(1,544,788)			(212,245)	20,133	5,998	3,720,705

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

DELSEA REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2012

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2011		Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2012			MEMO		
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor				Carryover (Walkover) Amount	Accounts Receivable	Deferred Revenue/	Due to Grantor	Budgetary Receivable	Cumulative Total
State Department of Education															
General Fund:															
Extraordinary Aid	12-100-034-5120-473	176,290	7/1/11	6/30/12				(176,290)			(176,290)				176,290
Extraordinary Aid	11-100-034-5120-473	155,198	7/1/10	6/30/11	(155,198)		155,198								155,198
State Aid Public:															
Special Education Aid	12-495-034-5120-089	886,535	7/1/11	6/30/12			886,535	(886,535)						80,912	886,535
Equalization Aid	12-495-034-5120-078	11,716,416	7/1/11	6/30/12			11,716,416	(11,716,416)						1,069,328	11,716,416
Security Aid	12-495-034-5120-084	216,791	7/1/11	6/30/12			216,791	(216,791)						19,786	216,791
Transportation Aid	12-495-034-5120-014	130,063	7/1/11	6/30/12			130,063	(130,063)					11,871		130,063
Reimbursement of Nonpublic Transportation	N/A	26,101	7/1/11	6/30/12							(26,101)				26,101
Reimbursement of Nonpublic Transportation	N/A	31,214	7/1/10	6/30/11	(31,214)		31,214								31,214
On-behalf TPAF Pension Contribution	12-495-034-5095-006	380,631	7/1/11	6/30/12			380,631	(380,631)							380,631
On-behalf TPAF Post-retirement Medical	12-495-034-5095-001	765,170	7/1/11	6/30/12			765,170	(765,170)							765,170
Reimbursed TPAF Social Security Aid	12-495-034-5095-002	788,129	7/1/11	6/30/12			752,306	(788,129)			(35,823)				788,129
Reimbursed TPAF Social Security Aid	11-495-034-5095-002	857,101	7/1/10	6/30/11	(36,190)		36,190								857,101
Total General Fund					(222,602)		15,070,514	(15,086,126)			(238,214)			1,181,897	16,129,639
Special Revenue Fund:															
N.J. Nonpublic Aid															
Textbook Aid	12-100-034-5120-064	8,310	7/1/11	6/30/12			8,310	(8,240)				70			8,240
Textbook Aid	11-100-034-5120-064	10,004	7/1/10	6/30/11						(373)					10,004
Textbook Aid	10-100-034-5120-064	13,150	7/1/09	6/30/10						(1,051)					9,631
Auxiliary Services:															
Transportation	12-100-034-5120-067	1,570	7/1/11	6/30/12			1,570	(1,570)							1,570
Home Instruction	12-100-034-5120-067	5,037	7/1/11	6/30/12				(5,037)			(5,037)				5,037
Handicapped Services:															
Corrective Speech	12-100-034-5120-066	790	7/1/11	6/30/12			790					790			
Corrective Speech	11-100-034-5120-066	782	7/1/10	6/30/11						(782)					897
Examination and Classification	12-100-034-5120-066	13,529	7/1/11	6/30/12			13,529	(11,276)				2,253			11,276
Supplementary Instruction	12-100-034-5120-066	7,577	7/1/11	6/30/12			7,577	(7,576)				1			7,576
Supplementary Instruction	11-100-034-5120-066	7,643	7/1/10	6/30/11						(3,474)					4,169
Nursing Services Aid	12-100-034-5120-070	11,869	7/1/11	6/30/12			11,869	(11,869)							11,869
Nursing Services Aid	11-100-034-5120-070	11,854	7/1/10	6/30/11						(539)					11,315
Reaching Everyone By Exposing Lies	N/A	1,000	7/1/09	6/30/10	(500)						(500)				1,000
Personalized Student Learning Plan	N/A	7,500	7/1/11	6/30/12			6,500	(7,477)			(977)				7,477
Personalized Student Learning Plan	N/A	7,500	7/1/10	6/30/11	(1,000)		1,000								7,500
Department of Community Affairs															
Passed-through County of Gloucester															
Special Revenue Fund:															
Municipal Alliance	N/A	7,050	7/1/11	6/30/12			7,050	(4,250)				2,800			4,250
Total Special Revenue Fund					(1,500)	6,219	58,195	(57,295)	(6,219)	(6,514)	2,800	3,114			113,910
Capital Projects Fund:															
SDA Grant	4940-060-10-1001	168,355	11/4/10	6/30/11	(168,355)						(168,355)				672,189

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

DELSEA REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2012

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2011			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2012			MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount				Accounts Receivable	Deferred Revenue/	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Debt Services Fund:															
Debt Service Aid Type II	12-034-5120-017	691,536	7/1/11	6/30/12				691,536	(691,536)						691,536
Total Debt Service Fund							691,536	(691,536)							691,536
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	12-100-010-3350-023	7,860	7/1/11	6/30/12			7,583	(7,860)		(277)					7,860
National School Lunch Program (State Share)	11-100-010-3350-023	8,348	7/1/10	6/30/11	(862)		862								8,348
Total Enterprise Fund					(862)		8,445	(7,860)		(277)					16,208
Total State Financial Assistance					(224,964)	6,219	15,828,690	(15,842,817)	(6,219)	(413,360)	2,800	3,114	1,181,897		16,951,293

a = Prior year encumbrance canceled

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

DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state activity of the Board of Education, Delsea Regional High School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey Circular Letter 04-04. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to NJSA 18A:22-44-.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with NJSA 18A:22-4-.2.

DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$11,727 for the General Fund and (\$3,520) for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented:

	Federal	State	Total
General fund	482,059	15,097,853	15,579,912
Special revenue fund	763,562	57,295	820,857
Debt service fund		691,536	691,536
Food service fund	304,741	7,860	312,601
Total financial assistance	<u>1,550,362</u>	<u>15,854,544</u>	<u>17,404,906</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2012, Delsea Regional High School District has food commodities totaling \$3,158 in inventory.

NOTE 6: OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

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

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- 1. Material weakness (es) identified? Yes No
- 2. Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported
- Noncompliance material to basic financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- 1. Material weakness(es) identified? Yes No
- 2. Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.410	Education Jobs Fund

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

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

Section I – Summary of Auditor’s Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$450,184

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

1. Material weakness(es) identified? Yes X No

3. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? Yes X No

Identification of major programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5095-084	Security Aid
495-034-6095-001	On-Behalf Post Retirement
495-034-6095-006	On-Behalf Pension
495-034-5120-017	Debt Service

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

Section II – Financial Statement Findings

No matters were reported.

Section III Federal Awards Findings and Questions Costs

Finding: 2012-01 Education Jobs Fund CFDA#84.410

Criteria: The District must accurately reflect Education Jobs Fund expenditures on its cash management report.

Condition: The Districts cash management report/request for reimbursement did not match the records of the District.

Effect: The District is not in compliance with the financial reporting requirements of the grant.

Cause: The District requested reimbursements on estimated expenditures rather than actual amounts.

Recommendation: The District reconcile reports and reimbursement request to grant expenditure records.

View of Responsible Officials and Planned Corrective Action: The Business Administrator agrees with the finding and has addressed this matter in a corrective action plan.

Section III – State Financial Assistance Findings and Questions Costs

No matters were reported.

DELSEA REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

No matters reported