

**DELAWARE VALLEY REGIONAL
HIGH SCHOOL DISTRICT**

**Delaware Valley Regional High School District
Alexandria Township, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

**Delaware Valley Regional
High School District**

Alexandria Township, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

**Delaware Valley Regional High School
Board of Education**

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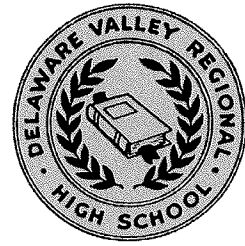
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INTRODUCTORY SECTION

Delaware Valley Regional High School Board of Education



19 Senator Stout Road • Frenchtown • New Jersey • 08825-3721
Telephone: 908-996-2727 • Fax: 908-996-4527 • Website: dvrhs.org

Daria A. Wasserbach
Superintendent

Teresa E. Barna, RSBO
Business Administrator/Board Secretary

November 3, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Delaware Valley Regional High School District (the "District") for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Delaware Valley Regional High School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Delaware Valley Regional High School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12. These services include regular, vocational as well as special education for youngsters with learning disabilities. The official District enrollment was 891 students, which is 8 students below the previous year's enrollment and represents a decrease of 0.89%.

The Honorable President and Members of
 the Board of Education
 Delaware Valley Regional High School District
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 November 3, 2016

2) ECONOMIC CONDITION AND OUTLOOK: The Delaware Valley Regional High School District is composed of five municipalities: Alexandria Township, Frenchtown Borough, Holland Township, Kingwood Township, and Milford Borough. Primarily rural/residential, the area contains a relatively small number of businesses to support the tax base. The State of New Jersey continues to not fully fund the state aid formula for local school districts.

Since the completion of Route 78, the commuter population has migrated westward into the Delaware Valley Region, primarily into Alexandria and Kingwood Townships. As a result, over the last few decades, the residential population, including school age children, has been increasing, until recent years. In 1975, the 89 square miles comprising the Regional District contained about 11,800 residents. By 1990, that number had increased to 14,612. According to the official data from the 2010 U.S. Census, the Delaware Valley Regional was comprised of 16,680 people broken down by municipalities as follows:

Alexandria Township	-	4,938
Frenchtown Borough	-	1,373
Holland Township	-	5,291
Kingwood Township	-	3,845
Milford Borough	-	1,233

The local elementary districts are reporting reduced levels of enrollment, which is starting to affect the high school enrollment. A recent survey indicated that the Delaware Valley Regional High School will experience a 20% reduction in enrollment over the next five (5) years. With that in mind the District is embarking on a plan to involve the community and other stakeholders in the vision for the future of the District. This includes a comprehensive evaluation of program, finances, and facilities including technology.

3) MAJOR INITIATIVES: Two Hundred Twenty-Three (223) students comprised Delaware Valley's 2016 graduating class. Among these graduates, Two Hundred and Two (202) (90.5%) have enrolled in either technical schools or two or four-year colleges. Five (5) (2.2%) seniors entered the United States Armed Forces and Sixteen (16) (7.2%) other graduates were directly employed or did not indicate what activity they would pursue following graduation.

In the spring of 2016, the PARCC tests were administered to Del Val students. Students in grades 9-11 took their respective English Language Arts exam. In math, PARCC exams were also administered to students who were enrolled in Algebra I, Algebra II, and Geometry courses. Slight gains were realized in the scores with significant progress made in the percentage of students not opting out of the exam. To assist in measuring student progress, Del Val also administers the PSAT 8/9 test to the 8th grade students in the sending districts and 9th graders, as well as the PSAT to all sophomores and juniors.

Offered is a comprehensive program, consisting primarily of in-house courses, which includes some out-of-district placements for handicapped, disadvantaged and special needs students. These and other programs have kept our dropout rate consistently at or below 1%.

The Honorable President and Members of
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Delaware Valley Regional High School District
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November 3, 2016

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. 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 fiscal year-end are either canceled or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2016.

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

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

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

The Honorable President and Members of
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Delaware Valley Regional High School District
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November 3, 2016

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPA's, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Delaware Valley Regional High School Board 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 the financial and accounting staff.

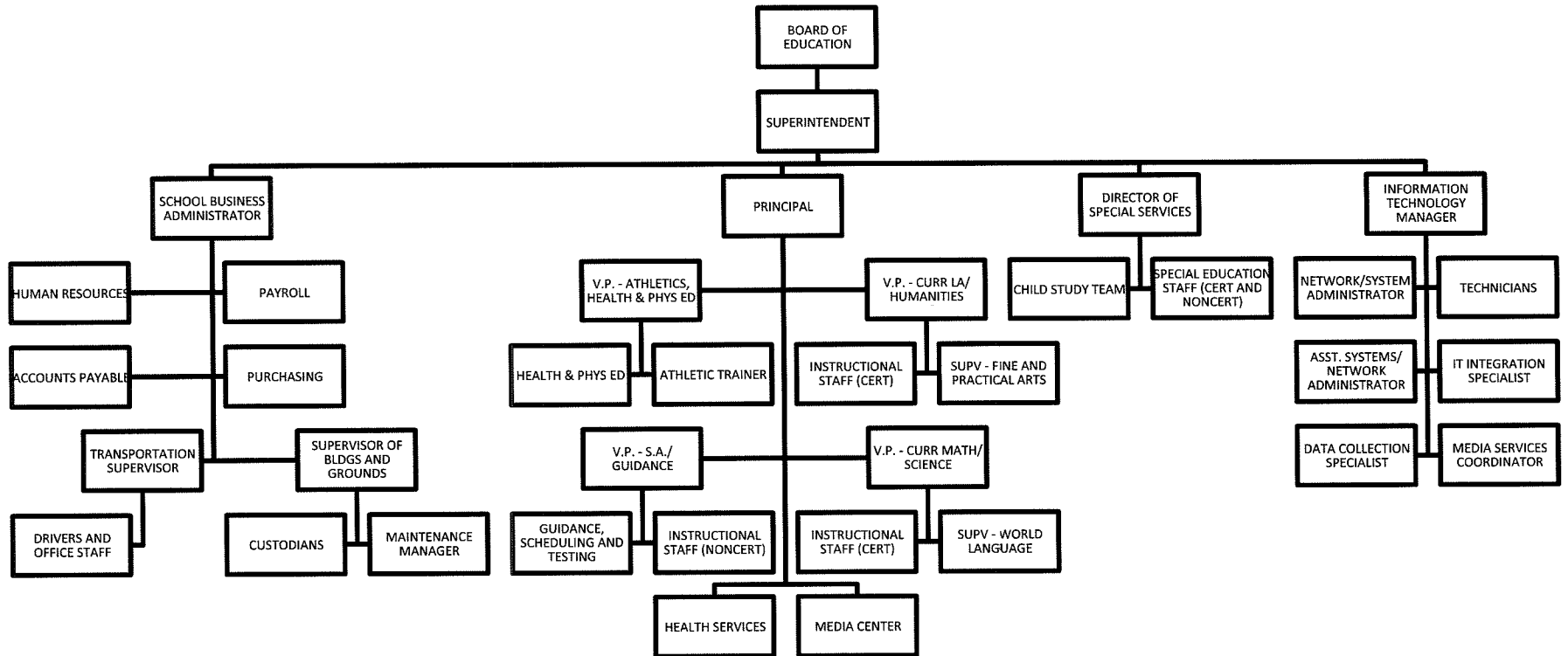
Respectfully submitted,



Daria A. Wasserbach
Superintendent of Schools



Teresa E. Barna
Board Secretary/Business Administrator



**DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Municipality</u>	<u>Term Expires</u>
Ellen Gordon, President	Milford Borough	2016
Brett Reina, Vice President	Holland Township	2018
Debra Frank	Kingwood Township	2018
David Gerth	Alexandria Township	2018
Dr. Sandra Howell	Holland Township	2016
Henry Ihling	Alexandria Township	2017
Sharon Lightner	Kingwood Township	2017
William Martin	Holland Township	2016
Geoffrey Stanley	Frenchtown Borough	2017
 <u>Other Officials</u>	 <u>Title</u>	
Daria A. Wasserbach	Superintendent of Schools	
Teresa E. Barna	School Business Administrator/Board Secretary	
Raymond Krov	Treasurer of School Monies	

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
Consultants and Advisors

Attorney

Fogarty & Hara, Counselors at Law
16-00 Route 208 South
Fair Lawn, NJ 07410

Audit Firm

Nisivoccia, LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Architect

SSP Architectural Group, Inc.
1011 Route 22W, #203
Bridgewater, NJ 08807

Official Depository

Investors Bank
Corporate Office
101 JFK Parkway
Short Hills, NJ 07078

School Physician

Delaware Valley Family Health Center
200 Frenchtown Road
Milford, NJ 08848

Financial Advisor

Phoenix Advisors
4 West Park Street
Bordentown, NJ 08505

FINANCIAL SECTION



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

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Delaware Valley Regional High School District (the "District") in the County of Hunterdon, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable President and Members
of the Board of Education
Delaware Valley Regional High School District
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the District as of June 30, 2015 were audited by other auditors whose report dated November 12, 2015 expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members

The Honorable President and Members
of the Board of Education
Delaware Valley Regional High School District
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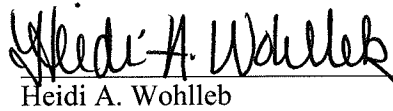
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
November 3, 2016

NISIVOCCIA, LLP



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FRENCHTOWN, NEW JERSEY
MANAGEMENT DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

This section of Delaware Valley Regional High School's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial position improved \$447,955 on a district-wide basis over the course of the year.
- Overall revenue was \$27,069,396.
- Overall expenditures were \$26,621,441.
- Net position from the District's governmental activities increased \$640,994.
- The net position from the District's business-type activity decreased \$193,039.

Overview of the Financial Statements

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

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

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

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

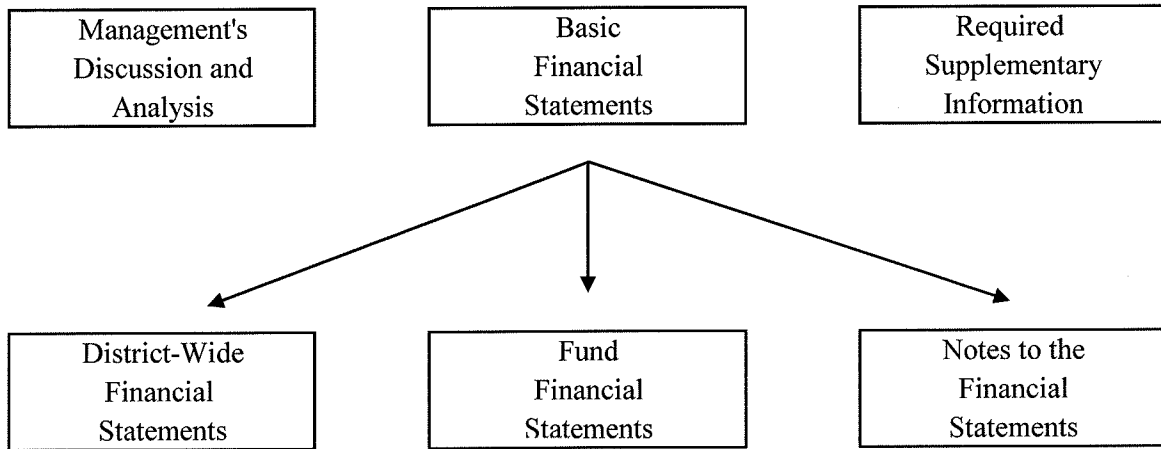


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food, transportation and technology services.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

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

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

In the District-wide financial statements, the District's activities are divided into two categories:

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

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

Fund Financial Statements

- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was \$5,993,517 on June 30, 2016, \$447,955 or 8.08% greater than it was the year before (See Figure A-3). Net position from governmental activities increased \$640,994 and net position from business-type activities decreased by \$193,039 (See Figure A-4). Net investment in capital assets increased \$1,654,456, restricted net position increased \$810,914 and unrestricted net position decreased \$2,017,415.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2016	2015*	2016	2015*	2016	2015*	
Current and Other Assets	\$ 3,459,499	\$ 3,623,675	\$ 1,331,132	\$ 1,154,894	\$ 4,790,631	\$ 4,778,569	0.25%
Capital Assets, Net	13,166,916	12,433,854	1,741,043	1,472,661	14,907,959	13,906,515	7.20%
Total Assets	16,626,415	16,057,529	3,072,175	2,627,555	19,698,590	18,685,084	5.42%
Deferred Outflows of Resources	1,849,752	327,329	952,904	140,284	2,802,656	467,613	499.35%
Long-Term Liabilities	10,322,643	9,795,707	4,612,199	3,240,593	14,934,842	13,036,300	14.56%
Other Liabilities	603,653	123,913	163,633	8,439	767,286	132,352	479.73%
Total Liabilities	10,926,296	9,919,620	4,775,832	3,249,032	15,702,128	13,168,652	19.24%
Deferred Inflows of Resources	750,577	306,938	55,024	131,545	805,601	438,483	83.72%
Net Position:							
Net Investment in Capital Assets	10,626,090	9,083,412	551,178	439,400	11,177,268	9,522,812	17.37%
Restricted	1,672,418	861,504			1,672,418	861,504	94.13%
Unrestricted/(Deficit)	(5,499,214)	(3,786,616)	(1,356,955)	(1,052,138)	(6,856,169)	(4,838,754)	-41.69%
Total Net Position	\$ 6,799,294	\$ 6,158,300	\$ (805,777)	\$ (612,738)	\$ 5,993,517	\$ 5,545,562	8.08%

* - Restated

Financial Analysis of the District as a Whole

Changes in net position. The District's combined net position increased by \$447,955 or 8.08%. Net investment in capital assets increased by \$1,654,456 due to \$684,496 of lease payments on capitalized leases, \$598,055 of capital additions, \$505,000 repayment of serial bonds, and \$1,238,412 in construction in process, offset by \$536,484 in capital leases issued and the \$835,023 of depreciation expense. Restricted net position increased \$810,914 due to the \$710,914 increase in the capital reserve account and the \$100,000 increase in the maintenance reserve. The decrease in unrestricted net position is due primarily to the increase in the net pension liability of \$2,707,915, offset by excess revenue and unexpended budget appropriations. (See Figure A-4).

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2016	2015	2016	2015	2016	2015	
Revenue:							
Program Revenue:							
Charges for Services	\$ 123,489	\$ 366,500	\$4,381,362	\$4,283,884	\$ 4,504,851	\$ 4,650,384	-3.13%
Operating Grants & Contributions	4,792,227	229,134	41,137	57,449	4,833,364	286,583	1586.55%
General Revenue:							
Property Taxes	14,362,182	14,103,870			14,362,182	14,103,870	1.83%
Unrestricted Federal & State Aid	3,291,371	7,415,191			3,291,371	7,415,191	-55.61%
Other	55,483	72,481	22,145	2,792	77,628	75,273	3.13%
Total Revenue	<u>22,624,752</u>	<u>22,187,176</u>	<u>4,444,644</u>	<u>4,344,125</u>	<u>27,069,396</u>	<u>26,531,301</u>	2.03%
Expenses:							
Instruction	11,049,534	10,982,213			11,049,534	10,982,213	0.61%
Pupil & Instruction Services	5,581,829	5,237,307			5,581,829	5,237,307	6.58%
Administration and Business	1,991,707	2,019,232			1,991,707	2,019,232	-1.36%
Maintenance & Operations	2,099,057	1,659,974			2,099,057	1,659,974	26.45%
Transportation	1,226,349	1,267,740			1,226,349	1,267,740	-3.26%
Other	35,282	130,697	4,637,683	4,140,354	4,672,965	4,271,051	9.41%
Total Expenses	<u>21,983,758</u>	<u>21,297,163</u>	<u>4,637,683</u>	<u>4,140,354</u>	<u>26,621,441</u>	<u>25,437,517</u>	4.65%
Change in Net Position	<u>\$ 640,994</u>	<u>\$ 890,013</u>	<u>\$ (193,039)</u>	<u>\$ 203,771</u>	<u>\$ 447,955</u>	<u>\$ 1,093,784</u>	-59.05%

Financial Analysis of the District as a Whole

Revenue Sources. The District's total revenue for the 2015-2016 school year was \$27,069,396. (See Figure A-5). Property taxes accounted for most of the District's revenue, with local taxes accounting for \$14,362,182 of the total, or 53.06 percent. (See Figure A-5). Another 30.01 percent came from state and federal aid and the remaining 16.93 percent from charges for services and miscellaneous sources. Delaware Valley Regional High School District generally conducts its operations from the revenues it receives from its local taxpayers and State Aid.

Figure A-5

Sources of Revenue for Fiscal Year 2016

Sources of Income	Amount	Percentage
Unrestricted Federal and State Aid	\$ 3,291,371	12.16%
Property Taxes	14,362,182	53.06%
Federal and State Categorical Grants	4,833,364	17.85%
Charges for Services	4,504,851	16.64%
Other	77,628	0.29%
	<u>\$ 27,069,396</u>	<u>100.00%</u>

The total cost of all programs and services was \$26,621,441. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (67.09 percent). (See Figure A-6). The District's administration and business activities accounted for 7.48 percent of total expenses. Maintenance and operation costs amounted to 7.88 percent of total expenses. Other expenses were 17.55 percent of total expenses and include interest on long term liabilities, food service, transportation, and technology business type activities expenses.

Figure A-6
Expenses for Fiscal Year 2016

Expense Category	Amount	Percentage
Instruction	\$ 11,049,534	41.51%
Pupil & Instruction Services	5,581,829	20.97%
Administration and Business	1,991,707	7.48%
Maintenance & Operations	2,099,057	7.88%
Transportation	1,226,349	4.61%
Other	4,672,965	17.55%
	<u>\$ 26,621,441</u>	<u>100.00%</u>

Governmental Activities

The governmental activities financial position of the District increased by 10.41%. However, maintaining existing programs with expected increased regular pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. During the past several years, numerous veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated significant salary savings, but these have not been sufficient enough to provide for increased special education programs and increased health benefit costs. As a result, the five municipalities in the regional district were subject to a tax increase in fiscal 2016.

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

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

Figure A-7
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction	\$ 11,049,534	10,982,213	\$ 7,554,019	\$ 10,566,153
Pupil & Instruction Services	5,581,829	5,237,307	4,714,823	4,982,936
Administration and Business	1,991,707	2,019,232	1,695,114	2,001,436
Maintenance & Operations	2,099,057	1,659,974	1,963,303	1,648,674
Transportation	1,226,349	1,267,740	1,105,501	1,260,898
Other	35,282	130,697	35,282	130,697
Total	<u>\$ 21,983,758</u>	<u>\$ 21,297,163</u>	<u>\$ 17,068,042</u>	<u>\$ 20,590,794</u>

Capital Assets and Long-Term Liabilities Administration

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2016	2015	2016	2015	2016	2015	
Land	\$ 36,845	\$ 36,845			\$ 36,845	\$ 36,845	0.00%
Construction in Progress	1,178,805	308,118			1,178,805	308,118	282.58%
Site Improvements	1,051,558	1,134,755			1,051,558	1,134,755	-7.33%
Buildings & Bldg. Imps.	10,329,146	10,334,443	\$ 175,780	\$ 183,260	10,504,926	10,517,703	-0.12%
Machinery, Furniture and Equipment	570,562	619,693	117,099	124,579	687,661	744,272	-7.61%
Buses and Other Vehicles			1,448,164	1,164,822	1,448,164	1,164,822	24.32%
Total	\$ 13,166,916	\$ 12,433,854	\$ 1,741,043	\$ 1,472,661	\$ 14,907,959	\$ 13,906,515	7.20%

The District's Capital Assets increased \$1,001,444, or 7.20 percent, on a district-wide basis. (More detailed information about the District's Capital Assets is presented on Note 8 to the basic financial statements.)

Long-Term Liabilities

(See Note 9 to the basic financial statements for more detailed information about the District's long-term liabilities.)

Figure A-9

Outstanding Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2016	2015*	2016	2015*	2016	2015*	
Compensated Absences Payable	\$ 816,858	\$ 834,541			\$ 816,858	\$ 834,541	-2.12%
Net Pension Liability	6,643,354	5,150,441	\$ 3,422,334	\$ 2,207,332	10,065,688	7,357,773	36.80%
Serial Bonds Payable	1,585,000	2,090,000			1,585,000	2,090,000	-24.16%
Unamortized Bond Premium	96,733	128,978			96,733	128,978	-25.00%
Capital Leases Payable	1,180,698	1,591,747	1,189,865	1,033,261	2,370,563	2,625,008	-9.69%
Total	\$ 10,322,643	\$ 9,795,707	\$ 4,612,199	\$ 3,240,593	\$ 14,934,842	\$ 13,036,300	14.56%

* - Restated

- Compensated absences payable decreased by \$17,683.
- Net pension liability increased by \$2,707,915.
- Serial bonds payable decreased by a net amount of \$505,000.
- Unamortized bond premium decreased \$32,245.
- Capital leases payable decreased by a net amount of \$254,445.

Factors Bearing on the District's Future

The Delaware Valley Regional High School District is in satisfactory financial condition at this time. The School District is proud of its community support of the public schools. The School District has continued to grow its program offerings for its students while being sensitive to the taxpayers. One of the areas the District will continue to explore is the sharing of services with its constituent K-8 Districts. The District has a reliance on local property taxes which is a main source of funding. A future concern is declining enrollments and how this may affect the program offerings. The Board and the administration will be working together, with community input, to develop a plan for the program in light of declining enrollments and how this will impact all areas, including facilities planning.

In conclusion, the Delaware Valley Regional High School District has committed itself to financial excellence for many years. Further, the District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact School Business Administrator, in the office of the Delaware Valley Regional High School Board of Education, 19 Senator Stout Road, Frenchtown, New Jersey 08825.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,574,078	\$ 570,256	\$ 2,144,334
Receivable from State Government	149,070	283	149,353
Receivable from Federal Government	3,222	4,958	8,180
Receivable from Other Governments	20,522	318,703	339,225
Other Receivables	35,189	431,887	467,076
Interfund Receivable	5,000		5,000
Inventories		5,045	5,045
Restricted Assets:			
Cash and Cash Equivalents	1,672,418		1,672,418
Capital Assets:			
Site (Land) and Construction in Progress	1,215,650		1,215,650
Depreciable Site Improvements, Building and Building Improvements and Machinery, Furniture, Equipment, Buses and Other Vehicles	11,951,266	1,741,043	13,692,309
Total Assets	16,626,415	3,072,175	19,698,590
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pensions	713,443	367,532	1,080,975
Changes in Proportion - Pensions	708,206	364,834	1,073,040
Difference Between Expected and Actual Experience - Pensions	158,487	81,645	240,132
District Contribution Subsequent to the Measurement Date - Pensions	269,616	138,893	408,509
Total Deferred Outflows of Resources	1,849,752	952,904	2,802,656
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	26,675		26,675
Accounts Payable	554,584	157,439	712,023
Unearned Revenue	22,394	6,194	28,588
Noncurrent Liabilities:			
Due Within One Year	969,681	335,281	1,304,962
Due Beyond One Year	9,352,962	4,276,918	13,629,880
Total Liabilities	10,926,296	4,775,832	15,702,128
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	106,813	55,024	161,837
Prepaid School Taxes	643,764		643,764
Total Deferred Inflows of Resources	750,577	55,024	805,601
NET POSITION			
Net Investment in Capital Assets	10,626,090	551,178	11,177,268
Restricted for:			
Capital Projects	985,230		985,230
Maintenance Reserve	437,188		437,188
Emergency Reserve	250,000		250,000
Unrestricted/(Deficit)	(5,499,214)	(1,356,955)	(6,856,169)
Total Net Position	\$ 6,799,294	\$ (805,777)	\$ 5,993,517

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
Instruction:							
Regular	\$ 8,084,175	\$ 12,735	\$ 1,906,781		\$ (6,164,659)		\$ (6,164,659)
Special Education	1,891,749	110,754	1,384,062		(396,933)		(396,933)
Other Instruction	40,704				(40,704)		(40,704)
School Sponsored Instruction	1,032,906		81,183		(951,723)		(951,723)
Support Services:							
Tuition	954,593				(954,593)		(954,593)
Student & Instruction Related Services	4,627,236		867,006		(3,760,230)		(3,760,230)
General Administration Services	531,743		44,468		(487,275)		(487,275)
School Administration Services	724,417		151,736		(572,681)		(572,681)
Central Services	517,571		60,081		(457,490)		(457,490)
Administration Information Technology	217,976		40,308		(177,668)		(177,668)
Plant Operations and Maintenance	2,099,057		135,754		(1,963,303)		(1,963,303)
Pupil Transportation	1,226,349		120,848		(1,105,501)		(1,105,501)
Interest on Long-Term Debt	35,282				(35,282)		(35,282)
Total Governmental Activities	21,983,758	123,489	4,792,227	\$ -0-	(17,068,042)	\$ -0-	(17,068,042)

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Business-Type Activities:							
Food Service	\$ 376,867	\$ 300,555	\$ 41,137		\$ (35,175)	\$ (35,175)	
Transportation	3,732,371	3,865,697			133,326	133,326	
Technology Services	528,445	215,110			(313,335)	(313,335)	
Total Business-Type Activities	<u>4,637,683</u>	<u>4,381,362</u>	<u>41,137</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>(215,184)</u>	<u>(215,184)</u>
Total Primary Government	<u>\$ 26,621,441</u>	<u>\$ 4,504,851</u>	<u>\$ 4,833,364</u>	<u>\$ -0-</u>	<u>(17,068,042)</u>	<u>(215,184)</u>	<u>(17,283,226)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					13,783,832		13,783,832
Taxes Levied for Debt Service					578,350		578,350
Federal and State Aid not Restricted					3,291,371		3,291,371
Investment Earnings					12,612	122	12,734
Miscellaneous Income					42,871	22,023	64,894
Total General Revenue					<u>17,709,036</u>	<u>22,145</u>	<u>17,731,181</u>
Change in Net Position					640,994	(193,039)	447,955
Net Position/(Deficit) - Beginning (Restated)					<u>6,158,300</u>	<u>(612,738)</u>	<u>5,545,562</u>
Net Position/(Deficit) - Ending					<u>\$ 6,799,294</u>	<u>\$ (805,777)</u>	<u>\$ 5,993,517</u>

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

FUND FINANCIAL STATEMENTS

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 1,075,780	\$ 12,372	\$ 485,926		\$ 1,574,078
Interfund Receivable	5,000				5,000
Receivable from State Government	149,070				149,070
Receivable from Federal Government		3,222			3,222
Receivable from Local Government	20,522				20,522
Other Receivables	26,252	8,937			35,189
Restricted Cash and Cash Equivalents	1,672,418				1,672,418
Total Assets	<u>\$ 2,949,042</u>	<u>\$ 24,531</u>	<u>\$ 485,926</u>	<u>\$ -0-</u>	<u>\$ 3,459,499</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 282,831	\$ 2,137			\$ 284,968
Prepaid School Taxes	643,764				643,764
Unearned Revenue		22,394			22,394
Total Liabilities	<u>926,595</u>	<u>24,531</u>			<u>951,126</u>
Fund Balances:					
Restricted:					
Capital Reserve Account	985,230				985,230
Maintenance Reserve Account	437,188				437,188
Emergency Reserve Account	250,000				250,000
Committed:					
Capital Projects			\$ 485,926		485,926
Assigned:					
Encumbrances	77,435				77,435
Designated for Subsequent Year's Expenditures	225,000				225,000
Unassigned	47,594				47,594
Total Fund Balances	<u>2,022,447</u>	<u>-0-</u>	<u>485,926</u>		<u>2,508,373</u>
Total Liabilities and Fund Balances	<u>\$ 2,949,042</u>	<u>\$ 24,531</u>	<u>\$ 485,926</u>	<u>\$ -0-</u>	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are different because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$23,316,214 and the accumulated depreciation is \$10,149,298.	13,166,916
Long-Term Liabilities, including Bonds Payable and the Net Pension Liability for PERS, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(10,225,910)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Changes in Assumptions - Pensions	713,443
Changes in Proportions - Pensions	708,206
Difference Between Expected and Actual Experience - Pensions	158,487
Investment Gains - Pensions	(106,813)
Bond Premiums are reported as revenue in the Funds in the year of the related bond sale but are amortized over the life of the bond sale in the Statement of Activities.	(96,733)
Accrued Interest on Long-Term Liabilities is not due and payable in the current period and therefore is not reported as a liability in the funds.	(26,675)
Net Position of Governmental Activities	<u>\$ 6,799,294</u>

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 13,783,832			\$ 578,350	\$ 14,362,182
Tuition from Individuals	12,735				12,735
Tuition from Other LEA's Within the State	110,754				110,754
Interest Earned on Capital Reserve Funds	914				914
Miscellaneous	54,428	\$ 9,428	\$ 141		63,997
Total - Local Sources	13,962,663	9,428	141	578,350	14,550,582
State Sources	5,730,489	90,211			5,820,700
Federal Sources		210,187			210,187
Total Revenue	19,693,152	309,826	141	578,350	20,581,469
EXPENDITURES:					
Current:					
Regular Instruction	4,907,939				4,907,939
Special Education Instruction	930,532	228,643			1,159,175
Other Instruction		40,704			40,704
School Sponsored Instruction	1,001,801				1,001,801
Support Services and Undistributed Costs:					
Tuition	954,593				954,593
Student & Instruction Related Services	2,581,083				2,581,083
General Administration Services	420,944				420,944
School Administration Services	419,574				419,574
Central Services	344,734				344,734
Administrative Information Technology	196,203				196,203
Plant Operations and Maintenance	1,547,590				1,547,590
Pupil Transportation	1,180,593				1,180,593
Unallocated Benefits	4,538,512				4,538,512

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Capital Outlay	\$ 530,890	\$ 40,479	\$ 1,162,192		\$ 1,733,561
Debt Service:					
Interest and Other Charges				\$ 73,350	73,350
Principal				505,000	505,000
Total Expenditures	<u>19,554,988</u>	<u>309,826</u>	<u>1,162,192</u>	<u>578,350</u>	<u>21,605,356</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>138,164</u>		<u>(1,162,051)</u>		<u>(1,023,887)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In/(Out)	<u>233</u>		<u>(233)</u>		
Total Other Financing Sources/(Uses)	<u>233</u>		<u>(233)</u>		
Net Change in Fund Balances	138,397		(1,162,284)		(1,023,887)
Fund Balance—July 1 (Restated)	<u>1,884,050</u>		<u>1,648,210</u>		<u>3,532,260</u>
Fund Balance—June 30	<u>\$ 2,022,447</u>	<u>\$ -0-</u>	<u>\$ 485,926</u>	<u>\$ -0-</u>	<u>\$ 2,508,373</u>

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2)

\$ (1,023,887)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation Expense	\$ (560,921)	
	Capital Outlays	<u>1,293,983</u>	733,062

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

17,683

In the Statement of Activities, interest on long-term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due.

5,823

Repayments of capital leases and bond principal are expenditures in the Governmental Funds, but the repayments reduce Long-Term Liabilities in the Statement of Net Position and are not reported in the Statement of Activities.

916,049

The Governmental Funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

32,245

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

(1,492,913)

Change in Net Pension Liability

Deferred Outflows:

Changes in Assumptions

551,485

Changes in Proportion

542,835

Difference between expected and actual experience

158,487

Deferred Inflows:

Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments

200,125

Change in Net Position of Governmental Activities (A-2)

\$ 640,994

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities		
	Enterprise Funds		
	Transportation Services Major Fund	Total Non-Major Funds	Total All Funds
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 546,687	\$ 23,569	\$ 570,256
Intergovernmental Accounts Receivable:			
State		283	283
Federal	318,703	4,958	4,958
Other	431,887		318,703
Other Accounts Receivable			431,887
Inventories		5,045	5,045
Total Current Assets	<u>1,297,277</u>	<u>33,855</u>	<u>1,331,132</u>
Non-Current Assets:			
Capital Assets:			
Depreciable Buildings and Building Improvements, Machinery, Equipment, Buses and Other Vehicles	4,932,261	257,078	5,189,339
Less: Accumulated Depreciation	<u>(3,254,917)</u>	<u>(193,379)</u>	<u>(3,448,296)</u>
Total Non-Current Assets	<u>1,677,344</u>	<u>63,699</u>	<u>1,741,043</u>
Total Assets	<u>2,974,621</u>	<u>97,554</u>	<u>3,072,175</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pensions	324,293	43,239	367,532
Changes in Proportions - Pensions	321,912	42,922	364,834
Difference Between Expected and Actual Experience - Pensions	72,040	9,605	81,645
District Contribution Subsequent to the Measurement Date	<u>122,553</u>	<u>16,340</u>	<u>138,893</u>
Total Deferred Outflows of Resources	<u>840,798</u>	<u>112,106</u>	<u>952,904</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	140,137	17,302	157,439
Unearned Revenue - Prepaid Balances	20	4,892	4,912
Unearned Revenue - Donated Commodities		1,282	1,282
Total Current Liabilities	<u>140,157</u>	<u>23,476</u>	<u>163,633</u>
Long-Term Liabilities:			
Capital Leases - Due Within One Year	335,281		335,281
Capital Leases - Due Beyond One Year	854,584		854,584
Net Pension Liability - Due Beyond One Year	3,019,706	402,628	3,422,334
Total Long-Term Liabilities	<u>4,209,571</u>	<u>402,628</u>	<u>4,612,199</u>
Total Liabilities	<u>4,349,728</u>	<u>426,104</u>	<u>4,775,832</u>
DEFERRED OUTFLOWS OF RESOURCES			
Investment Gains - Pensions	48,551	6,473	55,024
Total Deferred Inflows of Resources	<u>48,551</u>	<u>6,473</u>	<u>55,024</u>
<u>NET POSITION:</u>			
Net Investment in Capital Assets	487,479	63,699	551,178
Unrestricted/(Deficit)	<u>(1,070,339)</u>	<u>(286,616)</u>	<u>(1,356,955)</u>
Total Net Position/(Deficit)	<u>\$ (582,860)</u>	<u>\$ (222,917)</u>	<u>\$ (805,777)</u>

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

Exhibit B-5

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities		
	Enterprise Funds		
	Transportation Services Major Fund	Total Non-Major Funds	Total All Funds
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs		\$ 125,472	\$ 125,472
Daily Sales - Non-Reimbursable Programs		175,083	175,083
Charges and Program Fees	\$ 3,865,697	215,110	4,080,807
Miscellaneous	20,462	1,561	22,023
Total Operating Revenue	<u>3,886,159</u>	<u>517,226</u>	<u>4,403,385</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs		66,689	66,689
Cost of Sales - Non-Reimbursable Programs		107,188	107,188
Salaries, Benefits & Payroll Taxes	2,558,980	688,527	3,247,507
Supplies, Insurance & Other Costs	413,705	10,788	424,493
Management Fee		8,924	8,924
Other Purchased Services	173,941		173,941
Miscellaneous Expense	101,381	10,694	112,075
Interest Expense on Capital Leases	10,249		10,249
Gasoline	212,515		212,515
Depreciation Expense	261,600	12,502	274,102
Total Operating Expenses	<u>3,732,371</u>	<u>905,312</u>	<u>4,637,683</u>
Operating Income (Loss)	<u>153,788</u>	<u>(388,086)</u>	<u>(234,298)</u>
Non-Operating Income:			
Local Sources			
Interest Income		122	122
State Sources:			
State School Lunch Program		1,756	1,756
Federal Sources:			
National School Lunch Program		30,741	30,741
Food Distribution Program		8,640	8,640
Total Non-Operating Income		<u>41,259</u>	<u>41,259</u>
Change in Net Position	153,788	(346,827)	(193,039)
Net Position/(Deficit) - Beginning of Year (Restated)	<u>(736,648)</u>	<u>123,910</u>	<u>(612,738)</u>
Net Position/(Deficit) - End of Year	<u>\$ (582,860)</u>	<u>\$ (222,917)</u>	<u>\$ (805,777)</u>

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities		
	Enterprise Funds		
	Transportation Services Major Fund	Total Non-Major Funds	Total All Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 3,806,306	\$ 519,608	\$ 4,325,914
Payments to Vendors	(3,230,013)	(534,901)	(3,764,914)
Payments for Miscellaneous Expenses	(74,684)	(38,311)	(112,995)
Net Cash Used for Operating Activities	<u>501,609</u>	<u>(53,604)</u>	<u>448,005</u>
Cash Flows from Investing Activities:			
Interest Income		122	122
Net Cash Provided by Investing Activities		<u>122</u>	<u>122</u>
Cash Flows from Noncapital Financing Activities:			
Federal Program Reimbursements		27,995	27,995
State School Program Reimbursements		1,655	1,655
Net Cash Provided by Noncapital Financing Activities		<u>29,650</u>	<u>29,650</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(437,887)		(437,887)
Capital Lease Principal Payments	(379,880)		(379,880)
Net Cash Used for Capital and Related Financing Activities	<u>(817,767)</u>		<u>(817,767)</u>
Net Decrease in Cash and Cash Equivalents	(316,158)	(23,832)	(339,990)
Cash and Cash Equivalents, July 1	862,845	47,401	910,246
Cash and Cash Equivalents, June 30	<u>\$ 546,687</u>	<u>\$ 23,569</u>	<u>\$ 570,256</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ 153,788	\$ (388,086)	\$ (234,298)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation	261,600	12,502	274,102
Food Distribution Program		8,640	8,640
Changes in Assets and Liabilities:			
(Increase) in Interfund Receivable		(144)	(144)
(Increase) in Inventory			(81,350)
(Increase) in Intergovernmental Accounts Receivable - Other	(81,350)		(81,350)
Increase in Net Pension Liability	812,374	402,628	1,215,002
(Increase) in Change in Assumptions - Pensions	(254,883)	(43,239)	(298,122)
(Increase) in Change in Proportions - Pensions	(251,038)	(42,922)	(293,960)
(Increase) in Difference Between Expected and Actual Experience - Pensions	(72,040)	(9,605)	(81,645)
Increase/(Decrease) in Investment Gains - Pensions	(82,994)	6,473	(76,521)
(Increase) in District Contributions Subsequent to the Measurement Date	(122,553)	(16,340)	(138,893)
Increase in Accounts Payable	138,685	17,302	155,987
Increase/(Decrease) in Unearned Revenue	20	(813)	(793)
Net Cash Provided By/(Used for) Operating Activities	<u>\$ 501,609</u>	<u>\$ (53,604)</u>	<u>\$ 448,005</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received USDA Donated Commodities through the Food Distribution Program valued at \$8,761 and utilized \$8,640 for the fiscal year ended June 30, 2016.

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 335,580	\$ 6,923	\$ 148,731	\$ 39,740
Interfund Receivable				
Total Assets	<u>335,580</u>	<u>6,923</u>	<u>148,731</u>	<u>39,740</u>
<u>LIABILITIES:</u>				
Accrued Salaries and Wages	217,823			
Payroll Deductions and Withholdings	768			
Due to Student Groups	111,989			
Interfund Payable - General Fund	<u>5,000</u>			
Total Liabilities	<u>335,580</u>			
<u>NET POSITION:</u>				
Held in Trust for:				
Flexible Spending Claims		6,923		
Unemployment Claims			148,731	
Scholarships				<u>39,740</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 6,923</u>	<u>\$ 148,731</u>	<u>\$ 39,740</u>

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 24,164	\$ 21,366	
Donations			\$ 13,165
Total Contributions	<u>24,164</u>	<u>21,366</u>	<u>13,165</u>
Investment Earnings:			
Interest		430	138
Net Investment Earnings		<u>430</u>	<u>138</u>
Total Additions	<u>24,164</u>	<u>21,796</u>	<u>13,303</u>
DEDUCTIONS:			
Unemployment Compensation Claims		17,562	
Flexible Spending Claims	21,425		
Scholarship Payments			15,000
Total Deductions	<u>21,425</u>	<u>17,562</u>	<u>15,000</u>
Change in Net Position	2,739	4,234	(1,697)
Net Position - Beginning of the Year	<u>4,184</u>	<u>144,497</u>	<u>41,437</u>
Net Position - End of the Year	<u>\$ 6,923</u>	<u>\$ 148,731</u>	<u>\$ 39,740</u>

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include one regional high school located in Frenchtown Borough. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary funds:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants receivable. These grants are recognized on the budgetary basis in full at the time of the award but are recognized on the GAAP basis as they are expended and requested for reimbursement.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$19,689,438	\$ 308,026
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		
Prior Year Encumbrances		7,032
Current Year Encumbrances		(5,232)
Prior Year State Aid Payments Recognized for GAAP Statements, not recognized for Budgetary Basis	397,547	
Current Year State Aid Payments recognized for Budgetary purposes, not recognized for GAAP Statements	<u>(393,833)</u>	
Total Revenues as reported on the Statement of Revenues, Expenditures & Changes in Fund Balances - Governmental Funds	<u>\$19,693,152</u>	<u>\$ 309,826</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$19,554,988	\$ 308,026
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		7,032
Current Year Encumbrances		<u>(5,232)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, & Changes in Fund Balances - Governmental Funds	<u>\$19,554,988</u>	<u>\$ 309,826</u>
		<u>Capital Projects Fund Fund Balance</u>
Fund Balance per Summary Schedule of Revenue, Expenditures and Changes in Fund Balance (Budgetary Basis)		\$ 1,769,231
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grants Revenue Not Recognized on GAAP Basis		<u>(1,283,305)</u>
Fund Balance per Governmental Funds (GAAP)		<u>\$ 485,926</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

E. Cash and Cash Equivalents and Investments:

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

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the governmental units.

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

H. Encumbrances: (Cont'd)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 Years
Site Improvements	20 Years
Machinery, Furniture and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Buses and Other Vehicles	8 Years

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District allows employees who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed over the entire twelve month year.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. 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.

In the district-wide *Statement of Net Position*, 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.

O. Unearned Revenue:

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated:

General Fund: Of the \$2,022,447 General Fund balance at June 30, 2016, \$77,435 is assigned for encumbrances; \$225,000 is designated for subsequent year's expenditures; \$985,230 is restricted in the capital reserve account; \$437,188 is restricted in the maintenance reserve account; \$250,000 is restricted in the emergency reserve account; and \$47,594 is unassigned which is \$393,833 less than the calculated budgetary unassigned fund balance due to the last two June state aid payments, which are not recognized on the GAAP basis until the fiscal year ended June 30, 2017.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

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

P. Fund Balance Appropriated: (Cont'd)

Capital Projects Fund: The \$485,926 fund balance in the Capital Projects Fund at June 30, 2016, is committed which is \$1,283,305 less on a GAAP basis due to the NJ SDA grants which have not been recognized on a GAAP basis.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2016.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$393,833 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Deficit Net Position:

The District had a deficit in unrestricted net position of \$5,499,214 in governmental activities and \$1,356,955 in business-type activities.

The deficit in unrestricted governmental activities net position is due to the \$6,643,354 net pension liability, \$224,872 of capitalized leases payable for equipment not capitalized, the \$816,858 compensated absences liability, the unamortized bond premium of \$96,733, accrued interest payable of \$26,675 offset by the deferred inflows and outflows related to pensions of \$1,473,323 and committed, assigned and unassigned fund balances of \$835,955.

The deficit in unrestricted business-type activities net position is due primarily to the increase in the net pension liability of \$1,215,002.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

R. Net Position: (Cont'd)

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2016 for the changes in proportions in pensions, differences between expected and actual experience for pension, the District contribution subsequent to the measurement date with respect to pensions and changes in assumptions in pensions.

The District had deferred inflows of resources at June 30, 2016 with respect to pensions for the net difference between projected and actual investment earnings on pension plan investments and prepaid school taxes.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for a capital reserve, a maintenance reserve and an emergency reserve.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had committed resources at June 30, 2016 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and designated for subsequent year's expenditures in the General Fund at June 30, 2016.

T. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the respective Enterprise Funds. For the School District, these revenues are sales for the food service program and charges and fees for the Transportation and Technology Service Funds. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the respective Enterprise Fund.

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

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

V. Management Estimates:

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Credit Risk – The Board limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investments section of this note.

Custodial Credit Risk - The District does not have a formal policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

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

Deposits: (Cont'd)

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit.

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

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

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

Investments (Cont'd)

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking Accounts	\$ 2,675,308	\$ 1,672,418	\$ 4,347,726
	<u>\$ 2,675,308</u>	<u>\$ 1,672,418</u>	<u>\$ 4,347,726</u>

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2016, was \$4,347,726 and the bank balance was \$5,204,471.

NOTE 4. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

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

The activity of the Capital Reserve Account for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance at July 1, 2015	\$ 274,316
Interest Earnings	914
Deposit by Board Resolution June 27, 2016	<u>710,000</u>
Ending Balance at June 30, 2016	<u>\$ 985,230</u>

The \$985,230 balance in the Capital Reserve Account at June 30, 2016 does not exceed the local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP").

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account established by Board resolution. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the Maintenance Reserve Account for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance at July 1, 2015	\$ 337,188
Deposit by Board Resolution June 27, 2016	<u>100,000</u>
Ending Balance at June 30, 2016	<u><u>\$ 437,188</u></u>

NOTE 6. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the Delaware Valley Regional High School District for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The Department has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1st and June 30th. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 6. EMERGENCY RESERVE ACCOUNT (Cont'd)

The activity of the Emergency Reserve Account for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance at July 1, 2015	\$ 250,000
Ending Balance at June 30, 2016	<u>\$ 250,000</u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District transferred \$96,166 to capital outlay accounts for the acquisition of equipment which do not require approval of the County Superintendent.

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 36,845			\$ 36,845
Construction in Progress	308,118	\$ 1,238,412	\$ (367,725)	1,178,805
Total Capital Assets not being Depreciated	<u>344,963</u>	<u>1,238,412</u>	<u>(367,725)</u>	<u>1,215,650</u>
Capital Assets being Depreciated:				
Site Improvements	2,200,838			2,200,838
Buildings and Building Improvements	17,372,371		367,725	17,740,096
Machinery and Equipment	2,045,504	55,571		2,101,075
Buses and Other Vehicles	58,555			58,555
Total Capital Assets being Depreciated	<u>21,677,268</u>	<u>55,571</u>	<u>367,725</u>	<u>22,100,564</u>
Governmental Activities Capital Assets	<u>22,022,231</u>	<u>1,293,983</u>		<u>23,316,214</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,066,083)	(83,197)		(1,149,280)
Buildings and Building Improvements	(7,037,928)	(373,022)		(7,410,950)
Machinery and Equipment	(1,425,811)	(104,702)		(1,530,513)
Buses and Other Vehicles	(58,555)			(58,555)
Total Accumulated Depreciation	<u>(9,588,377)</u>	<u>(560,921)</u>		<u>(10,149,298)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,433,854</u>	<u>\$ 733,062</u>	<u>\$ - 0 -</u>	<u>\$ 13,166,916</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 374,000			\$ 374,000
Furniture and Equipment	448,165			448,165
Buses & Other Vehicles	3,824,690	\$ 542,484		4,367,174
Less Accumulated Depreciation	(3,174,194)	(274,102)		(3,448,296)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,472,661</u>	<u>\$ 268,382</u>	<u>\$ - 0 -</u>	<u>\$ 1,741,043</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 190,215
Special Education Instruction	36,064
Other Instruction	38,826
Student and Instruction Related Services	137,031
General Administrative Services	16,314
School Administrative Services	16,261
Central Services	13,361
Administrative Information Technology	7,604
Plant Operations and Maintenance	59,489
Pupil Transportation	45,756
Total Depreciation	<u>\$ 560,921</u>

The District expended \$1,238,412 towards construction projects in progress and transferred \$367,725 of completed capital projects to depreciable capital assets during the fiscal year. As of June 30, 2016, the District has \$1,769,231 in active construction projects.

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2015	Issued/ Accrued	Matured/ Retired	Balance 6/30/2016
Governmental Activities:				
Capital Lease Payable	\$ 1,591,747		\$ 411,049	\$ 1,180,698
Serial Bonds Payable	2,090,000		505,000	1,585,000
Unamortized Bond Premium	128,978		32,245	96,733
Net Pension Liability	5,150,441	\$ 1,492,913		6,643,354
Compensated Absences Payable	834,541	62,019	79,702	816,858
Total Governmental Activities	<u>\$ 9,795,707</u>	<u>\$ 1,554,932</u>	<u>\$ 1,027,996</u>	<u>\$ 10,322,643</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

	<u>Balance</u> <u>6/30/2015</u>	<u>Issued/ Accrued</u>	<u>Matured/ Retired</u>	<u>Balance</u> <u>6/30/2016</u>
Business-Type Activities:				
Capital Leases Payable	\$ 1,033,261	\$ 536,484	\$ 379,880	\$ 1,189,865
Net Pension Liability	<u>2,207,332</u>	<u>1,215,002</u>		<u>3,422,334</u>
Total Business-Type Activities	<u>\$ 3,240,593</u>	<u>\$ 1,751,486</u>	<u>\$ 379,880</u>	<u>\$ 4,612,199</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the Debt Service Fund.

On April 17, 2012, the District issued refunding school bonds of \$3,075,000 with interest rates ranging from 2.00% to 4.00% to refund \$3,134,000 of 2003 Construction and Equipment Additions and Renovations bonds with interest rates ranging from 3.30% to 4.00%. The bonds mature on January 15, 2013 through 2019 and are non-callable. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 2003 school bonds were called on January 15, 2013. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements.

The District had bonds outstanding as of June 30, 2016 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
2012 Refunding Bonds	1/15/2019	3.00% - 4.00%	\$ 1,585,000

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

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 520,000	\$ 47,550	\$ 567,550
2018	535,000	42,600	577,600
2019	<u>530,000</u>	<u>21,200</u>	<u>551,200</u>
	<u>\$ 1,585,000</u>	<u>\$ 111,350</u>	<u>\$ 1,696,350</u>

B. Unamortized Bond Premium:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$32,245 and is separated from the long-term liability balance of \$64,488.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

C. Bonds Authorized But Not Issued:

There were no bonds authorized but not issued as of June 30, 2016.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. No portion of the compensated absences balance of the governmental funds at June 30, 2016 is currently payable; therefore, the long-term liability balance of compensated absences is \$816,858.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, no liability existed for compensated absences in the Enterprise Funds.

E. Capital Leases:

The District has capital leases related to technology equipment, school buses and other transportation vehicles as well as a window replacement project under capital leases. The District has entered into capital leases totaling \$1,988,707 of which \$808,009 has been liquidated as of June 30, 2016 for governmental activities. The District has entered into capital leases totaling \$1,737,810 of which \$547,945 has been liquidated as of June 30, 2016 for business-type activities. A schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2016 is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
2017	\$ 436,385	\$ 347,986
2018	389,273	258,454
2019	390,855	258,456
2020		258,456
2021		111,156
	<u>1,216,513</u>	<u>1,234,508</u>
Less: Amount representing interest	<u>(35,815)</u>	<u>(44,643)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 1,180,698</u>	<u>\$ 1,189,865</u>

The current portion for governmental leases is \$417,436 and the long-term portion is \$763,262. The current portion for business-type leases is \$335,281 and the long-term portion is \$854,584.

F. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental activities is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The PERS net pension liability of the business-type activities is recorded in the current and long-term liabilities and will be liquidated by the Transportation and Technology Services Funds. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long-term portion is \$10,065,688 (\$6,643,354 and \$3,422,334 for governmental and business-type activities, respectively). See Note 10 for further information on the PERS.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$385,504 for fiscal year 2016.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability of \$10,065,688 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.045%, which was an increase of 0.006% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$890,223. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	6.44	\$ 215,465	
Changes in Assumptions - 2015	5.72	865,510	
Changes in Proportion - 2014	6.44	192,818	
Changes in Proportion - 2015	5.72	880,222	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5		\$ 375,235
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5		(213,398)
District Contribution Subsequent to the Measurement Date - 2015		408,509	
Difference Between Expected and Actual Experience - 2015	5.72	<u>240,132</u>	
		<u>\$ 2,802,656</u>	<u>\$ 161,837</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 211,045
2017	211,045
2018	211,045
2019	336,124
2020	190,011
	<u>\$ 1,159,270</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The figure on the following page presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 12,510,419	\$ 10,065,688	\$ 8,016,044

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

Benefits Provided

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$516,944 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,560,227.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$41,930,377. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.066%, which was an increase of 0.003% from its proportion measured as of June 30, 2014.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		41,930,377
Total	\$	41,930,377

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$2,560,227 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions - 2014	8.5	\$ 1,999,074,013	
Changes in Assumptions - 2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2015	5		(770,568,242)
		\$ 7,521,378,257	\$ 554,399,005

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as show on the following page.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 818,433,596
2017	818,433,596
2018	818,433,598
2019	1,253,742,742
2020	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$ 6,966,979,252</u>

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the table on the following page.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Cash	5.00%	0.53%
U.S. Government Bonds	1.75%	1.39%
U.S. Credit Bonds	13.50%	2.72%
U.S. Mortgages	2.10%	2.54%
U.S. Inflation-Indexed Bonds	1.50%	1.47%
U.S. High Yield Bonds	2.00%	4.57%
U.S. Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Market Equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The table on the following page presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Fiscal Year Ended June 30, 2015		
	At 1% Decrease (3.13%)	At Current Discount Rate (4.13%)	At 1% Increase (5.13%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 49,832,686	\$ 41,930,377	\$ 35,122,065

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$20,931 for the fiscal years ended June 30, 2016. Employee contributions to DCRP amounted to \$38,372 for the fiscal year ended June 30, 2016.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. 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 prefunding 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 employer paid 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$615,538, \$569,381 and \$436,951 for 2016, 2015, and 2014, respectively.

NOTE 12. 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. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

Property and Liability Insurance

The District is a member of the New Jersey Schools Insurance Group (the "NJSIG"). The NJSIG provides the property, general liability, automobile coverage, and workers compensation insurance coverage for its members. The NJSIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for its members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the NJSIG are elected.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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

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

Selected, summarized financial information as of June 30, 2015 is as follows:

	<u>NJ Schools Insurance Group</u>
Total Assets	<u>\$ 311,014,416</u>
Net Position	<u>\$ 68,222,364</u>
Total Revenue	<u>\$ 124,872,219</u>
Total Expenses	<u>\$ 113,965,181</u>
Change in Net Position	<u>\$ 10,907,038</u>
Members Dividends	<u>\$ -0-</u>

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

New Jersey Schools Insurance Group
6000 Midlantic Drive
Suite 300 North
Mount Laurel, NJ 08054
(609) 386-6060

New Jersey Unemployment Compensation Insurance

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

A summary of the District and employee contributions, interest, reimbursements to the State for benefits paid and balance of the District's Unemployment Fiduciary Fund for the current and previous two years follows:

<u>Fiscal Year</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 21,796	\$ 17,562	\$ 148,731
2014-2015	20,755	21,362	144,497
2013-2014	19,947	48,255	145,104

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. DEFERRED COMPENSATION

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

<u>403(b) Plans:</u>	<u>457(b) Plans:</u>
AXA Equitable	AXA Equitable
Lincoln Investments	Lincoln Investments
Met Life	Met Life
Security Financial	
FTJ Fund	

NOTE 15. COMMITMENTS AND CONTINGENCIES

Litigation

The District is periodically involved in pending lawsuits and estimates that the potential claims resulting from any litigation and not covered by insurance would not materially affect the District's financial statements.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Cont'd)

Grant Programs

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

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 77,435	\$ 5,232	\$ 82,667

On the District's Governmental Funds Balance Sheet as of June 30, 2016, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances of \$5,232 are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances existed as of June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 5,000	
Fiduciary Funds:		
Payroll Agency		\$ 5,000
	\$ 5,000	\$ 5,000

The interfund receivable in the General Fund is comprised of a prior year interfund advanced to the Net Payroll account which was not settled.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 17. TAX CALENDAR

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

Taxes are collected by the constituent municipalities and are remitted to the District on a predetermined mutually agreed-upon schedule.

NOTE 18. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements and Fund Financial Statements to reallocate the respective portion of the net pension liability and the related deferred outflows and inflows recorded as of June 30, 2015 to the Transportation Services Enterprise Fund, record certain capital leases payable in the Transportation Services Enterprise Fund which were not reported in error, eliminate the NJSDA receivable recorded in the Capital Projects Fund as it was not submitted for reimbursement as of June 30, 2015, and adjust Net Investment in Capital Assets for the capital leases payable not recorded in the in the Transportation Services Enterprise Fund.

	<u>Balance 6/30/15</u> as Previously Reported	<u>Retroactive</u> Adjustments	<u>Balance 6/30/15</u> as Restated
<u>Statement of Net Position:</u>			
<u>Governmental Activities:</u>			
<u>ASSETS</u>			
Receivables, Net	\$ 386,293	\$ (110,735)	\$ 275,558
Total Assets	16,168,264	(110,735)	16,057,529
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Changes in Assumptions - Pensions	231,368	(69,410)	161,958
Changes in Proportion - Pensions	236,245	(70,874)	165,371
District Contribution Subsequent to the Measurement Date	323,972	(323,972)	-0-
Total Deferred Outflows of Resources	791,585	(464,256)	327,329
<u>LIABILITIES</u>			
<u>Noncurrent Liabilities:</u>			
Due Beyond One Year	11,015,161	(2,207,332)	8,807,829
Total Liabilities	12,126,952	(2,207,332)	9,919,620

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 18. PRIOR PERIOD ADJUSTMENTS (Cont'd)

	Balance 6/30/15 as Previously Reported	Retroactive Adjustments	Balance 6/30/15 as Restated
<u>Governmental Activities: (Cont'd)</u>			
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Investment Gains - Pensions	\$ 438,483	\$ (131,545)	\$ 306,938
<u>NET POSITION</u>			
Net Investment in Capital Assets	10,166,481	(1,083,069)	9,083,412
Restricted for:			
Capital Projects	675,876	(675,876)	-0-
Unrestricted/(Deficit)	(7,309,447)	3,522,831	(3,786,616)
Total Net Position	4,394,414	1,763,886	6,158,300
<u>Business-Type Activities:</u>			
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Changes in Assumptions - Pensions		69,410	69,410
Changes in Proportion - Pensions		70,874	70,874
Total Deferred Outflows of Resources		140,284	140,284
<u>LIABILITIES</u>			
Noncurrent Liabilities:			
Due Within One Year	229,292	150,588	379,880
Due Beyond One Year	653,381	2,207,332	2,860,713
Total Liabilities	891,112	2,357,920	3,249,032
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Investment Gains - Pensions		131,545	131,545
<u>NET POSITION</u>			
Net Investment in Capital Assets	589,988	(150,588)	439,400
Unrestricted/(Deficit)	1,146,455	(2,198,593)	(1,052,138)
Total Net Position	1,736,443	(2,349,181)	(612,738)

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 18. PRIOR PERIOD ADJUSTMENTS (Cont'd)

	Balance 6/30/15 as Previously Reported	Retroactive Adjustments	Balance 6/30/15 as Restated
<u>Statement of Net Position - Proprietary Funds:</u>			
<u>Transportation Services Fund:</u>			
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pensions		\$ 69,410	\$ 69,410
Changes in Proportion - Pensions		70,874	70,874
Total Deferred Outflows of Resources		140,284	140,284
LIABILITIES			
Noncurrent Liabilities:			
Due Within One Year	\$ 229,292	150,588	379,880
Due Beyond One Year	653,381	2,207,332	2,860,713
Total Liabilities	891,112	2,357,920	3,249,032
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions		131,545	131,545
NET POSITION			
Net Investment in Capital Assets	589,988	(150,588)	439,400
Unrestricted/(Deficit)	1,146,455	(2,198,593)	(1,052,138)
Total Net Position	1,736,443	(2,349,181)	(612,738)
<u>Statement of Revenue, Expenditures, and Changes in Fund Balances:</u>			
<u>Capital Projects Fund:</u>			
Fund Balance - Beginning	1,758,945	(110,735)	1,648,210
<u>Statement of Revenue, Expenditures, and Changes in Net Position - Proprietary Funds:</u>			
<u>Transportation Services Fund:</u>			
Net Position - Beginning of Year	1,612,533	(2,349,181)	(736,648)

NOTE 19. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type activities as of June 30, 2016 consisted of the following:

	<u>Governmental Funds</u>		District Contribution	Total	<u>Business-Type</u>
	<u>General</u>	<u>Special</u>	Subsequent to the	Governmental	Activities
	<u>Fund</u>	<u>Revenue Fund</u>	Measurement Date	Activities	<u>Proprietary Funds</u>
Vendors	\$ 282,831	\$ 2,137		\$ 284,968	\$ 18,546
State of New Jersey			269,616	269,616	138,893
	<u>\$ 282,831</u>	<u>\$ 2,137</u>	<u>\$ 269,616</u>	<u>\$ 554,584</u>	<u>\$ 157,439</u>

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION**

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DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0392986012%	0.0448400301%
District's proportionate share of the net pension liability	\$ 7,357,773	\$ 10,065,688
District's covered employee payroll	\$ 2,714,262	\$ 3,013,003
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	271.08%	334.07%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 323,972	\$ 385,504
Contributions in relation to the contractually required contribution	<u>(323,972)</u>	<u>(385,504)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 3,013,003	\$ 2,908,294
Contributions as a percentage of covered employee payroll	10.75%	13.26%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

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DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2015	2016
State's proportion of the net pension liability attributable to the District	0.0629948550%	0.0663410504%
State's proportionate share of the net pension liability attributable to the District	\$ 33,668,700	\$ 41,930,377
District's covered employee payroll	\$ 6,394,597	\$ 6,576,522
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	526.52%	637.58%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

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DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 1,811,692	\$ 2,560,227
Contributions in relation to the contractually required contribution	<u>(358,664)</u>	<u>(516,944)</u>
Contribution deficiency/(excess)	<u>\$ 1,453,028</u>	<u>\$ 2,043,283</u>
District's covered employee payroll	\$ 6,576,522	\$ 6,583,410
Contributions as a percentage of covered employee payroll	27.55%	38.89%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,783,832		\$ 13,783,832	\$ 13,783,832	
Tuition from Individuals	12,750		12,750	12,735	\$ (15)
Tuition from Other LEAs Within the State	62,250		62,250	110,754	48,504
Interest Earned on Capital Reserve Funds	350		350	914	564
Unrestricted Miscellaneous Revenues	42,000		42,000	54,428	12,428
Total - Local Sources	<u>13,901,182</u>		<u>13,901,182</u>	<u>13,962,663</u>	<u>61,481</u>
State Sources:					
Categorical Special Education Aid	592,662		592,662	592,662	
Equalization Aid	3,173,700		3,173,700	3,173,700	
Categorical Security Aid	74,763		74,763	74,763	
Categorical Transportation Aid	116,642		116,642	116,642	
Adjustment Aid	21,693		21,693	21,693	
PARCC Readiness Aid	9,080		9,080	9,080	
Per Pupil Growth Aid	9,080		9,080	9,080	
Extraordinary Aid				121,832	121,832
Additional Non-public Transportation Aid				4,098	4,098
On-behalf TPAF Pension Contributions (non-budgeted)				516,944	516,944
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				615,538	615,538
Reimbursed TPAF Social Security Contributions (non-budgeted)				470,743	470,743
Total State Sources	<u>3,997,620</u>		<u>3,997,620</u>	<u>5,726,775</u>	<u>1,729,155</u>
TOTAL REVENUES	<u>17,898,802</u>		<u>17,898,802</u>	<u>19,689,438</u>	<u>1,790,636</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Undistributed Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 3,838,447	\$ (38,923)	\$ 3,799,524	\$ 3,724,231	\$ 75,293
Regular Programs - Home Instruction:					
Salaries of Teachers	21,000	14,021	35,021	35,021	
Purchased Professional - Educational Services	30,000	(22,548)	7,452	6,603	849
Other Purchased Services (400-500 Series)	3,000	(1,296)	1,704	1,704	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	150,842	(1,147)	149,695	149,695	
Purchased Professional - Educational Services	8,217	(1,040)	7,177	7,177	
Other Purchased Services (400-500 Series)	667,795	(190,740)	477,055	457,999	19,056
General Supplies	239,835	305,597	545,432	524,957	20,475
Textbooks	780	(780)			
Other Objects	3,532	(2,974)	558	552	6
Total Regular Programs - Instruction	<u>4,963,448</u>	<u>60,170</u>	<u>5,023,618</u>	<u>4,907,939</u>	<u>115,679</u>
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	91,718	(2,165)	89,553	89,553	
Other Salaries for Instruction	7,650	(822)	6,828	5,532	1,296
Other Purchased Services (400-500 Series)	300	58	358	357	1
General Supplies	4,600		4,600	4,565	35
Textbooks	700		700	393	307
Total Multiple Disabilities	<u>104,968</u>	<u>(2,929)</u>	<u>102,039</u>	<u>100,400</u>	<u>1,639</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 762,736	\$ 34,585	\$ 797,321	\$ 797,321	
Other Salaries for Instruction	28,796	1,895	30,691	30,691	
General Supplies	3,000	(880)	2,120	2,120	
Total Resource Room/Resource Center	<u>794,532</u>	<u>35,600</u>	<u>830,132</u>	<u>830,132</u>	
Total Special Education Instruction	<u>899,500</u>	<u>32,671</u>	<u>932,171</u>	<u>930,532</u>	<u>\$ 1,639</u>
Basic Skills/Remedial - Instruction:					
Other Purchased Services (400-500 Series)	16,860	(16,860)			
Total Basic Skills/Remedial - Instruction	<u>16,860</u>	<u>(16,860)</u>			
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	186,494		186,494	177,725	8,769
Purchased Services (300-500 Series)	10,600	(300)	10,300	1,909	8,391
Supplies and Materials	18,909	300	19,209	18,620	589
Other Objects	12,600	(20)	12,580	8,979	3,601
Total School-Sponsored Cocurricular Activities - Instruction	<u>228,603</u>	<u>(20)</u>	<u>228,583</u>	<u>207,233</u>	<u>21,350</u>
School-Sponsored Athletics - Instruction:					
Salaries	628,211	10,822	639,033	634,511	4,522
Purchased Services (300-500 Series)	53,135		53,135	39,827	13,308
Supplies and Materials	84,019	3,942	87,961	68,099	19,862
Other Objects	26,804	(9,593)	17,211	17,131	80
Transfer to Cover Deficit (Agency Funds)	53,231	(6,216)	47,015	35,000	12,015
Total School-Sponsored Athletics - Instruction	<u>845,400</u>	<u>(1,045)</u>	<u>844,355</u>	<u>794,568</u>	<u>49,787</u>
Total Instruction	<u>6,953,811</u>	<u>74,916</u>	<u>7,028,727</u>	<u>6,840,272</u>	<u>188,455</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within State - Special	\$ 13,500	\$ 13,549	\$ 27,049	\$ 27,049	
Tuition to County Vocational School District - Regular	356,500	22,746	379,246	379,246	
Tuition to CSSD & Regular Day Schools	76,560		76,560	37,500	\$ 39,060
Tuition to Private Schools for the Handicapped - Within State	454,051	79,167	533,218	418,824	114,394
Tuition to Private Schools for the Handicapped - Outside the State		59,668	59,668	59,668	
Tuition to State Facilities	32,306		32,306	32,306	
Total Undistributed Expenditures - Instruction	<u>932,917</u>	<u>175,130</u>	<u>1,108,047</u>	<u>954,593</u>	<u>153,454</u>
Health Services:					
Salaries	218,466	(65,993)	152,473	143,655	8,818
Purchased Professional and Technical Services	24,175		24,175	16,560	7,615
Other Purchased Services (400-500 Series)	22,000	(1,150)	20,850	14,001	6,849
Supplies and Materials	22,125	(100)	22,025	12,696	9,329
Other Objects	250	100	350	297	53
Total Health Services	<u>287,016</u>	<u>(67,143)</u>	<u>219,873</u>	<u>187,209</u>	<u>32,664</u>
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	67,356	1,255	68,611	68,611	
Purchased Professional - Educational Services	18,477	(2,595)	15,882	15,882	
Supplies and Materials	850	1,785	2,635	2,634	1
Total Other Support Services - Speech, OT, PT and Related Services	<u>86,683</u>	<u>445</u>	<u>87,128</u>	<u>87,127</u>	<u>1</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	369,657	(1,785)	367,872	267,172	100,700
Total Other Support Services - Students - Extraordinary Services	<u>369,657</u>	<u>(1,785)</u>	<u>367,872</u>	<u>267,172</u>	<u>100,700</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 424,570	\$ (5,272)	\$ 419,298	\$ 419,298	
Salaries of Secretarial and Clerical Assistants	93,136	(283)	92,853	92,853	
Other Salaries	32,000	(6,441)	25,559	25,559	
Other Purchased Professional and Technical Services	33,103	17,556	50,659	50,659	
Other Purchased Services (400-500 Series)	7,700	8,049	15,749	9,528	\$ 6,221
Supplies and Materials	7,500	(2,844)	4,656	3,115	1,541
Other Objects	500		500	438	62
Total Other Support Services - Guidance	598,509	10,765	609,274	601,450	7,824
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	378,591	66,824	445,415	445,415	
Salaries of Secretarial and Clerical Assistants	41,810	1,313	43,123	43,123	
Other Salaries	14,500	(3,149)	11,351	4,819	6,532
Purchased Professional - Educational Services	8,500	(612)	7,888	3,035	4,853
Purchased Professional - Technical Services		2,195	2,195	2,195	
Other Purchased Services (400-500 Series)	10,000	757	10,757	10,757	
Miscellaneous Purchased Services (400-500 series)	3,400		3,400	1,030	2,370
Supplies and Materials	6,900		6,900	2,505	4,395
Other Objects	2,000		2,000	820	1,180
Total Other Support Services - Child Study Team	465,701	67,328	533,029	513,699	19,330
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	424,669	(3,925)	420,744	417,826	2,918
Salaries of Other Professional Staff	27,880	2,942	30,822	30,822	
Salaries of Secretarial and Clerical Assistants	46,568	686	47,254	47,254	
Unused Vacation Payment to Terminated/Retired Staff		2,651	2,651	2,651	
Other Purchased Services (400-500 series)	9,544	13,334	22,878	13,579	9,299
Supplies and Materials	1,900		1,900	773	1,127
Other Objects	1,640		1,640	1,600	40
Total Improvement of Instructional Services	512,201	15,688	527,889	514,505	13,384

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 137,838	\$ 500	\$ 138,338	\$ 136,280	\$ 2,058
Salaries of Technology Coordinators	216,629	(31,510)	185,119	175,564	9,555
Purchased Professional and Technical Services	3,000	(50)	2,950		2,950
Other Purchased Services (400-500 series)	300	50	350	320	30
Supplies and Materials	86,621		86,621	85,910	711
Other Objects	350		350	65	285
Total Educational Media Services/School Library	<u>444,738</u>	<u>(31,010)</u>	<u>413,728</u>	<u>398,139</u>	<u>15,589</u>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	10,000	(5,568)	4,432	3,280	1,152
Purchased Professional - Educational Services	14,000	(5,176)	8,824	3,735	5,089
Other Purchased Services (400-500 Series)	2,500	500	3,000	1,863	1,137
Supplies and Materials	1,700	1,204	2,904	2,904	
Total Instructional Staff Training Services	<u>28,200</u>	<u>(9,040)</u>	<u>19,160</u>	<u>11,782</u>	<u>7,378</u>
Support Services - General Administration:					
Salaries	206,135	1,498	207,633	207,633	
Legal Services	40,000	328	40,328	40,328	
Audit Fees	32,000		32,000	29,050	2,950
Architectural/Engineering Services	9,000	12,443	21,443	6,338	15,105
Other Purchased Professional Services	13,700	11,458	25,158	25,158	
Communications/Telephone	34,820	(1,498)	33,322	26,722	6,600
BOE Other Purchased Services	6,850	(329)	6,521	2,755	3,766
Miscellaneous Purchased Services (400-500 Series)	71,370	(2,000)	69,370	58,489	10,881
General Supplies	5,400	3,000	8,400	7,648	752
BOE In-house Training/Meeting Supplies	2,500		2,500	1,507	993
Miscellaneous Expenditures	5,570	(1,000)	4,570	3,056	1,514
BOE Membership Dues and Fees	11,755	506	12,261	12,260	1
Total Support Services - General Administration	<u>439,100</u>	<u>24,406</u>	<u>463,506</u>	<u>420,944</u>	<u>42,562</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 250,946		\$ 250,946	\$ 250,946	
Salaries of Secretarial and Clerical Assistants	139,704		139,704	136,926	\$ 2,778
Other Salaries	5,000		5,000	5,000	
Purchased Professional and Technical Services		\$ 4,500	4,500	4,500	
Other Purchased Services (400-500 Series)	2,250	5,800	8,050	2,597	5,453
Supplies and Materials	20,700	2,500	23,200	17,635	5,565
Other Objects	3,640	(800)	2,840	1,970	870
Total Support Services - School Administration	422,240	12,000	434,240	419,574	14,666
Central Services:					
Salaries	290,049		290,049	280,534	9,515
Purchased Professional Services	16,500	3,845	20,345	15,156	5,189
Purchased Technical Services	24,285	(6,834)	17,451	16,591	860
Miscellaneous Purchased Services (400-500 Series)	6,600		6,600	6,581	19
Supplies and Materials	7,200		7,200	4,320	2,880
Interest on Lease Purchase Agreements	20,794		20,794	20,793	1
Miscellaneous Expenditures	1,430		1,430	759	671
Total Central Services	366,858	(2,989)	363,869	344,734	19,135
Administrative Information Technology:					
Salaries	141,211	49,720	190,931	188,211	2,720
Other Purchased Services (400-500 Series)	3,200	341	3,541	3,541	
Supplies and Materials	3,000	1,451	4,451	4,451	
Total Administrative Information Technology	147,411	51,512	198,923	196,203	2,720

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Required Maintenance of School Facilities:					
Salaries	\$ 140,217	\$ 46,043	\$ 186,260	\$ 174,953	\$ 11,307
Cleaning, Repair and Maintenance Services	311,082	14,248	325,330	299,865	25,465
General Supplies	41,000	10,897	51,897	44,943	6,954
Other Objects	3,000	(3,000)			
Total Required Maintenance of School Facilities	<u>495,299</u>	<u>68,188</u>	<u>563,487</u>	<u>519,761</u>	<u>43,726</u>
Custodial Services:					
Salaries	394,967	(27,109)	367,858	367,858	
Purchased Professional and Technical Services	16,175	(1,128)	15,047	15,047	
Cleaning, Repair and Maintenance Services	54,800	(9,032)	45,768	45,074	694
Insurance	97,850	(39,743)	58,107	57,992	115
Miscellaneous Purchased Services	4,400		4,400	3,412	988
General Supplies	114,202	17,529	131,731	129,769	1,962
Energy (Electricity)	245,160	(10,803)	234,357	188,529	45,828
Energy (Natural Gas)	1,000		1,000		1,000
Energy (Oil)	225,000	(35,180)	189,820	74,953	114,867
Other Objects	1,050		1,050	753	297
Total Custodial Services	<u>1,154,604</u>	<u>(105,466)</u>	<u>1,049,138</u>	<u>883,387</u>	<u>165,751</u>
Care and Upkeep of Grounds:					
Salaries	111,150		111,150	91,063	20,087
Cleaning, Repair and Maintenance Services	23,548		23,548	22,287	1,261
General Supplies	22,800		22,800	18,457	4,343
Total Care and Upkeep of Grounds	<u>157,498</u>	<u></u>	<u>157,498</u>	<u>131,807</u>	<u>25,691</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Security:					
Purchased Professional and Technical Services	\$ 6,000	\$ 100	\$ 6,100	\$ 6,096	\$ 4
Cleaning, Repair and Maintenance Services	25,000	(24,875)	125	125	
General Supplies	7,000		7,000	6,414	586
Total Security	<u>38,000</u>	<u>(24,775)</u>	<u>13,225</u>	<u>12,635</u>	<u>590</u>
Student Transportation Services:					
Management Fee - ESC & CTSA Transportation Program		662	662	662	
Contracted Services:					
Aid in Lieu Payments - Nonpublic School Students	19,448	(2,088)	17,360	14,144	3,216
Aid in Lieu Payments - Choice School Students	2,652		2,652	1,242	1,410
Between Home and School - Vendors		1,426	1,426	1,426	
Other than Between Home and School - Vendors	141,400	(1,052)	140,348	121,727	18,621
Regular Students - ESC & CTSA	719,165		719,165	718,091	1,074
Special Education Students - ESC & CTSA	400,000	(20,547)	379,453	323,301	56,152
Total Student Transportation Services	<u>1,282,665</u>	<u>(21,599)</u>	<u>1,261,066</u>	<u>1,180,593</u>	<u>80,473</u>
Unallocated Benefits:					
Group Insurance	300		300		300
Social Security Contributions	240,000	14,845	254,845	254,845	
Other Retirement Contribution - PERS	248,000	6,820	254,820	254,658	162
Other Retirement Contribution - Regular		1,350	1,350	161	1,189
Unemployment Compensation	1,350	(1,350)			
Workmen's Compensation	106,260	12,243	118,503	118,502	1
Health Benefits	2,323,980	(335,411)	1,988,569	1,956,433	32,136
Tuition Reimbursement	30,000	(8,449)	21,551	11,983	9,568
Other Employee Benefits	170,580	189,500	360,080	338,705	21,375
Total Unallocated Benefits	<u>3,120,470</u>	<u>(120,452)</u>	<u>3,000,018</u>	<u>2,935,287</u>	<u>64,731</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
On-behalf TPAF Pension Contributions (non-budgeted)				\$ 516,944	\$ (516,944)
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				615,538	(615,538)
Reimbursed TPAF Social Security Contributions (non-budgeted)				470,743	(470,743)
				<u>1,603,225</u>	<u>(1,603,225)</u>
Total On-Behalf and Reimbursed Contributions					
	<u>\$ 11,349,767</u>	<u>\$ 41,203</u>	<u>\$ 11,390,970</u>	<u>12,183,826</u>	<u>(792,856)</u>
Total Undistributed Expenses					
	<u>18,303,578</u>	<u>116,119</u>	<u>18,419,697</u>	<u>19,024,098</u>	<u>(604,401)</u>
TOTAL GENERAL CURRENT EXPENSE					
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12	77,274	67,532	144,806	132,845	11,961
Central Services		6,834	6,834	6,834	
Administrative Information Technology	14,800		14,800	14,800	
Required Maintenance for School Facilities	26,314	3,300	29,614	26,314	3,300
Care and Upkeep of Grounds		18,500	18,500	18,500	
	<u>118,388</u>	<u>96,166</u>	<u>214,554</u>	<u>199,293</u>	<u>15,261</u>
Total Equipment					
Facilities Acquisition and Construction Services:					
Lease Purchase Agreements - Principal	304,617		304,617	304,616	1
Assessment for Debt Service on SDA Funding	26,981		26,981	26,981	
	<u>331,598</u>		<u>331,598</u>	<u>331,597</u>	<u>1</u>
Total Facilities Acquisition and Construction Services					
	<u>449,986</u>	<u>96,166</u>	<u>546,152</u>	<u>530,890</u>	<u>15,262</u>
TOTAL CAPITAL OUTLAY					
	<u>18,753,564</u>	<u>212,285</u>	<u>18,965,849</u>	<u>19,554,988</u>	<u>(589,139)</u>
TOTAL EXPENDITURES					
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(854,762)	(212,285)	(1,067,047)	134,450	1,201,497

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources:					
Transfers In:					
Transfer from Capital Project Fund - Interest				\$ 233	\$ 233
Total Other Financing Sources				233	233
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	\$ (854,762)	\$ (212,285)	\$ (1,067,047)	134,683	1,201,730
Fund Balance, July 1	2,281,597		2,281,597	2,281,597	
Fund Balance, June 30	\$ 1,426,835	\$ (212,285)	\$ 1,214,550	\$ 2,416,280	\$ 1,201,730
 <u>Recapitulation:</u>					
Restricted:					
Capital Reserve				\$ 985,230	
Maintenance Reserve				437,188	
Emergency Reserve				250,000	
Assigned:					
Year-End Encumbrances				77,435	
Designated for Subsequent Year's Expenditures				225,000	
Unassigned				441,427	
				2,416,280	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis				(393,833)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,022,447	

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources	\$ 3,000	\$ 28,822	\$ 31,822	\$ 7,628	\$ (24,194)
State Sources	328,069		328,069	90,211	(237,858)
Federal Sources	184,900	31,557	216,457	210,187	(6,270)
Total Revenues	<u>515,969</u>	<u>60,379</u>	<u>576,348</u>	<u>308,026</u>	<u>(268,322)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	154,000	304	154,304	39,664	114,640
Tuition	157,300	28,536	185,836	185,836	
Other Purchased Services		225	225		225
General Supplies	3,000	24,622	27,622	3,143	24,479
Total Instruction	<u>314,300</u>	<u>53,687</u>	<u>367,987</u>	<u>228,643</u>	<u>139,344</u>
Support Services:					
Salaries of Other Professional Staff	70,550		70,550	14,325	56,225
Personal Services - Employee Benefits	44,755		44,755	3,156	41,599
Purchased Professional and Technical Services	17,800		17,800	2,200	15,600
Other Purchased Services	28,085	117	28,202	12,648	15,554
Supplies and Materials		6,575	6,575	6,575	
Total Support Services	<u>161,190</u>	<u>6,692</u>	<u>167,882</u>	<u>38,904</u>	<u>128,978</u>
Facilities Acquisition:					
Non-Instructional Equipment	40,479		40,479	40,479	
Total Facilities Acquisition	<u>40,479</u>		<u>40,479</u>	<u>40,479</u>	
Total Expenditures	<u>\$ 515,969</u>	<u>\$ 60,379</u>	<u>\$ 576,348</u>	<u>\$ 308,026</u>	<u>\$ 268,322</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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	\$ 19,689,438	\$ 308,026
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue While the GAAP Basis Does Not		
Prior Year Encumbrances		7,032
Current Year Encumbrances		(5,232)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	397,547	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(393,833)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 19,693,152	\$ 309,826
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 19,554,988	\$ 308,026
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		7,032
Current Year Encumbrances		(5,232)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 19,554,988	\$ 309,826

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote by the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>No Child Left Behind</u>		<u>I.D.E.A. Part B, Basic</u>	<u>Vocational State Shared Grant</u>	<u>Other Local Grants</u>	<u>Totals June 30, 2016</u>
	<u>Title I</u>	<u>Title II, Part A</u>				
REVENUE:						
Local Sources					\$ 7,628	\$ 7,628
State Sources				\$ 90,211		90,211
Federal Sources	\$ 12,634	\$ 11,717	\$ 185,836			210,187
Total Revenue	<u>12,634</u>	<u>11,717</u>	<u>185,836</u>	<u>90,211</u>	<u>7,628</u>	<u>308,026</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	10,544			29,120		39,664
Tuition			185,836			185,836
General Supplies	2,090				1,053	3,143
Total Instruction	<u>12,634</u>		<u>185,836</u>	<u>29,120</u>	<u>1,053</u>	<u>228,643</u>
Support Services:						
Salaries of Other Professional Staff				14,325		14,325
Personal Services - Employee Benefits				3,156		3,156
Purchased Professional and Technical Services				2,200		2,200
Other Purchased Services		11,717		931		12,648
Supplies and Materials					6,575	6,575
Total Support Services		<u>11,717</u>		<u>20,612</u>	<u>6,575</u>	<u>38,904</u>
Facilities Acquisition:						
Non-Instructional Equipment				40,479		40,479
Total Facilities Acquisition				<u>40,479</u>		<u>40,479</u>
Total Expenditures	<u>\$ 12,634</u>	<u>\$ 11,717</u>	<u>\$ 185,836</u>	<u>\$ 90,211</u>	<u>\$ 7,628</u>	<u>\$ 308,026</u>

CAPITAL PROJECTS FUND

Exhibit F-1

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Revenue and Other Financing Sources:	
Interest	\$ 141
Total Revenue and Other Financing Sources	141
Expenditures and Other Financing Uses:	
Legal Services	805
Architectural Services	8,031
Construction Services	1,152,356
Other Purchased Services	1,000
Interest Transferred to General Fund	233
Total Expenditures and Other Financing Uses	1,162,425
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(1,162,284)
Fund Balance - Beginning Balance (Restated)	2,931,515
Fund Balance - Ending Balance	\$ 1,769,231
<u>Recapitulation of Fund Balance:</u>	
Committed Fund Balance (Budgetary Basis)	\$ 1,769,231
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on GAAP Basis	(1,283,305)
Fund Balance per Governmental Funds (GAAP)	\$ 485,926

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
WINDOW REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
Lease Proceeds	\$ 1,562,654		\$ 1,562,654	\$ 1,562,654
State Sources - SDA Grant	1,041,770		1,041,770	1,041,770
Total Revenue and Other Financing Sources	<u>2,604,424</u>		<u>2,604,424</u>	<u>2,604,424</u>
Expenditures:				
Legal Services	11,960	\$ 805	12,765	12,765
Architectural Services	142,868	8,031	150,899	152,575
Construction Services		873,847	873,847	2,415,539
Other Purchased Services	1,727	1,000	2,727	2,727
Supplies and Materials	20,818		20,818	20,818
Total Expenditures	<u>177,373</u>	<u>883,683</u>	<u>1,061,056</u>	<u>2,604,424</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 2,427,051</u>	<u>\$ (883,683)</u>	<u>\$ 1,543,368</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	1050-040-14-1002
Grant Date	2/4/2015
Bond Authorization Date	N/A
Original Authorized Cost	\$ 2,604,424
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	41%
Original Target Completion Date	9/1/2015
Revised Target Completion Date	12/1/2016

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
POTABLE WELL REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 141,668		\$ 141,668	\$ 141,668
State Sources - SDA Grant	94,445		94,445	94,445
Total Revenue and Other Financing Sources	<u>236,113</u>		<u>236,113</u>	<u>236,113</u>
Expenditures:				
Architectural Services				12,995
Construction Services	10,250		10,250	220,024
Other Purchased Services				3,094
Total Expenditures	<u>10,250</u>		<u>10,250</u>	<u>236,113</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 225,863</u>	<u>\$ - 0 -</u>	<u>\$ 225,863</u>	<u>\$ - 0 -</u>

Additional Project Information:

Project Number	1050-040-14-1005
Grant Date	4/4/2015
Bond Authorization Date	N/A
Original Authorized Cost	\$ 236,113
Revised Authorized Cost	\$ 236,113
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	4%
Original Target Completion Date	9/1/2017

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE PROJECT OF REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS - BUDGETARY BASIS
PUBLIC ANOUNCEMENT SYSTEM REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Year	Total	Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Reserve	\$ 220,635		\$ 220,635	\$ 220,635
State Sources - SDA Grant	147,090		147,090	147,090
Total Revenue and Other Financing Sources	367,725		367,725	367,725
Expenditures:				
Construction Services	88,839	\$ 278,509	367,348	367,348
Other Purchased Services	377		377	377
Total Expenditures	89,216	278,509	367,725	367,725
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 278,509	\$ (278,509)	\$ - 0 -	\$ - 0 -

Additional Project Information:

Project Number	1050-040-14-1007
Grant Date	4/17/2015
Bond Authorization Date	N/A
Original Authorized Cost	\$ 367,725
Revised Authorized Cost	\$ 367,725
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	9/1/2015
Revised Target Completion Date	6/30/2016

PROPRIETARY FUNDS

Exhibit G-1

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Major Fund	Non-Major Funds		Total	Total
	Transportation Service Fund	Food Service Fund	Technology Service Fund	Non-Major Funds	
<u>ASSETS:</u>					
Current Assets:					
Cash and Cash Equivalents	\$ 546,687	\$ 7,606	\$ 15,963	\$ 23,569	\$ 570,256
Intergovernmental Accounts Receivable:					
State		283		283	283
Federal		4,958		4,958	4,958
Other	318,703				318,703
Other Accounts Receivable	431,887				431,887
Inventories		5,045		5,045	5,045
Total Current Assets	<u>1,297,277</u>	<u>17,892</u>	<u>15,963</u>	<u>33,855</u>	<u>1,331,132</u>
Non-Current Assets:					
Capital Assets:					
Depreciable Buildings and Building Improvements, Machinery, Equipment, Buses, and Other Vehicles	4,932,261	257,078		257,078	5,189,339
Less: Accumulated Depreciation	<u>(3,254,917)</u>	<u>(193,379)</u>		<u>(193,379)</u>	<u>(3,448,296)</u>
Total Non-Current Assets	<u>1,677,344</u>	<u>63,699</u>		<u>63,699</u>	<u>1,741,043</u>
Total Assets	<u>2,974,621</u>	<u>81,591</u>	<u>15,963</u>	<u>97,554</u>	<u>3,072,175</u>
DEFERRED OUTFLOWS OF RESOURCES					
Changes in Assumptions - Pensions	324,293		43,239	43,239	367,532
Changes in Proportions - Pensions	321,912		42,922	42,922	364,834
Difference Between Expected and Actual Experience - Pensions	72,040		9,605	9,605	81,645
District Contribution Subsequent to the Measurement Date - Pensions	<u>122,553</u>		<u>16,340</u>	<u>16,340</u>	<u>138,893</u>
Total Deferred Outflows of Resources	<u>840,798</u>		<u>112,106</u>	<u>112,106</u>	<u>952,904</u>
<u>LIABILITIES:</u>					
Current Liabilities:					
Accounts Payable	140,137		17,302	17,302	157,439
Unearned Revenue - Prepaid Balances	20	4,892		4,892	4,912
Unearned Revenue - Donated Commodities		1,282		1,282	1,282
Total Current Liabilities	<u>140,157</u>	<u>6,174</u>	<u>17,302</u>	<u>23,476</u>	<u>163,633</u>
Long-Term Liabilities:					
Capital Leases - Due Within One Year	335,281				335,281
Capital Leases - Due Beyond One Year	854,584				854,584
Net Pension Liability - Due Beyond One Year	<u>3,019,706</u>		<u>402,628</u>	<u>402,628</u>	<u>3,422,334</u>
Total Long-Term Liabilities	<u>4,209,571</u>		<u>402,628</u>	<u>402,628</u>	<u>4,612,199</u>
Total Liabilities	<u>4,349,728</u>	<u>6,174</u>	<u>419,930</u>	<u>426,104</u>	<u>4,775,832</u>
DEFERRED INFLOWS OF RESOURCES					
Investment Gains - Pensions	48,551		6,473	6,473	55,024
Total Deferred Inflows of Resources	<u>48,551</u>		<u>6,473</u>	<u>6,473</u>	<u>55,024</u>
<u>NET POSITION:</u>					
Net Investment in Capital Assets	487,479	63,699		63,699	551,178
Unrestricted/(Deficit)	<u>(1,070,339)</u>	<u>11,718</u>	<u>(298,334)</u>	<u>(286,616)</u>	<u>(1,356,955)</u>
Total Net Position/(Deficit)	<u>\$ (582,860)</u>	<u>\$ 75,417</u>	<u>\$ (298,334)</u>	<u>\$ (222,917)</u>	<u>\$ (805,777)</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Major Fund</u>	<u>Non-Major Funds</u>		<u>Total</u>	<u>Total</u>
	<u>Transportation Service Fund</u>	<u>Food Service Fund</u>	<u>Technology Service Fund</u>	<u>Non-Major Funds</u>	
Operating Revenue:					
Local Sources:					
Daily Sales - Reimbursable Programs		\$ 125,472		\$ 125,472	\$ 125,472
Daily Sales - Non-Reimbursable programs		175,083		175,083	175,083
Charges and Program Fees	\$ 3,865,697		\$ 215,110	215,110	4,080,807
Miscellaneous	20,462	1,561		1,561	22,023
	<u>3,886,159</u>	<u>302,116</u>	<u>215,110</u>	<u>517,226</u>	<u>4,403,385</u>
Total Operating Revenue					
Operating Expenses:					
Cost of Sales - Reimbursable Programs		66,689		66,689	66,689
Cost of Sales - Non-Reimbursable Programs		107,188		107,188	107,188
Salaries, Benefits & Payroll Taxes	2,558,980	160,907	527,620	688,527	3,247,507
Supplies and Materials	413,705	9,963	825	10,788	424,493
Management Fee		8,924		8,924	8,924
Other Purchased Services	173,941				173,941
Miscellaneous Expenses	101,381	10,694		10,694	112,075
Interest Expense on Capital Leases	10,249				10,249
Gasoline	212,515				212,515
Depreciation Expense	261,600	12,502		12,502	274,102
	<u>3,732,371</u>	<u>376,867</u>	<u>528,445</u>	<u>905,312</u>	<u>4,637,683</u>
Total Operating Expenses					
Operating Income/(Loss)	153,788	(74,751)	(313,335)	(388,086)	(234,298)
Non-Operating Income:					
Local Sources:					
Interest Income		122		122	122
State Sources:					
State School Lunch Program		1,756		1,756	1,756
Federal Sources:					
National School Lunch Program		30,741		30,741	30,741
Food Distribution Program		8,640		8,640	8,640
		<u>41,259</u>		<u>41,259</u>	<u>41,259</u>
Total Non-Operating Income					
Change in Net Position	153,788	(33,492)	(313,335)	(346,827)	(193,039)
Net Position/(Deficit) - Beginning of Year (Restated)	(736,648)	108,909	15,001	123,910	(612,738)
Net Position/(Deficit) - End of Year	<u>\$ (582,860)</u>	<u>\$ 75,417</u>	<u>\$ (298,334)</u>	<u>\$ (222,917)</u>	<u>\$ (805,777)</u>

Exhibit G-3

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Fund	Non-Major Funds		Total	Total
	Transportation Service Fund	Food Service Fund	Technology Service Fund	Non-Major Funds	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 3,806,306	\$ 304,498	\$ 215,110	\$ 519,608	\$ 4,325,914
Payments to Vendors	(3,230,013)	(321,578)	(213,323)	(534,901)	(3,764,914)
Payments for Miscellaneous Expenses	(74,684)	(37,486)	(825)	(38,311)	(112,995)
Net Cash Provided by/(Used for) Operating Activities	501,609	(54,566)	962	(53,604)	448,005
Cash Flows from Investing Activities:					
Interest Income		122		122	122
Net Cash Provided by Investing Activities		122		122	122
Cash Flows from Noncapital Financing Activities:					
Federal Program Reimbursements		27,995		27,995	27,995
State Program Reimbursements		1,655		1,655	1,655
Net Cash Provided by Noncapital Financing Activities		29,650		29,650	29,650
Cash Flows from Capital and Related Financing Activities:					
Purchase of Capital Assets	(437,887)				(437,887)
Capital Lease Principal Payments	(379,880)				(379,880)
Net Cash Used for Capital and Related Financing Activities	(817,767)				(817,767)
Net Increase/(Decrease) in Cash and Cash Equivalents	(316,158)	(24,794)	962	(23,832)	(339,990)
Cash and Cash Equivalents, July 1	862,845	32,400	15,001	47,401	910,246
Cash and Cash Equivalents, June 30	\$ 546,687	\$ 7,606	\$ 15,963	\$ 23,569	\$ 570,256
Reconciliation of Operating Income/(Loss) to					
Net Cash Provided By/(Used for) Operating Activities:					
Operating Income/(Loss)	\$ 153,788	\$ (74,751)	\$ (313,335)	\$ (388,086)	\$ (234,298)
Adjustment to Reconcile Operating Income/(Loss) to Cash					
Provided by/(Used for) Operating Activities:					
Depreciation	261,600	12,502		12,502	274,102
Food Distribution Program		8,640		8,640	8,640
Changes in Assets and Liabilities:					
(Increase) in Inventory		(144)		(144)	(144)
(Increase) in Intergovernmental Accounts					
Receivable - Other	(81,350)				(81,350)
Increase in Net Pension Liability	812,374		402,628	402,628	1,215,002
(Increase) in Change in Assumptions - Pensions	(254,883)		(43,239)	(43,239)	(298,122)
(Increase) in Change in Proportions - Pensions	(251,038)		(42,922)	(42,922)	(293,960)
(Increase) in Difference Between Expected and					
Actual Experience - Pensions	(72,040)		(9,605)	(9,605)	(81,645)
Increase/(Decrease) in Investment Gains - Pensions	(82,994)		6,473	6,473	(76,521)
(Increase) in District Contributions Subsequent					
to the Measurement Date	(122,553)		(16,340)	(16,340)	(138,893)
Increase in Accounts Payable	138,685		17,302	17,302	155,987
Increase/(Decrease) in Unearned Revenue	20	(813)		(813)	(793)
Net Cash Provided by/(Used for) Operating Activities	\$ 501,609	\$ (54,566)	\$ 962	\$ (53,604)	\$ 448,005

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received USDA Donated Commodities through the Food Distribution Program valued at \$8,761 and utilized \$8,640 for the fiscal year ended June 30, 2016.

FIDUCIARY FUNDS

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Agency Funds</u>		<u>Total Agency</u>	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Totals</u>
	<u>Student Activities</u>	<u>Payroll</u>					
<u>ASSETS:</u>							
Cash and Cash Equivalents	\$ 111,989	\$ 223,591	\$ 335,580	\$ 6,923	\$ 148,731	\$ 39,740	\$ 530,974
Total Assets	<u>111,989</u>	<u>223,591</u>	<u>335,580</u>	<u>6,923</u>	<u>148,731</u>	<u>39,740</u>	<u>530,974</u>
<u>LIABILITIES:</u>							
Payroll Deductions and Withholdings		768	768				768
Accrued Salaries and Wages		217,823	217,823				217,823
Due to Student Groups	111,989		111,989				111,989
Interfund Payable		5,000	5,000				5,000
Total Liabilities	<u>111,989</u>	<u>223,591</u>	<u>335,580</u>				<u>335,580</u>
<u>NET POSITION:</u>							
Held in Trust for:							
Flexible Spending Claims				6,923			6,923
Unemployment Claims					148,731		148,731
Scholarships						39,740	39,740
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 6,923</u>	<u>\$ 148,731</u>	<u>\$ 39,740</u>	<u>\$ 195,394</u>

Exhibit H-2

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Flexible Spending Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 24,164	\$ 21,366	
Donations			\$ 13,165
Total Contributions	<u>24,164</u>	<u>21,366</u>	<u>13,165</u>
Investment Earnings:			
Interest		430	138
Net Investment Earnings		<u>430</u>	<u>138</u>
Total Additions	<u>24,164</u>	<u>21,796</u>	<u>13,303</u>
DEDUCTIONS:			
Unemployment Compensation Claims		17,562	
Flexible Spending Claims	21,425		
Scholarship Payments			15,000
Total Deductions	<u>21,425</u>	<u>17,562</u>	<u>15,000</u>
Change in Net Position	2,739	4,234	(1,697)
Net Position - Beginning of the Year	<u>4,184</u>	<u>144,497</u>	<u>41,437</u>
Net Position - End of the Year	<u>\$ 6,923</u>	<u>\$ 148,731</u>	<u>\$ 39,740</u>

Exhibit H-3

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 106,753	\$ 224,673	\$ 219,437	\$ 111,989
Total Assets	<u>\$ 106,753</u>	<u>\$ 224,673</u>	<u>\$ 219,437</u>	<u>\$ 111,989</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 106,753	\$ 224,673	\$ 219,437	\$ 111,989
Total Liabilities	<u>\$ 106,753</u>	<u>\$ 224,673</u>	<u>\$ 219,437</u>	<u>\$ 111,989</u>

Exhibit H-4

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Regional High School:				
Student Activities	\$ 103,467	\$ 163,250	\$ 155,247	\$ 111,470
Athletic Activities	<u>3,286</u>	<u>61,423</u>	<u>64,190</u>	<u>519</u>
Total All Schools	<u>\$ 106,753</u>	<u>\$ 224,673</u>	<u>\$ 219,437</u>	<u>\$ 111,989</u>

Exhibit H-5

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 224,935	\$ 14,274,693	\$ 14,276,037	\$ 223,591
Total Assets	<u>\$ 224,935</u>	<u>\$ 14,274,693</u>	<u>\$ 14,276,037</u>	<u>\$ 223,591</u>
<u>LIABILITIES:</u>				
Accrued Salaries and Wages	\$ 214,767	\$ 217,823	\$ 214,767	\$ 217,823
Payroll Deductions and Withholdings	5,168	14,056,870	14,061,270	768
Interfund Payable - General Fund	<u>5,000</u>			<u>5,000</u>
Total Liabilities	<u>\$ 224,935</u>	<u>\$ 14,274,693</u>	<u>\$ 14,276,037</u>	<u>\$ 223,591</u>

LONG-TERM DEBT

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2015	Retired or Matured	Balance June 30, 2016
			Date	Amount				
2012 Refunding Bonds	4/17/2012	\$3,075,000	01/15/17	\$ 520,000	3.00%	<u>\$ 2,090,000</u>	<u>\$ 505,000</u>	<u>\$ 1,585,000</u>
			01/15/18	535,000	4.00%			
			01/15/19	530,000	4.00%			
						<u>\$ 2,090,000</u>	<u>\$ 505,000</u>	<u>\$ 1,585,000</u>

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

Item	Interest Rate	Original Issue	Balance July 1, 2015	Issued	Matured	Balance June 30, 2016
260 iPad Airs & Network Trafficking Device	1.90%	\$ 189,277	\$ 94,629		\$ 46,873	\$ 47,756
260 iPad Airs, Maintenance Equipment, Etc.	1.48%	236,776	236,676		59,560	177,116
Window Replacement Project	1.55%	1,562,654	1,260,442		304,616	955,826
			<u>\$ 1,591,747</u>	<u>\$ - 0 -</u>	<u>\$ 411,049</u>	<u>\$ 1,180,698</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
TRANSPORTATION FUND
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Item	Interest Rate	Original Issue	(Restated) Balance July 1, 2015	Issued	Matured	Balance June 30, 2016
Six 54-Passenger Buses	1.95%	\$ 492,609	\$ 324,544		\$ 236,726	\$ 87,818
Eight Thomas 54-Passenger Buses	1.66%	708,717	708,717		143,154	565,563
Various Transportation Vehicles	1.64%	536,484		\$ 536,484		536,484
			<u>\$ 1,033,261</u>	<u>\$ 536,484</u>	<u>\$ 379,880</u>	<u>\$ 1,189,865</u>

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 578,350		\$ 578,350	\$ 578,350	
Total Revenues	<u>578,350</u>		<u>578,350</u>	<u>578,350</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	73,350		73,350	73,350	
Redemption of Principal	505,000		505,000	505,000	
Total Regular Debt Service	<u>578,350</u>		<u>578,350</u>	<u>578,350</u>	
Total Expenditures	<u>578,350</u>		<u>578,350</u>	<u>578,350</u>	
Excess of Revenues Over Expenditures	-0-	\$ -0-	-0-	-0-	\$ -0-
Fund Balance, July 1	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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

	June 30,				
	2007	2008	2009	2010	2011
Governmental Activities:					
Net Investment in Capital Assets	\$ 7,410,446	\$ 7,515,354	\$ 8,099,215	\$ 7,870,924	\$ 8,112,333
Restricted	342,260	414,767	409,822	1,180,548	1,018,760
Unrestricted/(Deficit)	(242,311)	344,121	(454,258)	(807,965)	(534,523)
Total Governmental Activities Net Position	\$ 7,510,395	\$ 8,274,242	\$ 8,054,779	\$ 8,243,507	\$ 8,596,570
Business-Type Activities:					
Net Investment in Capital Assets	\$ 1,748,569	\$ 1,575,731	\$ 1,448,001	\$ 1,216,045	\$ 994,299
Unrestricted/(Deficit)	226,774	362,644	505,995	546,074	627,333
Total Business-Type Activities Net Positon/(Deficit)	\$ 1,975,343	\$ 1,938,375	\$ 1,953,996	\$ 1,762,119	\$ 1,621,632
District-Wide:					
Net Investment in Capital Assets	\$ 9,159,015	\$ 9,091,085	\$ 9,547,216	\$ 9,086,969	\$ 9,106,632
Restricted	342,260	414,767	409,822	1,180,548	1,018,760
Unrestricted/(Deficit)	(15,537)	706,765	51,737	(261,891)	92,810
Total District Net Position	\$ 9,485,738	\$ 10,212,617	\$ 10,008,775	\$ 10,005,626	\$ 10,218,202

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

	June 30,				
	2012	2013	2014	2015*	2016
Governmental Activities:					
Net Investment in Capital Assets	\$ 8,326,584	\$ 9,145,599	\$ 9,901,929	\$ 9,083,412	\$ 10,626,090
Restricted	1,079,940	1,233,893	878,685	861,504	1,672,418
Unrestricted/(Deficit)	(543,071)	(256,564)	(7,386,948)	(3,786,616)	(5,499,214)
Total Governmental Activities Net Position	\$ 8,863,453	\$ 10,122,928	\$ 3,393,666	\$ 6,158,300	\$ 6,799,294
Business-Type Activities:					
Net Investment in Capital Assets	\$ 829,289	\$ 763,643	\$ 664,639	\$ 439,400	\$ 551,178
Unrestricted/(Deficit)	780,935	719,834	868,033	(1,052,138)	(1,356,955)
Total Business-Type Activities Net Positon/(Deficit)	\$ 1,610,224	\$ 1,483,477	\$ 1,532,672	\$ (612,738)	\$ (805,777)
District-Wide:					
Net Investment in Capital Assets	\$ 9,155,873	\$ 9,909,242	\$ 10,566,568	\$ 9,522,812	\$ 11,177,268
Restricted	1,079,940	1,233,893	878,685	861,504	1,672,418
Unrestricted/(Deficit)	237,864	463,270	(6,518,915)	(4,838,754)	(6,856,169)
Total District Net Position	\$ 10,473,677	\$ 11,606,405	\$ 4,926,338	\$ 5,545,562	\$ 5,993,517

* Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,				
	2007	2008	2009	2010	2011
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 6,780,613	\$ 6,123,448	\$ 6,577,636	\$ 6,806,737	\$ 5,921,348
Special Education	1,039,752	1,539,537	1,624,178	2,019,811	1,991,378
Other Special Education	419,015	117,212	80,560	107,967	93,999
Other Instruction	1,209,911	1,275,918	1,351,133	1,345,429	1,406,839
School Sponsored					
Support Services:					
Tuition	972,416	1,032,040	1,031,523	909,236	864,066
Student & Instruction Related Services	1,920,718	2,489,857	2,435,152	2,541,581	2,589,517
General and Business Administrative Services	880,731	996,228	1,016,561	1,150,911	1,157,946
School Administrative Services	666,853	529,411	514,981	582,320	532,398
Central Services					
Administrative Information Technology	1,880,252	1,717,260	1,713,875	1,616,202	1,641,870
Plant Operations and Maintenance	1,083,017	1,280,005	1,484,905	1,188,704	1,080,191
Pupil Transportation					
Special Schools	106,024	197,316	183,150	169,723	189,607
Interest on Long-term Debt	243,208				
Unallocated Depreciation					
Total Governmental Activities Expenses	<u>17,202,510</u>	<u>17,298,232</u>	<u>18,013,654</u>	<u>18,438,621</u>	<u>17,469,159</u>
Business-Type Activities:					
Food Service	312,198	384,704	413,719	324,654	355,819
Transportation	1,830,070	2,665,156	2,654,001	2,650,246	2,777,759
Technology Services					
Total Business-type Activities Expense	<u>2,142,268</u>	<u>3,049,860</u>	<u>3,067,720</u>	<u>2,974,900</u>	<u>3,133,578</u>
Total District Expenses	<u>\$ 19,344,778</u>	<u>\$ 20,348,092</u>	<u>\$ 21,081,374</u>	<u>\$ 21,413,521</u>	<u>\$ 20,602,737</u>
Program Revenues					
Charges for Services:					
Regular Instruction		\$ 22,432	\$ 19,490	\$ 13,253	\$ 11,222
Special Education Instruction		2,776		7,255	16,085
Other Instruction		2,286	3,418		43,700
Student & Instructional Related Services			638	1,502	1,960
General & Business Administration Services					
School Administration Services		61,924	16,187	18,500	5,860
Plant Operations & Maintenance		4,344		1,202	350
Pupil Transportation					
Operating Grants and Contributions and Charges for Services	\$ 2,632,756	232,660	258,297	507,226	525,359
Capital Grants and Contributions					
Total Governmental Activities Program Revenues	<u>2,632,756</u>	<u>326,422</u>	<u>298,030</u>	<u>548,938</u>	<u>636,619</u>
Business-Type Activities:					
Charges for Services:					
Food Service	283,412	329,418	302,877	328,379	318,602
Transportation	1,619,009	2,644,070	2,675,802	2,438,329	2,593,507
Technology Services					
Operating Grants and Contributions	30,580	34,404	34,102	39,057	39,158
Total Business-type Activities Program Revenues	<u>1,933,001</u>	<u>3,007,892</u>	<u>3,012,781</u>	<u>2,805,765</u>	<u>2,951,267</u>

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

	Fiscal Year Ending June 30,				
	2007	2008	2009	2010	2011
Total District Program Revenues	\$ 4,565,757	\$ 3,334,314	\$ 3,310,811	\$ 3,354,703	\$ 3,587,886
Net (Expense)/Revenue					
Governmental Activities	\$ (14,569,754)	\$ (16,971,810)	\$ (17,715,624)	\$ (17,889,683)	\$ (16,832,540)
Business-type Activities	(209,267)	(41,968)	(54,939)	(169,135)	(182,311)
Total District-wide Net Expense	\$ (14,779,021)	\$ (17,013,778)	\$ (17,770,563)	\$ (18,058,818)	\$ (17,014,851)
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 10,974,948	\$ 11,565,442	\$ 11,774,649	\$ 12,339,722	\$ 12,658,311
Property Taxes Levied for Debt Service	584,115	586,905	589,200	591,000	162,305
Federal and State Aid not Restricted					
Unrestricted Grants and Contributions	3,483,358	5,420,415	5,042,621	5,192,310	4,551,441
Investment Earnings	15,461	114,611	43,642	18,339	13,662
Miscellaneous Income	194,610	48,284	20,662	26,811	152,531
Other	(30,650)		(6,752)	(90,000)	(350,052)
Adjustment to Capital Assets	1,514,099				
Special Item-Payment to Bond Agent					
Special Item-Insurance Proceeds for Storm Damage					
Special Item-Gain (Loss) on Sale, Trade-in or Disposal of Capital Assets				229	(2,595)
Total Governmental Activities	16,735,941	17,735,657	17,464,022	18,078,411	17,185,603
Business-Type Activities:					
Miscellaneous Income					24
Transfer In	30,650			(20,929)	
Investment Earnings					
Special Item - Prior Year Accounts Payable Canceled		5,000			
Special Item -Gain (Loss) on Deletion of Assets			2,100	(1,813)	41,800
Total Business-Type Activities	30,650	5,000	2,100	(22,742)	41,824
Total District-Wide	\$ 16,766,591	\$ 17,740,657	\$ 17,466,122	\$ 18,055,669	\$ 17,227,427
Change in Net Position:					
Governmental Activities	\$ 2,166,187	\$ 763,847	\$ (251,602)	\$ 188,728	\$ 353,063
Business-type Activities	(178,617)	(36,968)	(52,839)	(191,877)	(140,487)
Total District	\$ 1,987,570	\$ 726,879	\$ (304,441)	\$ (3,149)	\$ 212,576

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

Fiscal Year Ending June 30,

	2012	2013	2014	2015	2016
Expenses:					
Governmental Activities					
Instruction:					
Regular	\$ 6,567,284	\$ 6,562,855	\$ 6,783,272	\$ 7,994,360	\$ 8,084,175
Special Education	1,996,335	1,911,556	1,544,142	1,521,071	1,891,749
Other Special Education	17,721	3,557	28,475	24,997	
Other Instruction	1,327,057	1,330,447	1,414,072	1,441,785	40,704
School Sponsored					1,032,906
Support Services:					
Tuition	1,020,360	1,061,429	940,653	1,094,071	954,593
Student & Instruction Related Services	2,801,731	2,849,424	3,570,980	4,143,236	4,627,236
General and Business Administrative Services	1,174,587	1,164,906	1,191,594	1,349,198	531,743
School Administrative Services	537,653	599,512	599,975	670,034	724,417
Central Services					517,571
Administrative Information Technology					217,976
Plant Operations and Maintenance	1,654,596	1,744,118	1,917,835	1,659,974	2,099,057
Pupil Transportation	1,166,677	1,218,965	1,216,043	1,267,740	1,226,349
Special Schools					
Interest on Long-term Debt	127,930	133,563	123,357	130,697	35,282
Unallocated Depreciation					
Total Governmental Activities Expenses	<u>18,391,931</u>	<u>18,580,332</u>	<u>19,330,398</u>	<u>21,297,163</u>	<u>21,983,758</u>
Business-Type Activities:					
Food Service	380,362	435,304	452,199	402,611	376,867
Transportation	2,842,781	2,955,585	3,054,696	3,470,988	3,732,371
Technology Services	33,570	139,281	160,574	266,755	528,445
Total Business-type Activities Expense	<u>3,256,713</u>	<u>3,530,170</u>	<u>3,667,469</u>	<u>4,140,354</u>	<u>4,637,683</u>
Total District Expenses	<u>\$ 21,648,644</u>	<u>\$ 22,110,502</u>	<u>\$ 22,997,867</u>	<u>\$ 25,437,517</u>	<u>\$ 26,621,441</u>
Program Revenues					
Charges for Services:					
Regular Instruction	\$ 57,945	\$ 75,013	\$ 100,383	\$ 140,534	\$ 12,735
Special Education Instruction	57,070	60,382	61,791	174,503	110,754
Other Instruction	13,349	11,053	670		
Student & Instructional Related Services	60,680	17,424	32,742	29,709	
General & Business Administration Services	15,736	17,164	23,810	3,612	
School Administration Services	155				
Plant Operations & Maintenance	8,378	10,330	6,558	11,300	
Pupil Transportation	4,071	1,090		6,842	
Operating Grants and Contributions and Charges for Services	356,282	227,873	214,024	229,134	4,792,227
Capital Grants and Contributions				110,735	
Total Governmental Activities Program Revenues	<u>573,666</u>	<u>420,329</u>	<u>439,978</u>	<u>706,369</u>	<u>4,915,716</u>
Business-Type Activities:					
Charges for Services:					
Food Service	319,010	344,117	339,217	335,139	300,555
Transportation	2,846,131	2,862,260	3,134,672	3,682,898	3,865,697
Technology Services	33,570	139,281	176,483	265,847	215,110
Operating Grants and Contributions	43,901	46,872	57,465	57,449	41,137
Total Business-type Activities Program Revenues	<u>3,242,612</u>	<u>3,392,530</u>	<u>3,707,837</u>	<u>4,341,333</u>	<u>4,422,499</u>

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

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Total District Program Revenues	<u>\$ 3,816,278</u>	<u>\$ 3,812,859</u>	<u>\$ 4,147,815</u>	<u>\$ 5,047,702</u>	<u>\$ 9,338,215</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (17,818,265)	\$ (18,160,003)	\$ (18,890,420)	\$ (20,590,794)	\$ (17,068,042)
Business-type Activities	<u>(14,101)</u>	<u>(137,640)</u>	<u>40,368</u>	<u>200,979</u>	<u>(215,184)</u>
Total District-wide Net Expense	<u>\$ (17,832,366)</u>	<u>\$ (18,297,643)</u>	<u>\$ (18,850,052)</u>	<u>\$ (20,389,815)</u>	<u>\$ (17,283,226)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes Levied for General Purposes, net	\$ 12,636,477	\$ 12,889,207	\$ 13,134,122	\$ 13,525,820	\$ 13,783,832
Property Taxes Levied for Debt Service	553,693	593,430	555,964	578,050	578,350
Federal and State Aid not Restricted					3,291,371
Unrestricted Grants and Contributions	5,084,389	5,415,942	5,406,445	7,415,191	
Investment Earnings	3,879	3,908	3,504	9,677	12,612
Miscellaneous Income	31,311	134,520	59,847	63,164	42,871
Other	(100,000)				
Adjustment to Capital Assets					
Special Item-Payment to Bond Agent	(114,463)				
Special Item-Insurance Proceeds for Storm Damage		489,480			
Special Item-Gain (Loss) on Sale, Trade-in or Disposal of Capital Assets	<u>(10,138)</u>	<u>(13,650)</u>	<u>(52,734)</u>	<u>(360)</u>	
Total Governmental Activities	<u>18,085,148</u>	<u>19,512,837</u>	<u>19,107,148</u>	<u>21,591,542</u>	<u>17,709,036</u>
Business-Type Activities:					
Miscellaneous Income	62	1,773	4,515	1,385	22,023
Transfer In					
Investment Earnings				126	122
Special Item - Reappraisal of Capital Assets				(731)	
Special Item -Gain (Loss) on Deletion of Assets	<u>2,631</u>	<u>9,120</u>	<u>4,312</u>	<u>2,012</u>	
Total Business-Type Activities	<u>2,693</u>	<u>10,893</u>	<u>8,827</u>	<u>2,792</u>	<u>22,145</u>
Total District-Wide	<u>\$ 18,087,841</u>	<u>\$ 19,523,730</u>	<u>\$ 19,115,975</u>	<u>\$ 21,594,334</u>	<u>\$ 17,731,181</u>
Change in Net Position:					
Governmental Activities	\$ 266,883	\$ 1,352,834	\$ 216,728	\$ 1,000,748	\$ 640,994
Business-type Activities	<u>(11,408)</u>	<u>(126,747)</u>	<u>49,195</u>	<u>203,771</u>	<u>(193,039)</u>
Total District	<u>\$ 255,475</u>	<u>\$ 1,226,087</u>	<u>\$ 265,923</u>	<u>\$ 1,204,519</u>	<u>\$ 447,955</u>

Source: School District Financial Reports

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

	June 30,				
	2007	2008	2009	2010	2011
General Fund:					
Reserved/Restricted	\$ 256,402	\$ 278,624	\$ 123,471		
Committed	185,413	266,901	261,956	\$ 738,130	\$ 979,338
Unreserved:					
Assigned/Designated for Subsequent Year's Expenditures	73,988	472,069	83,886	157,619	275,460
Assigned					
Unassigned/(Deficit)	156,431	141,962	(108,657)	(98,936)	43,618
Total General Fund	<u>\$ 672,234</u>	<u>\$ 1,159,556</u>	<u>\$ 360,656</u>	<u>\$ 796,813</u>	<u>\$ 1,298,416</u>
All Other Governmental Funds:					
Committed					
Restricted, Reported in:					
Capital Projects Fund	\$ 497,934	\$ 469,422	\$ 469,422	\$ 39,422	
Assigned, Reporting in:					
Debt Service Fund				430,000	\$ 39,422
Total All Other Governmental Funds	<u>\$ 497,934</u>	<u>\$ 469,422</u>	<u>\$ 469,422</u>	<u>\$ 469,422</u>	<u>\$ 39,422</u>

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

	June 30,				
	2012	2013	2014	2015	2016
General Fund:					
Reserved/Restricted	\$ 61,573	\$ 61,573	\$ 878,685		\$ 1,672,418
Committed	1,079,940	1,212,557	426,340	\$ 861,504	
Unreserved:					
Assigned/Designated for Subsequent Year's Expenditures	415,447	611,669	239,521	855,112	
Assigned					302,435
Unassigned/(Deficit)	16,407	79,342		167,434	47,594
Total General Fund	<u>\$ 1,573,367</u>	<u>\$ 1,965,141</u>	<u>\$ 1,544,546</u>	<u>\$ 1,884,050</u>	<u>\$ 2,022,447</u>
All Other Governmental Funds:					
Committed					\$ 485,926
Restricted, Reported in:					
Capital Projects Fund				\$ 1,758,945	
Assigned, Reporting in:					
Debt Service Fund		\$ 21,336			
Total All Other Governmental Funds	<u>\$ -0-</u>	<u>\$ 21,336</u>	<u>\$ -0-</u>	<u>\$ 1,758,945</u>	<u>\$ 485,926</u>

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

	Fiscal Year Ending June 30,				
	2007	2008	2009	2010	2011
Revenues:					
Tax Levy	\$ 11,559,063	\$ 12,152,347	\$ 12,363,849	\$ 12,930,722	\$ 12,820,616
Tuition from Individuals		19,125	16,779	5,910	32,083
Tuition from Other LEA's Within the State					
Transportation		4,122			
Interest Earned on Capital Reserve Funds					
Interest Earnings	160,122	114,611	43,642	18,339	13,662
Local Contributions					
Miscellaneous	49,949	85,970	32,789	39,637	234,645
State Sources	5,905,436	5,420,415	5,042,621	4,609,802	4,551,441
Federal Sources	210,678	232,660	249,372	1,083,960	474,221
Total Revenue	<u>17,885,248</u>	<u>18,029,250</u>	<u>17,749,052</u>	<u>18,688,370</u>	<u>18,126,668</u>
Expenditures					
Instruction:					
Regular Instruction	4,728,433	4,523,475	4,797,391	4,864,422	4,181,001
Special Education Instruction	981,866	1,131,213	1,169,436	1,340,851	1,301,265
Other Instruction	55,804	55,270	54,368	57,124	56,642
School Sponsored Instruction	919,147	950,464	979,914	967,303	974,219
Support Services:					
Tuition	972,416	854,155	846,625	726,403	676,314
Student & Instruction Related Services	1,426,458	1,764,487	1,789,464	1,731,990	1,678,011
General Administrative Services	399,572	475,723	489,489	439,976	423,540
School Administrative Services	410,291	421,487	378,140	404,820	382,939
Central Services	315,485	276,230	250,605	317,615	300,959
Administrative Information Technology		33,419	54,830	114,343	133,569
Plant Operations and Maintenance	1,635,004	1,518,779	1,474,730	1,359,046	1,368,422
Student Transportation	820,972	1,326,312	1,492,902	1,118,302	1,068,736
Unallocated Benefits	2,111,442	1,842,507	2,397,139	2,592,791	2,851,246
On-Behalf TPAF Pension & Social Security Contributions	1,403,712	1,427,202	926,084	933,278	906,187

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2007	2008	2009	2010	2011
Expenditures					
Capital Outlay	\$ 110,902	\$ 121,640	\$ 592,586	\$ 98,485	\$ 250,493
Special Revenue	210,678	232,660	258,297	507,226	525,359
Capital Projects	400,306	28,512			
Debt Service:					
Principal	370,000	385,000	400,000	415,000	430,000
Interest and Other Charges	214,115	201,905	189,200	176,000	196,111
Total Expenditures	<u>17,486,603</u>	<u>17,570,440</u>	<u>18,541,200</u>	<u>18,164,975</u>	<u>17,705,013</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>398,645</u>	<u>458,810</u>	<u>(792,148)</u>	<u>523,395</u>	<u>421,655</u>
Other Financing Sources/(Uses):					
Proceeds from Refunding Bond Issue					
Proceeds for Capital Lease					
Premium on Refunding Bond Issue					
Payment to Refunding Bond Agent					
Proceeds from Sale of Capital Assets				2,762	
Insurance Claim Proceeds for Flood Damage					
Transfers Out	<u>(30,650)</u>		<u>(6,752)</u>	<u>(90,000)</u>	<u>(350,052)</u>
Total Other Financing Sources/(Uses)	<u>(30,650)</u>		<u>(6,752)</u>	<u>(87,238)</u>	<u>(350,052)</u>
Net Change in Fund Balances	<u>\$ 367,995</u>	<u>\$ 458,810</u>	<u>\$ (798,900)</u>	<u>\$ 436,157</u>	<u>\$ 71,603</u>
Debt Service as a Percentage of Noncapital Expenditures	3.36%	3.36%	3.28%	3.27%	3.59%

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

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Revenues:					
Tax Levy	\$ 13,190,170	\$ 13,482,637	\$ 13,690,086	\$ 14,103,870	\$ 14,362,182
Tuition from Individuals	36,100	33,380	61,791	187,493	12,735
Tuition from Other LEA's Within the State					110,754
Transportation					
Interest Earned on Capital Reserve Funds					914
Interest Earnings	3,879	3,908	3,504	9,677	
Local Contributions		88,617	6,085	16,667	
Miscellaneous	31,123	71,949	56,456	55,996	63,997
State Sources	4,936,247	5,415,942	5,406,445	5,714,234	5,820,700
Federal Sources	500,523	209,843	210,339	217,892	210,187
Total Revenue	<u>18,698,042</u>	<u>19,306,276</u>	<u>19,434,706</u>	<u>20,305,829</u>	<u>20,581,469</u>
Expenditures					
Instruction:					
Regular Instruction	4,502,117	4,595,524	4,736,072	4,932,664	4,907,939
Special Education Instruction	1,324,608	1,300,227	1,039,553	876,297	1,159,175
Other Instruction	1,202	1,232	7,800	5,000	40,704
School Sponsored Instruction	909,491	936,167	993,760	1,009,555	1,001,801
Support Services:					
Tuition	827,038	874,973	760,449	909,045	954,593
Student & Instruction Related Services	1,807,074	1,986,978	2,440,575	2,484,432	2,581,083
General Administrative Services	491,409	497,262	498,010	491,957	420,944
School Administrative Services	372,540	417,994	414,962	412,906	419,574
Central Services	308,711	323,212	353,988	355,174	344,734
Administrative Information Technology	49,241	57,106	63,656	112,352	196,203
Plant Operations and Maintenance	1,373,582	1,467,139	1,619,068	1,341,466	1,547,590
Student Transportation	1,161,492	1,212,426	1,216,358	1,260,591	1,180,593
Unallocated Benefits	3,000,071	2,755,128	3,036,763	2,832,695	4,538,512
On-Behalf TPAF Pension & Social Security Contributions	1,077,768	1,316,846	1,178,883	1,402,196	

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

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Expenditures					
Capital Outlay	\$ 189,844	\$ 813,484	\$ 887,712	\$ 167,164	\$ 1,733,561
Special Revenue	356,282	227,873	214,024	229,134	
Capital Projects	72,356			276,839	
Debt Service:					
Principal	445,000	480,000	475,000	792,212	505,000
Interest and Other Charges	167,775	119,075	129,281	115,031	73,350
Total Expenditures	<u>18,437,601</u>	<u>19,382,646</u>	<u>20,065,914</u>	<u>20,006,710</u>	<u>21,605,356</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>260,441</u>	<u>(76,370)</u>	<u>(631,208)</u>	<u>299,119</u>	<u>(1,023,887)</u>
Other Financing Sources/(Uses):					
Proceeds from Refunding Bond Issue	3,075,000				
Proceeds for Capital Lease			189,277	1,799,330	
Premium on Refunding Bond Issue	245,819				
Payment to Refunding Bond Agent	(3,248,463)				
Proceeds from Sale of Capital Assets	2,732				
Insurance Claim Proceeds for Flood Damage		489,480			
Transfers Out	(100,000)				
Total Other Financing Sources/(Uses)	<u>(24,912)</u>	<u>489,480</u>	<u>189,277</u>	<u>1,799,330</u>	
Net Change in Fund Balances	<u>\$ 235,529</u>	<u>\$ 413,110</u>	<u>\$ (441,931)</u>	<u>\$ 2,098,449</u>	<u>\$ (1,023,887)</u>
Debt Service as a Percentage of Noncapital Expenditures	3.36%	3.23%	3.15%	4.57%	2.91%

Source: School District Financial Reports

Exhibit J-5

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u> <u>Miscellaneous</u>	<u>Rentals - Use of</u> <u>Facilities</u>	<u>Total</u>
2007	\$ 51,904		\$ 16,735		\$ 68,639
2008	29,589		20,928		50,517
2009	10,904		21,099		32,003
2010	3,134	\$ 24,420	33,448	\$ 4,245	65,247
2011	669	45,268	24,385		70,322
2012	560	35,241	8,739		44,540
2013	538	21,554	10,859		32,951
2014	4,996	51,689	32,826		89,511
2015	5,384	107,316	34,248		146,948
2016	12,239	123,489	43,103		178,831

Source: School District Financial Reports

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

Alexandria Township

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
2006	\$ 42,729,100	\$ 591,260,800	\$ 102,581,300	\$ 4,053,249	\$ 21,353,888	\$ 2,534,800	\$ 418,900	\$ 764,932,037	\$ 1,952,128	\$ 766,884,165	\$ 0.52	\$ 835,122,231
2007	33,421,700	613,108,800	110,104,700	3,972,780	21,479,488	2,534,800	418,900	785,041,168	2,004,605	787,045,773	0.56	893,908,093
2008	27,780,400	644,944,300	114,371,300	3,864,670	21,719,788	2,534,800	418,900	815,634,158	1,769,750	817,403,908	0.55	916,853,752
2009	23,145,300	653,844,600	119,772,700	3,962,339	21,679,788	2,534,800	418,900	825,358,427	1,515,311	826,873,738	0.57	900,393,499
2010	19,873,200	661,048,700	120,545,600	3,957,181	21,720,188	2,534,800	418,900	830,098,569	1,960,839	832,059,408	0.53	884,510,905
2011	14,932,700	670,392,500	121,687,600	4,037,633	21,752,488	2,534,800	418,900	835,756,621	2,175,745	837,932,366	0.52	855,451,114
2012	13,406,100	661,932,700	122,866,700	4,082,151	21,045,588	2,534,800	418,900	826,286,939	2,293,602	828,580,541	0.57	802,261,594
2013	12,754,400	654,129,600	123,550,900	4,052,732	20,957,488	1,034,800	418,900	816,898,820	2,109,187	819,008,007	0.59	777,229,047
2014	* 10,448,300	569,320,900	106,917,400	4,235,179	19,100,800	836,200	230,400	711,089,179	178,774	711,267,953	0.70	770,673,063
2015	9,380,000	567,628,200	108,879,000	4,272,779	18,850,800	836,200	230,400	710,077,379	165,764	710,243,143	0.75	788,545,734

Frenchtown Borough

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
2006	\$ 2,617,100	\$ 108,765,800	\$ 898,600	\$ 76,805	\$ 26,699,600	\$ 3,726,350	\$ 6,834,300	\$ 149,618,555	\$ 970,914	\$ 150,589,469	\$ 0.53	\$ 166,760,565
2007	2,554,500	108,162,700	898,600	52,749	26,662,500	3,726,350	6,119,880	148,177,279	945,769	149,123,048	0.61	180,920,032
2008	2,554,500	108,094,600	898,600	52,749	28,085,300	3,726,350	6,119,880	149,531,979	1,059,003	150,590,982	0.50	189,110,834
2009	2,608,300	108,052,500	898,600	14,200	27,687,500	3,726,350	6,446,500	149,433,950	1,130,900	150,564,850	0.50	182,114,565
2010	2,505,100	109,384,700	898,600	14,700	26,861,900	3,726,350	6,045,500	149,436,850	889,485	150,326,335	0.47	177,418,076
2011	2,505,100	108,678,000	898,600	14,700	26,785,700	3,726,350	6,045,500	148,653,950	725,240	149,379,190	0.44	171,957,166
2012	2,505,100	108,976,400	898,600	14,700	26,737,800	3,726,350	6,045,500	148,904,450	592,657	149,497,107	0.48	166,644,863
2013	2,505,100	108,741,700	898,600	14,700	26,737,800	3,726,350	6,045,500	148,669,750	489,679	149,159,429	0.52	159,392,422
2014	2,505,100	109,474,900	898,600	14,700	26,449,600	3,726,350	5,682,600	148,751,850	594,036	149,345,886	0.57	152,424,868
2015	2,490,600	109,543,700	898,600	14,700	26,369,600	3,726,350	5,682,600	148,726,150	693,169	149,419,319	0.63	164,522,483

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

Holland Township

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
2006	\$ 18,740,600	\$ 637,852,300	\$ 66,490,700	\$ 2,428,000	\$ 16,221,100	\$ 17,736,700	\$ 409,900	\$ 759,879,300	\$ 1,901,237	\$ 761,780,537	\$ 0.46	\$ 808,243,008
2007	15,993,100	646,038,300	66,731,500	2,402,600	16,192,600	17,736,700	409,900	765,504,700	1,865,780	767,370,480	0.46	876,204,072
2008	13,910,600	644,816,900	72,529,100	2,619,500	16,192,600	17,716,700	409,900	768,195,300	1,915,521	770,110,821	0.48	854,549,495
2009	13,960,200	646,967,000	73,861,100	2,615,500	16,150,100	14,480,500	409,900	768,444,300	1,952,899	770,397,199	0.50	830,689,491
2010	13,623,600	646,506,300	75,961,400	2,588,800	16,302,400	14,480,500	409,900	769,872,900	2,066,917	771,939,817	0.50	832,100,698
2011	12,898,800	646,373,000	75,820,600	2,555,100	16,202,400	14,026,400	409,900	768,286,200	1,938,850	770,225,050	0.53	783,944,071
2012	11,043,000	646,768,800	74,547,600	2,519,600	16,745,200	13,145,500	409,900	765,179,600	1,948,801	767,128,401	0.52	746,069,777
2013	10,255,300	643,244,500	75,823,800	2,579,300	16,745,200	13,145,500	409,900	762,203,500	1,671,889	763,875,389	0.50	691,448,812
2014	* 6,480,600	525,191,400	65,474,000	2,645,310	16,026,211	11,231,600	429,300	627,478,421	1,531,313	629,009,734	0.61	670,270,971
2015	6,975,500	524,687,600	65,808,400	2,658,190	15,119,411	11,231,600	429,300	626,910,001	1,504,717	628,414,718	0.58	660,724,128

Kingwood Township

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
2006	\$ 9,344,079	\$ 236,095,900	\$ 63,625,900	\$ 15,775,698	\$ 16,010,415	\$ 8,840,610	\$ 1,210,500	\$ 350,903,102	\$ 947,193	\$ 351,850,295	\$ 0.79	\$ 615,263,836
2007	* 29,392,700	486,985,900	124,369,300	6,256,967	36,682,000	11,539,200	2,262,500	697,488,567	1,622,202	699,110,769	0.39	716,228,633
2008	28,977,700	490,067,000	123,850,000	5,970,400	34,335,100	11,539,200	2,262,500	697,001,900	1,526,249	698,528,149	0.39	717,447,587
2009	24,913,500	494,471,800	126,078,000	5,910,000	40,870,300	10,401,900	2,262,500	704,908,000	1,359,500	706,267,500	0.41	704,115,651
2010	* 19,877,000	421,467,300	111,387,300	5,862,400	34,544,300	9,346,600	2,018,900	604,503,800	1,639,850	606,143,650	0.51	697,511,612
2011	19,848,200	422,700,800	111,775,600	5,809,900	35,078,200	9,346,600	1,988,300	606,547,600	1,559,512	608,107,112	0.55	660,555,194
2012	20,682,400	417,770,800	114,411,900	5,810,800	34,583,000	9,346,600	1,988,300	604,593,800	1,663,096	606,256,896	0.57	639,241,772
2013	20,444,100	420,624,300	113,888,600	5,711,500	34,945,700	9,346,600	1,988,300	606,949,100	1,480,282	608,429,382	0.59	629,713,705
2014	18,828,000	422,482,000	113,765,600	5,624,100	34,980,300	9,381,100	1,988,300	607,049,400	1,476,753	608,526,153	0.61	611,216,103
2015	22,065,150	421,252,699	113,811,201	5,480,300	34,962,700	9,381,100	1,988,300	608,941,450	1,653,010	610,594,460	0.61	618,887,553

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

Exhibit J-6
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Milford Borough

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Actual (County Equalized Value)
2006	\$ 1,997,300	\$ 93,383,800	\$ 1,408,500	\$ 31,800	\$ 12,439,670	\$ 8,318,800	\$ 3,238,200	\$ 120,818,070	\$ 252,285	\$ 121,070,355	\$ 0.46	\$ 144,328,527
2007	2,034,300	94,823,600	1,408,500	31,800	12,465,970	8,318,800	3,238,200	122,321,170	231,535	122,552,705	0.57	164,084,365
2008	1,505,600	95,519,000	1,408,500	40,000	12,455,970	8,155,400	3,238,200	122,322,670	236,757	122,559,427	0.59	150,832,151
2009	2,212,100	96,064,900	1,413,900	15,900	12,455,970	1,992,000	3,238,200	117,392,970	265,500	117,658,470	0.59	145,327,603
2010	2,643,000	95,595,200	1,413,900	21,100	12,455,970	1,992,000	3,238,200	117,359,370	260,294	117,619,664	0.68	152,971,341
2011	2,647,800	95,320,400	1,408,800	21,100	12,444,170	1,992,000	3,238,200	117,072,470	229,368	117,301,838	0.66	145,752,781
2012	2,634,300	95,332,200	1,408,800	21,100	12,759,270	1,992,000	3,238,200	117,385,870	241,622	117,627,492	0.51	128,892,715
2013	2,580,300	94,829,000	1,408,800	21,100	12,759,270	1,992,000	3,238,200	116,828,670	222,189	117,050,859	0.52	117,674,534
2014	2,265,200	94,913,600	1,418,800	21,900	12,759,270	1,992,000	3,238,200	116,608,970	182,366	116,791,336	0.61	114,247,680
2015	2,265,200	94,625,300	1,418,800	21,900	12,447,070	1,992,000	2,900,000	115,670,270	188,786	115,859,056	0.61	109,034,434

Source: Municipal Tax Assessors and State of New Jersey Website

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation.

* Revaluation of Real Property became effective.

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

b Tax rates are per \$100

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

Alexandria Township

Year Ended December 31,	Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	County	Local School	
2006	\$ 0.49	\$ 0.03	\$ 0.52	\$ 0.21	\$ 0.39	\$ 0.88	\$ 2.00
2007	0.53	0.03	0.56	0.21	0.38	0.90	2.05
2008	0.52	0.03	0.55	0.21	0.37	0.91	2.04
2009	0.54	0.03	0.57	0.21	0.38	0.91	2.07
2010	0.52	0.01	0.53	0.21	0.36	0.95	2.05
2011	0.50	0.02	0.52	0.21	0.35	0.93	2.01
2012	0.54	0.03	0.57	0.21	0.34	0.96	2.08
2013	0.57	0.02	0.59	0.21	0.34	0.97	2.11
2014	* 0.67	0.03	0.70	0.24	0.40	1.14	2.48
2015	0.72	0.03	0.75	0.24	0.41	1.16	2.56

Frenchtown Borough

Year Ended December 31,	Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	County	Local School	
2006	\$ 0.50	\$ 0.03	\$ 0.53	\$ 0.50	\$ 0.40	\$ 0.99	\$ 2.42
2007	0.58	0.03	0.61	0.55	0.40	1.05	2.61
2008	0.48	0.02	0.50	0.54	0.42	1.08	2.54
2009	0.48	0.02	0.50	0.56	0.42	1.12	2.60
2010	0.46	0.01	0.47	0.60	0.41	1.17	2.65
2011	0.42	0.02	0.44	0.62	0.40	1.19	2.65
2012	0.46	0.02	0.48	0.65	0.40	1.21	2.74
2013	0.50	0.02	0.52	0.67	0.40	1.24	2.83
2014	0.55	0.02	0.57	0.71	0.38	1.26	2.92
2015	0.60	0.03	0.63	0.87	0.41	1.30	3.21

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

Holland Township

Year Ended December 31,	Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct	Municipality	County	Local School	
	Basic Rate ^a	Debt Service ^b					
2006	\$ 0.44	\$ 0.02	\$ 0.46		\$ 0.38	\$ 0.96	\$ 1.80
2007	0.44	0.02	0.46		0.38	0.99	1.83
2008	0.46	0.02	0.48		0.37	1.00	1.85
2009	0.48	0.02	0.50		0.37	1.05	1.92
2010	0.49	0.01	0.50		0.37	1.08	1.95
2011	0.51	0.02	0.53		0.35	1.09	1.97
2012	0.50	0.02	0.52		0.34	1.08	1.94
2013	0.48	0.02	0.50		0.33	1.11	1.94
2014	* 0.58	0.03	0.61	\$ 0.10	0.39	1.37	2.47
2015	0.56	0.02	0.58	0.19	0.39	1.40	2.56

Kingwood Township

Year Ended December 31,	Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct	Municipality	County	Local School	
	Basic Rate ^a	Debt Service ^b					
2006	\$ 0.75	\$ 0.04	\$ 0.79	\$ 0.30	\$ 0.62	\$ 1.37	\$ 3.08
2007	* 0.37	0.02	0.39	0.17	0.34	0.72	1.62
2008	0.37	0.02	0.39	0.19	0.34	0.74	1.66
2009	0.39	0.02	0.41	0.19	0.34	0.75	1.69
2010	* 0.50	0.01	0.51	0.22	0.39	0.90	2.02
2011	0.53	0.02	0.55	0.22	0.37	0.89	2.03
2012	0.54	0.03	0.57	0.23	0.37	0.91	2.08
2013	0.57	0.02	0.59	0.23	0.38	0.90	2.10
2014	0.58	0.03	0.61	0.24	0.37	0.91	2.13
2015	0.59	0.02	0.61	0.25	0.38	0.92	2.16

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

Milford Borough

Year Ended December 31,	Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	County	Local School	
2006	\$ 0.44	\$ 0.02	\$ 0.46	\$ 0.51	\$ 0.42	\$ 1.23	\$ 2.62
2007	0.54	0.03	0.57	0.60	0.43	1.27	2.87
2008	0.56	0.03	0.59	0.64	0.40	1.30	2.93
2009	0.56	0.03	0.59	0.68	0.42	1.41	3.10
2010	0.67	0.01	0.68	0.68	0.44	1.48	3.28
2011	0.63	0.03	0.66	0.68	0.42	1.48	3.24
2012	0.49	0.02	0.51	0.69	0.38	1.50	3.08
2013	0.50	0.02	0.52	0.70	0.35	1.54	3.11
2014	0.58	0.03	0.61	0.71	0.35	1.53	3.20
2015	0.59	0.02	0.61	0.71	0.34	1.65	3.31

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

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

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

* Revaluation became effective.

Source: Municipal Tax Collectors

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

Alexandria Township					
Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Individual Property Owner #1	\$ 4,373,600	0.62%	Individual Property Owner #1	\$ 7,365,400	0.90%
Sky Manor Airport Partners LLC	2,598,800	0.37%	Individual Property Owner #2	3,543,100	0.43%
Columbia Gas Transportation	2,427,300	0.34%	Columbia Gas Transportation	2,571,488	0.31%
Individual Property Owner #2	1,532,700	0.22%	CP Assignment LTD (c/o Burkhardt)	1,993,500	0.24%
Bloomsbury Orchards LLC	1,390,100	0.20%	Individual Property Owner #3	1,686,300	0.21%
Manchanda Shaprio Rauch LLC	1,209,300	0.17%	Manchada Shapiro Rauch LLC	1,541,000	0.19%
Alexandria Airpark LLC	1,196,700	0.17%	Saphire Inc c/o Riverside Jeans	1,486,900	0.18%
Individual Property Owner #3	1,182,800	0.17%	United Telephone Company of NJ	1,480,129	0.18%
Individual Property Owner #4	1,168,000	0.16%	Individual Property Owner #4	1,473,900	0.18%
DeSapio Properties #Six Inc	1,146,600	0.16%	Individual Property Owner #5	1,359,200	0.17%
Total	\$ 18,225,900	2.58%		\$ 24,500,917	2.99%

Frenchtown Borough					
Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Frenchtown Associates LLC	\$ 2,950,000	1.98%	Frenchtown Associates LLC	\$ 2,950,000	1.96%
Frenchtown Properties LLC	2,145,200	1.44%	Frenchtown Barn Center LLC	2,536,400	1.68%
Frenchtown Barn Center LLC	1,500,000	1.01%	Frenchtown Properties LLC	2,145,200	1.42%
Davon LLC	977,200	0.66%	United Telephone Company of NJ	1,059,003	0.70%
Bridge Race Properties	972,200	0.65%	Davon LLC	977,200	0.65%
Individual Property Owner #1	830,800	0.56%	Bridge Race Properties	972,200	0.65%
Traub Holdings LLC	758,400	0.51%	Individual Property Owner #1	830,800	0.55%
B&B Properties LLC	748,500	0.50%	Warren House LLC	809,900	0.54%
T2 Services Inc	724,700	0.49%	Traub Holdings LLC	758,400	0.50%
Individual Property Owner #2	718,800	0.48%	B&B Properties LLC	748,500	0.50%
Total	\$ 12,325,800	8.28%		\$ 13,787,603	9.15%

Note: A revaluation became effective in 2014 for Alexandria Township.

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

Holland Township					
Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Genon Energy Services	\$ 6,515,900	1.04%	Reliant	\$ 8,000,000	1.04%
Individual Property Owner #1	4,388,600	0.70%	Oak Hill Golf Club	5,143,500	0.67%
Oak Hill Golf Club	2,929,000	0.47%	Georgia Pacific Corporation	3,300,000	0.43%
Georgia Pacific Corporation	2,789,400	0.44%	Individual Property Owner #1	3,268,000	0.42%
Columbia Gas	1,897,400	0.30%	Columbia Gas	2,206,500	0.29%
Individual Property Owner #2	1,562,500	0.25%	Warren Glen Investments	1,900,000	0.25%
Individual Property Owner #3	1,463,000	0.23%	Verizon-NJ	1,627,553	0.21%
Fiberville Estates	1,368,700	0.22%	Fiberville Estates	1,600,000	0.21%
Holland Retail LLC	1,228,700	0.20%	Individual Property Owner #2	1,349,500	0.18%
KJA Holdings Inc.	1,178,500	0.19%	Riegel Federal Credit Union	1,226,300	0.16%
Total	\$ 25,321,700	4.04%		\$ 29,621,353.00	3.86%

Kingwood Township					
Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Buckeye Pipeline Co	\$ 4,575,000	0.75%	Buckeye Pipeline Co	\$ 10,414,400	1.49%
Kingwood Flex LLC	4,188,100	0.69%	Horseshoe Bend LLC	4,919,200	0.70%
Mel Chemicals Inc.	3,498,200	0.57%	869 Associates LLC	3,837,300	0.55%
Buckeye Pipeline Co	3,040,000	0.50%	Magnesium Elektron Inc	3,699,500	0.53%
Perini Properties Inc	2,895,500	0.48%	Lutz Welding & Fabricating Inc	3,279,100	0.47%
Frenchtown III Solar LLC (1)	2,628,700	0.43%	Frenchtown Run LLC	2,500,000	0.36%
869 Associates LLC	2,324,100	0.38%	Individual Property Owner #1	1,833,400	0.26%
Frenchtown III Solar LLC (2)	1,657,500	0.27%	Individual Property Owner #2	1,760,300	0.25%
Individual Property Owner #1	1,650,800	0.27%	Individual Property Owner #3	1,748,200	0.25%
Frenchtown II Solar LLC	1,500,000	0.25%	Individual Property Owner #4	1,552,600	0.22%
Total	\$ 27,957,900	4.59%		\$ 35,544,000.00	5.08%

Note: A revaluation became effective in 2014 for Holland Township and in 2010 for Kingwood Township.

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

Milford Borough					
Taxpayer	2016		Taxpayer	2007	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Pinecrest Village Associates c/o Branch	\$ 2,900,000	2.51%	Royal Blue Papers	\$ 7,500,000	6.12%
International Paper Company	1,336,600	1.16%	Pinecrest Village Associates c/o Branch	3,238,200	2.64%
Hunterdon Medical Center	1,131,000	0.98%	Hunterdon Medical Center	1,131,000	0.92%
60 Bridge Street LLC	805,500	0.70%	Barbieri Brothers Corp	832,100	0.68%
60 Bridge Street LLC	702,100	0.61%	TD Banknorth	702,100	0.57%
Peter Trustee Kerl	573,700	0.50%	Peter Trustee Kerl	573,700	0.47%
Individual Property Owner #1	539,100	0.47%	Individual Property Owner #1	539,700	0.44%
Stem Brothers	523,700	0.45%	Stem Brothers	523,700	0.43%
Individual Property Owner #2	504,800	0.44%	The Baker Acquisition Corp	490,400	0.40%
Ingahdwe Trust	485,400	0.42%	Individual Property Owner #2	466,800	0.38%
Total	\$ 9,501,900	8.24%		\$ 15,997,700.00	13.05%

Source: Municipal Tax Assessor

Note: Individual property owners may be different in different years.

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 11,559,063	\$ 11,559,063	100.00%	- 0 -
2008	12,152,347	12,152,347	100.00%	- 0 -
2009	12,363,849	12,363,849	100.00%	- 0 -
2010	12,930,722	12,930,722	100.00%	- 0 -
2011	12,820,616	12,820,616	100.00%	- 0 -
2012	13,190,170	13,190,170	100.00%	- 0 -
2013	13,482,637	13,482,637	100.00%	- 0 -
2014	13,690,086	13,690,086	100.00%	- 0 -
2015	14,103,870	14,103,870	100.00%	- 0 -
2016	14,362,182	14,362,182	100.00%	- 0 -

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

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

Exhibit J-10

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Business- Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases	Capital Leases				
2007	\$ 5,669,000	\$ 27,766			\$ 5,696,766	0.49%	\$ 333.48
2008	5,284,000				5,284,000	0.45%	308.95
2009	4,884,000				4,884,000	0.43%	285.13
2010	4,469,000				4,469,000	0.41%	267.91
2011	4,039,000				4,039,000	0.35%	242.19
2012	3,535,000		\$ 422,609		3,957,609	0.32%	239.10
2013	3,055,000		341,320		3,396,320	0.27%	205.12
2014	2,580,000	189,277	258,446		3,027,723	0.24%	184.37
2015	2,090,000	1,591,747	1,033,261	*	4,715,008	0.37%	287.68
2016	1,585,000	1,180,698	1,189,865		3,955,563	0.31%	241.34

* Restated

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.

Source: School District Financial Reports

Exhibit J-11

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SIX FISCAL YEARS
UNAUDITED

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				
2007	\$ 5,669,000	\$ -0-		\$ 5,669,000	0.22%	\$ 332
2008	5,284,000	-0-		5,284,000	0.21%	309
2009	4,884,000	-0-		4,884,000	0.19%	285
2010	4,468,000	-0-		4,468,000	0.18%	268
2011	4,039,000	-0-		4,039,000	0.16%	242
2012	3,535,000	-0-		3,535,000	0.14%	214
2013	3,055,000	-0-		3,055,000	0.12%	185
2014	2,580,000	-0-		2,580,000	0.12%	157
2015	2,090,000	-0-		2,090,000	0.09%	128
2016	1,585,000	-0-		1,585,000	0.07%	97

Source: School District Financial Reports

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Exhibit J-12

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2015

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
<u>Debt Repaid With Property Taxes</u>			
Alexandria Township	\$ 7,008,188	100.00%	\$ 7,008,188
Frenchtown Borough	2,139,443	100.00%	2,139,443
Holland Township	500,000	100.00%	500,000
Kingwood Township	3,201,958	100.00%	3,201,958
Milford Borough	1,163,449	100.00%	1,163,449
Hunterdon County County General Obligation Debt (All Constituent Municipalities) (1)	62,494,492	10.98%	6,859,523
Subtotal, Overlapping Debt			<u>20,872,561</u>
Delaware Valley Regional High School District Direct Debt			<u>2,090,000</u>
Total Direct and Overlapping Debt			<u>\$ 22,962,561</u>

(1) Alexandria Township/County of Hunterdon -	3.66%
(1) Frenchtown Borough/County of Hunterdon -	0.82%
(1) Holland Township/County of Hunterdon -	3.12%
(1) Kingwood Township/County of Hunterdon -	2.83%
(1) Milford Borough/County of Hunterdon -	0.56%

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 Alexandria, Frenchtown, Holland, Kingwood, and Milford. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

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

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2016

	<u>Total Equalized Valuation Basis</u>
2013	\$2,319,289,818
2014	2,338,036,199
2015	<u>2,327,726,022</u>
	<u>\$6,985,052,039</u>
Average Equalized Valuation of Taxable Property	<u>\$2,328,350,680</u>
Debt Limit (4% of average equalization value) ^a	\$ 93,134,027
Net Bonded School Debt as of June 30, 2016	<u>1,585,000</u>
Legal Debt Margin	<u>\$ 91,549,027</u>

	Fiscal Year Ending June 30,				
	2007	2008	2009	2010	2011
Debt Limit	\$ 71,698,403	\$ 78,820,849	\$ 83,261,784	\$ 83,850,857	\$ 81,655,498
Total Net Debt Applicable to Limit	<u>5,669,000</u>	<u>5,284,000</u>	<u>4,884,000</u>	<u>4,468,000</u>	<u>4,039,000</u>
Legal Debt Margin	<u>\$ 66,029,403</u>	<u>\$ 73,536,849</u>	<u>\$ 78,377,784</u>	<u>\$ 79,382,857</u>	<u>\$ 77,616,498</u>
Total Net Debt Applicable to the Limit As a Pe Overlapping governments are th	7.91%	6.70%	0.00%	5.33%	4.95%

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Debt Limit	\$ 78,254,366	\$ 75,789,695	\$ 77,884,791	\$ 70,366,993	\$ 93,134,027
Total Net Debt Applicable to Limit	<u>3,535,000</u>	<u>3,055,000</u>	<u>2,580,000</u>	<u>2,090,000</u>	<u>1,585,000</u>
Legal Debt Margin	<u>\$ 74,719,366</u>	<u>\$ 72,734,695</u>	<u>\$ 75,304,791</u>	<u>\$ 68,276,993</u>	<u>\$ 91,549,027</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	4.52%	4.03%	0.00%	2.97%	1.70%

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

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

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

Alexandria Township

Year	Population ^a	Personal Income ^b	Hunterdon County	
			Per Capita Personal Income ^c	Unemployment Rate ^d
2007	5,118	\$ 349,032,246	\$ 68,197	6.40%
2008	5,134	354,533,504	69,056	11.40%
2009	5,145	339,209,850	65,930	11.70%
2010	4,942	328,232,814	66,417	11.50%
2011	4,932	346,685,076	70,293	11.80%
2012	4,905	366,020,910	74,622	11.80%
2013	4,898	364,205,484	74,358	8.00%
2014	4,865	379,197,560	77,944	4.50%
2015	4,854	378,340,176 ***	77,944 *	4.10%
2016	4,854 **	378,340,176 ***	77,944 *	N/A

Frenchtown Borough

Year	Population ^a	Personal Income ^b	Hunterdon County	
			Per Capita Personal Income ^c	Unemployment Rate ^d
2007	1,473	\$ 100,592,643	\$ 68,197	3.50%
2008	1,467	100,851,849	69,056	6.40%
2009	1,467	96,380,433	65,930	6.60%
2010	1,375	90,325,125	66,417	6.50%
2011	1,413	98,510,121	70,293	6.70%
2012	1,364	101,664,376	74,622	6.70%
2013	1,398	105,581,154	74,358	6.70%
2014	1,387	108,108,328	77,944	5.20%
2015	1,386	108,030,384 ***	77,944 *	3.30%
2016	1,386 **	108,030,384 ***	77,944 *	N/A

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

Holland Township

Year	Population ^a	Personal Income ^b	Hunterdon County Per Capita		Unemployment Rate ^d
			Personal Income ^c		
2007	5,260	\$ 359,210,660	\$ 68,197		4.50%
2008	5,253	361,127,991	69,056		8.20%
2009	5,268	346,102,332	65,930		8.40%
2010	5,289	347,439,699	66,417		8.20%
2011	5,263	366,920,571	70,293		8.40%
2012	5,233	390,036,422	74,622		8.40%
2013	5,220	394,230,060	74,358		7.60%
2014	5,182	403,905,808	77,944		5.30%
2015	5,162	402,346,928 ***	77,944 *		4.60%
2016	5,162 **	402,346,928 ***	77,944 *		N/A

Kingwood Township

Year	Population ^a	Personal Income ^b	Hunterdon County Per Capita		Unemployment Rate ^d
			Personal Income ^c		
2007	4,032	\$ 275,349,312	\$ 68,197		4.30%
2008	4,055	278,769,085	69,056		7.80%
2009	4,057	266,540,843	65,930		8.00%
2010	3,842	252,384,822	66,417		7.80%
2011	3,844	267,992,148	70,293		8.00%
2012	3,833	285,688,822	74,622		8.00%
2013	3,828	289,102,044	74,358		4.90%
2014	3,781	294,706,264	77,944		4.90%
2015	3,784	294,940,096 ***	77,944 *		4.70%
2016	3,784 **	294,940,096 ***	77,944 *		N/A

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

Milford Borough

Year	Population ^a	Personal Income ^b	Hunterdon County Per Capita Personal Income ^c	Unemployment Rate ^d
2007	1,200	\$ 81,949,200	\$ 68,197	7.00%
2008	1,194	82,083,918	69,056	12.40%
2009	1,192	78,313,208	65,930	12.70%
2010	1,233	80,997,003	66,417	12.50%
2011	1,225	85,403,325	70,293	12.90%
2012	1,217	90,707,878	74,622	12.90%
2013	1,214	91,684,922	74,358	5.90%
2014	1,207	94,078,408	77,944	5.10%
2015	1,204	93,844,576 ***	77,944 *	5.20%
2016	1,204 **	93,844,576 ***	77,944 *	N/A

* - Latest Hunterdon County per capita personal income available (2014) was used for calculation purposes.

** - Latest population data available (2015) was used for calculation purposes.

*** - Latest Township/Borough personal income available (2014) was used for calculation purposes.

N/A - Information not available

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income has been estimated based upon the municipal population and per capita personal income presented
- ^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

2016			2007		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Amec Foster Wheeler North America	2,500	5.21%	Merck & Co.	1,800	3.67%
Hunterdon Healthcare	2,000	4.17%	Chubb Insurance Co.	1,500	3.06%
Hunterdon Developmental Center	450	0.94%	Foster Wheeler	1,432	2.92%
Chubb Insurance Co.	900	1.88%	Exxon Mobile Research & Eng.	970	1.98%
Edna Mahan Correctional Facility for Women	615	1.28%	Hunterdon County	920	1.88%
Johanna Foods	500	1.04%	Johanna Foods	492	1.00%
Hunterdon Central Regional High School	400	0.83%	Shop Rite of Hunterdon	440	0.90%
New York Life	400	0.83%	A.M. Best	423	0.86%
Shop Rite of Flemington	360	0.75%	BOC Inc.	389	0.79%
A.M. Best	350	0.73%	Wedco	318	0.65%
Total	8,475	17.66%		8,684	17.72%

Source: Hunterdon County Area Chamber of Commerce

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

<u>Function/Program:</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction:										
Regular	65.0	61.5	64.0	61.0	52.5	56.0	55.0	58.5	59.5	57.5
Special Education	14.0	16.5	14.0	34.0	31.0	28.0	25.8	25.8	13.0	25.8
Other	6.0	7.5	9.0	1.0	2.0	2.5	3.0	3.0	3.0	2.0
Support Services:										
Student & Instruction Related Services	24.0	32.5	32.0	23.3	23.3	24.3	23.8	26.8	38.5	27.8
School Administrative Services	6.0	6.0	6.0	5.0	4.0	5.0	5.0	5.0	5.0	5.0
General and Business Administrative Services	4.0	4.0	4.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Central Services	3.0	3.0	3.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Administration Information Technology				1.0	0.5	0.5	0.5	0.5	1.5	1.5
Plant Operations and Maintenance	10.0	10.0	10.0	10.5	9.5	11.0	10.5	11.5	11.5	11.5
Pupil Transportation	45.0	55.0	50.0	37.0	31.0	32.0	37.0	49.0	46.1	67.0
Total	<u>177.0</u>	<u>196.0</u>	<u>192.0</u>	<u>177.8</u>	<u>158.8</u>	<u>164.3</u>	<u>165.6</u>	<u>185.1</u>	<u>183.1</u>	<u>203.1</u>

Source: School District Financial Reports

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^d</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio High School</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	1005	\$ 16,391,280	\$ 16,898	30.06%	85.0	10:1	951.5	902.2	8.99%	94.82%
2008	989	16,833,383	16,750	-0.88%	85.5	10:1	987.4	928.8	3.77%	94.07%
2009	977	17,359,414	17,552	4.79%	87.0	10:1	955.5	905.1	-3.23%	94.73%
2010	1018	17,475,490	17,887	1.91%	87.0	10:1	965.9	914.2	1.09%	94.65%
2011	1002	16,779,242	16,483	-7.85%	85.5	12:1	1,002.4	946.9	3.78%	94.46%
2012	972	17,513,459	17,479	6.04%	86.5	12:1	943.4	895.8	-5.89%	94.95%
2013	977	17,953,922	18,471	5.68%	85.3	12:1	961.3	908.0	1.90%	94.46%
2014	958	18,573,921	19,011	2.92%	80.0	13:1	945.3	900.3	-1.66%	95.24%
2015	899	18,655,464	19,473	2.43%	79.5	12:1	893.8	852.2	-5.45%	95.35%
2016	891	19,293,445	21,654	11.20%	77.5	12:1	880.3	842.4	-1.51%	95.69%

Sources: School District Records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>District Building</u>										
<u>High School</u>										
Square Feet	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000	163,000
Capacity (students)	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020
Enrollment	1,005	989	977	1,018	1,002	972	977	958	899	891

Number of Schools at June 30, 2016

 High School = 1

Source: School District Records

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

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

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

<u>Facility</u>	<u>Project #'(s)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>School Facilities:</u>						
Delaware Valley Regional High School District	N/A	<u>\$ 64,470</u>	<u>\$ 199,868</u>	<u>\$ 186,197</u>	<u>\$ 159,439</u>	<u>\$ 239,246</u>

<u>Facility</u>	<u>Project #'(s)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>School Facilities:</u>						
Delaware Valley Regional High School District	N/A	<u>\$ 179,706</u>	<u>\$ 244,549</u>	<u>\$ 363,977</u>	<u>\$ 302,091</u>	<u>\$ 519,761</u>

N/A - Not Applicable

Source: Delaware Valley Regional High School District records

Exhibit J-20

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

	Coverage	Deductible
Commercial Package Policy - NJ Schools Insurance Group (NJSIG):		
<u>PROPERTY SECTION:</u>		
Blanket Building and Contents (fund limit)	\$ 400,000,000	\$ 5,000
Accounts Receivable	250,000	5,000
Automobile Physical Damage	In Blanket Limit	5,000
Electronic Data Processing Equipment	1,500,000	1,000
 <u>LIABILITY SECTION:</u>		
Comprehensive General Liability	10,000,000	
Automobile Liability	10,000,000	
Employee Benefit Liability	10,000,000	1,000
 <u>CRIME:</u>		
Blanket Employee Dishonesty	100,000	1,000
Forgery	100,000	1,000
Theft/Disappearance/Destruction:		
Inside	10,000	1,000
Outside	10,000	1,000
Computer Fraud	50,000	1,000
 <u>SCHOOL BOARD LEGAL LIABILITY - NJSIG</u>	 10,000,000	 10,000
 Zurich Insurance Company (NJSIG):		
<u>ENVIRONMENT IMPAIRMENT LIABILITY:</u>		
Limit of Liability:		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	
 <u>WORKERS' COMPENSATION (NJSIG):</u>		
(a) Statutory Benefits	Included	
(b) Employer's Liability	5,000,000	
Supplemental Coverage (optional)	Included	
 Public Employee's Faithful Performance Blanket Position Bond -		
Selective Insurance Company		
Board Secretary - Business Administrator	250,000	
Treasurer	210,000	

Source: Delaware Valley Regional High School District records

SINGLE AUDIT SECTION



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 200 Valley Road, Suite 300
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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*

Independent Auditors' Report

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

We have audited, in accordance with the 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), 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 Delaware Valley Regional High School District, in the County of Hunterdon (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 3, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

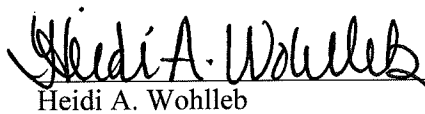
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
November 3, 2016

NISIVOCCIA, LLP



Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant



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Report on Compliance For Each Major State Program;
 Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Delaware Valley Regional High School District's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2016. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

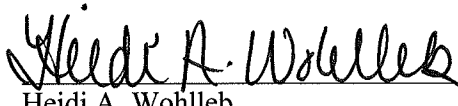
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Mount Arlington, New Jersey
November 3, 2016

NISIVOCIA, LLP


Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance 6/30/2015		Cash Received	Budgetary Expenditures	Balance 6/30/2016		Amount Provided to Subrecipients
					(Accounts Receivable)	Unearned Revenue			(Accounts Receivable)	Unearned Revenue	
U.S. Department of Education											
Passed-Through State Department of Education											
Special Revenue Fund:											
No Child Left Behind Consolidated Grant:											
Title I, Part A	84.010	NCLB105016	7/1/15-6/30/16	\$ 18,904			\$ 9,413	\$ (12,634)	\$ (3,221)		
Title I, Part A	84.010	NCLB105015	7/1/14-6/30/15	19,226	\$ (6,476)		6,476				
Title II, Part A	84.367A	NCLB105016	7/1/15-6/30/16	11,717			11,717	(11,717)			
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA105016	7/1/15-6/30/16	185,836			185,836	(185,836)			
I.D.E.A. Part B, Basic	84.027	IDEA105015	7/1/14-6/30/15	185,026	(14,048)		14,048				
Total Special Education Cluster							199,884	(185,836)			
Total Special Revenue Fund							227,490	(210,187)	(3,221)		
U.S. Department of Agriculture											
Passed-Through State Department of Education:											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	17,838		\$ 1,161		(1,161)			
Food Distribution Program	10.555	N/A	7/1/15-6/30/16	8,762			8,761	(7,479)		\$ 1,282	
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	37,844	(2,212)		2,212				
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	30,741			25,783	(30,741)	(4,958)		
Total Child Nutrition Cluster							36,756	(39,381)	(4,958)	1,282	
Total Federal Awards					\$ (22,736)	\$ 1,161	\$ 264,246	\$ (249,568)	\$ (8,179)	\$ 1,282	\$ -0-

N/A - Not Applicable

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance 6/30/2015	Cash Received	Budgetary Expenditures	Balance 6/30/2016	Memo	
				Budgetary (Accounts Receivable)			GAAP (Accounts Receivable)	Budgetary (Accounts Receivable)	Cumulative Total Expenditures
NJ Department of Education:									
Equalization Aid	16-495-034-5120-078	7/01/15-6/30/16	\$3,173,700		\$2,861,037	\$ (3,173,700)		\$ (312,663)	\$ 3,173,700
Categorical Transportation Aid	16-495-034-5120-014	7/01/15-6/30/16	116,642		105,151	(116,642)		(11,491)	116,642
Categorical Special Education Aid	16-495-034-5120-089	7/01/15-6/30/16	592,662		534,275	(592,662)		(58,387)	592,662
Categorical Security Aid	16-495-034-5120-084	7/01/15-6/30/16	74,763		67,398	(74,763)		(7,365)	74,763
Adjustment Aid	16-495-034-5120-085	7/01/15-6/30/16	21,693		19,556	(21,693)		(2,137)	21,693
PARCC Readiness Aid	16-495-034-5120-098	7/01/15-6/30/16	9,080		8,185	(9,080)		(895)	9,080
Per Pupil Growth Aid	16-495-034-5120-097	7/01/15-6/30/16	9,080		8,185	(9,080)		(895)	9,080
Extraordinary Aid	16-495-034-5120-044	7/01/15-6/30/16	121,832			(121,832)	\$ (121,832)	(121,832)	121,832
Non-Public Transportation	16-495-034-5120-014	7/01/15-6/30/16	4,098			(4,098)	(4,098)	(4,098)	4,098
Reimbursed TPAF Social Security Contribution	16-495-034-5094-003	7/01/15-6/30/16	470,743		447,603	(470,743)	(23,140)	(23,140)	470,743
Equalization Aid	15-495-034-5120-078	7/01/14-6/30/15	3,173,700	\$ (315,612)	315,612				3,173,700
Categorical Special Education Aid	15-495-034-5120-089	7/01/14-6/30/15	592,662	(58,938)	58,938				592,662
Categorical Transportation Aid	15-495-034-5120-034	7/01/14-6/30/15	116,642	(11,599)	11,599				116,642
Categorical Security Aid	15-495-034-5120-084	7/01/14-6/30/15	74,763	(7,435)	7,435				74,763
Adjustment Aid	15-495-034-5120-085	7/01/14-6/30/15	21,693	(2,157)	2,157				21,693
PARCC Readiness Aid	15-495-034-5120-098	7/01/14-6/30/15	9,080	(903)	903				9,080
Per Pupil Growth Aid	15-495-034-5120-097	7/01/14-6/30/15	9,080	(903)	903				9,080
Extraordinary Aid	15-100-034-5120-473	7/01/14-6/30/15	207,020	(207,020)	207,020				207,020
Non-Public Transportation	15-495-034-5120-014	7/01/14-6/30/15	5,265	(5,265)	5,265				5,265
Reimbursed TPAF Social Security Contribution	15-495-034-5094-003	7/01/14-6/30/15	474,151	(23,363)	23,363				474,151
Total General Fund State Aid				(633,195)	4,684,585	(4,594,293)	(149,070)	(542,903)	9,278,349
Special Revenue Fund:									
Vocational State Shared Grant	16-100-054-5062-032	4/01/15-6/30/18	590,096		81,274	(90,211)		(8,937)	90,211
Total Special Revenue Fund					81,274	(90,211)		(8,937)	90,211
Total NJ Department of Education				(633,195)	4,765,859	(4,684,504)	(149,070)	(551,840)	9,368,560

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance 6/30/2015		Budgetary Expenditures	Balance 6/30/2016		Memo	
				Budgetary (Accounts Receivable)	Cash Received		GAAP (Accounts Receivable)	Budgetary (Accounts Receivable)	Cumulative Total Expenditures	
State Department of Agriculture										
Enterprise Funds:										
State School Lunch Program	16-100-010-3350-023	7/01/15-6/30/16	\$1,756		\$ 1,473	\$ (1,756)	\$ (283)	\$ (283)	\$	1,756
State School Lunch Program	15-100-010-3350-023	7/01/14-6/30/15	2,143	\$ (182)	182					2,143
Total Enterprise Fund				(182)	1,655	(1,756)	(283)	(283)		3,899
NJ School Development Authority (SDA)										
Capital Projects Fund:										
Window Replacement	1050-040-14-1002	7/01/14-6/30/17	1,041,770	(1,041,770)						(1,041,770)
Potable Well Replacement	1050-040-14-1005	7/01/14-6/30/17	94,445	(94,445)						(94,445)
Public Announcement System Replacement	1050-040-14-1007	7/01/14-6/30/17	147,090	(147,090)						(147,090)
Total Capital Projects Fund				(1,283,305)						(1,283,305)
Total State Awards				\$ (1,916,682)	\$4,767,514	\$ (4,686,260)	\$ (149,353)	\$ (1,835,428)		\$ 9,372,459

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

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Delaware Valley Regional High School District under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. 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 agreements to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the fiscal year of award but is not recognized on the GAAP basis until expended and submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,714 for the general fund and \$1,800 for the special revenue fund (of which \$1,800 is attributable to the District's prior year local grants). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension and Post-Retirement Medical Contributions revenue of \$516,944 and \$615,538, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 5,730,489	\$ 5,730,489
Special Revenue Fund	\$ 210,187	90,211	300,398
Food Service Fund	<u>39,381</u>	<u>1,756</u>	<u>41,137</u>
Total Awards	<u>\$ 249,568</u>	<u>\$ 5,822,456</u>	<u>\$ 6,072,024</u>

NOTE 5. 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 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. Revenue and expenditures reported under the Federal Food Distribution Program represent current year value received and current year distributions, respectively.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has active grants awarded in the amount of \$1,283,305 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2016, the grant funds have not been expended and submitted for reimbursement. The District realizes grant revenue in the Capital Projects Fund on the GAAP basis as it is expended and submitted for reimbursement.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2016 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

State:	Grant Number	Grant Period	Award Amount	Budgetary Expenditures
State Aid Public:				
Categorical Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 592,662	\$ 592,662
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	3,173,700	3,173,700
Categorical Security Aid	16-495-034-5120-084	7/1/15-6/30/16	74,763	74,763
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	21,693	21,693
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	9,080	9,080
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	9,080	9,080

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Summary of Auditors' Results (Cont'd):

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance or New Jersey's OMB Circular 15-08.

DELAWARE VALLEY REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

The District had no prior year audit findings.