

**Delsea Regional High School Board of Education
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016**

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

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

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Delsea Regional High School Board of Education
Franklinville, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by:

Delsea Regional High School Board of Education Administration

OUTLINE OF CAFR

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	2-11
Roster of Officials	12
Consultants and Advisors	13
	14
FINANCIAL SECTION	
	15
Independent Auditor's Report	16-18
Required Supplementary Information – Part I Management's Discussion and Analysis	19 20-28
Basic Financial Statements	29
A. District-Wide Financial Statements:	30
A-1 Statement of Net Position	31
A-2 Statement of Activities	32
B. Fund Financial Statements:	33
Governmental Funds:	
B-1 Balance Sheet	34-35
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	36
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Proprietary Funds:	
B-4 Statement of Net Position	38
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	39
B-6 Statement of Cash Flows	40
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	41
B-8 Statement of Changes in Fiduciary Net Position	42
Notes to the Financial Statements	43-66
Required Supplementary Information – Part II	67
C. Budgetary Comparison Schedules:	68
C-1 Budgetary Comparison Schedule - General Fund	69-81
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-1b Community Development Block Grant - Budget and Actual (if applicable)	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	82
Notes to the Required Supplementary Information – Part II	83
C-3 Budget-to-GAAP Reconciliation - Note to RSI	84

	Page
Required Supplementary Information – Part III	85
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	86
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability - PERS	87
L-2 Schedule of District Contributions - PERS	88
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability - TPAF	89
Notes to the Required Supplementary Information – Part III	90-91
Other Supplementary Information	92
D. School Based Budget Schedules (if applicable) :	N/A
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	93
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	94-97
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	98
F-1 Summary Schedule of Project Expenditures	99
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	100
F-2(x) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis	101-103
G. Proprietary Funds:	104
Enterprise Fund:	
G-1 Combining Schedule of Net Position	105
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	106
G-3 Combining Schedule of Cash Flows	107
Internal Service Fund:	
G-4 Combining Schedule of Net Position	108
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	109
G-6 Combining Schedule of Cash Flows	110

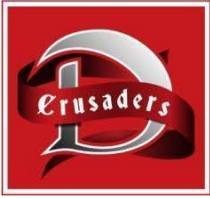
	Page
H. Fiduciary Funds:	111
H-1 Combining Statement of Fiduciary Net Position	112
H-2 Combining Statement of Changes in Fiduciary Net Position	113
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	114
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	114
I. Long-Term Debt:	115
I-1 Schedule of Serial Bonds	116
I-2 Schedule of Obligations Under Capital Leases	117
I-3 Debt Service Fund Budgetary Comparison Schedule	118
STATISTICAL SECTION (Unaudited)	119
Introduction to the Statistical Section	120
Financial Trends	
J-1 Net Position by Component	121
J-2 Changes in Net Position	122-123
J-3 Fund Balances - Governmental Funds	124
J-4 Changes in Fund Balances - Governmental Funds	125
J-5 General Fund Other Local Revenue by Source	126
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	127
J-7 Direct and Overlapping Property Tax Rates	128
J-8 Principal Property Taxpayers	129
J-9 Property Tax Levies and Collections	130
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	131
J-11 Ratios of General Bonded Debt Outstanding	132
J-12 Direct and Overlapping Governmental Activities Debt	133
J-13 Legal Debt Margin Information	134
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	135
J-15 Principal Employers	136
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	137
J-17 Operating Statistics	138
J-18 School Building Information	139
J-19 Schedule of Required Maintenance Expenditures by School Facility	140
J-20 Insurance Schedule	141
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios/Renaissance School Project Framework, Financial Performance, Fiscal Ratios	N/A

SINGLE AUDIT SECTION

Page
142

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	143-144
K-2	Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance), and New Jersey OMB's Circular 15-08	145-147
K-3	Schedule of Expenditures of Federal Awards, Schedule A	148
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	149-150
K-5	Notes to the Schedules of Awards and Financial Assistance	151-152
K-6	Schedule of Findings and Questioned Costs	153-155
K-7	Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by Management	156

INTRODUCTORY SECTION



DELSEA REGIONAL HIGH SCHOOL DISTRICT

P.O. Box 405 • 242 Fries Mill Road • Franklinville, NJ 08322 • Ph: (856) 694-0100 • HS Fax: (856) 694-2046 • MS Fax: (856) 694-4417

Dr. Piera Gravenor, *Superintendent* • Dr. Melissa Williams, *Assistant Superintendent* • Joseph Collins, *Business Administrator*
Dr. Anner Thompson, *Director of Special Services/CST* • Paul Berardelli, *HS Principal* • Jill Bryfogle, *MS Principal*

November 23, 2016

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

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Delsea Regional High School District for the fiscal year ended June 30, 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. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections:

- The Introductory Section contains a table of contents, letter of transmittal, list of principal officials, and an organizational chart of the District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the basic financial statements, and notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;

- The Single Audit Section - The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1996, and the *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. Information related to this single audit, including the auditors' reports on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, if any, are included in the single audit section of this report.
- Information related to this single audit, including the auditors' reports on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, if any, are included in the single audit section of this report.

Reporting Entity and Its Services

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

The District provides a full range of educational services appropriate to grade levels 7 through 12. These include regular and vocational, as well as special education for handicapped youth. The District completed the 2015-16 fiscal year with an average daily enrollment of 1,608 students, which is 87 students less than the previous year's enrollment.

The teaching staff consists of approximately 143 teachers, plus 23 classroom support personnel. The District administrative structure includes: a Superintendent, an Assistant Superintendent of curriculum, a Business Administrator/Board Secretary, a Director of the Child Study Team, and District-wide Instructional Supervisors. The middle school has one Principal and one Assistant Principal; the high school has one Principal and two Assistant Principals. The nine-member Board of Education is an elected body consisting of seven representatives from Franklin Township and two from Elk Township. Each of the two satellite districts, Franklin and Elk, has its own Board of Education.

The District is committed to helping every student reach his or her individual potential, capabilities, and goals, and in doing so, provides a stimulating physical and social environment which is designed to activate the appetite for learning and motivate the students to excel to their fullest potential. It is the District philosophy that education must be flexible and oriented toward the future and that we must attempt to insure the fulfillment of the student's educational and/or vocational aspirations and their correlated growth characteristics. Our educational process shall continually be improved, expanded, and evaluated to meet the demands of the times. We must provide a physical and social environment which discovers, develops, and nurtures human talents, self-confidence, and critical thinking. Additionally, an emphasis has been placed on technology throughout the District through integration and immersion. The District has submitted their 2016-2019 Technology Plan for Digital Learning.

Reporting Entity and Its Services (Continued)

Specialized Honors and Advanced Placement subjects are available for students in grades 7 through 12 to prepare them for college-level learning experiences. These courses operate through a sequentially based process from honors courses in the lower grades to Advanced Placement courses in grades eleven and twelve. The programs are available in math, science, English, social studies, art, music, history, psychology, computer science, and foreign language. A number of extra-curricular activities designed for the gifted student are available in both the middle and high schools.

A strong basic skills curriculum in reading, writing, and math is available for students who benefit from small group instruction and need reinforcement of their foundational skills. The District utilizes various research based programs such as the Accelerated Reader Program and Study Island to provide differentiated instruction.

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

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

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

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

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

Reporting Entity and Its Services (Continued)

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

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

Economic Condition and Outlook

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

The total land area of the two townships is seventy-six square miles. Eighty percent of the land is undeveloped. The sites are classified rural/agricultural made up of small truck farms and fruit orchards. A few small, locally-operated businesses are located within the communities; industries and large businesses are not part of the regional setting. The location of the two townships; the desire for safe, non-urban residences; the pastoral setting; the massive amounts of undeveloped land; and the travel convenience to Philadelphia, Wilmington, Atlantic City, and the shore areas entice new residents into the District. The 2000 census shows a 31% growth rate from 1990 to 2000. However, this movement of positive and controlled population growth may change dramatically in the near future. Presently there are minor and major subdivisions being presented to planning and zoning boards in both Franklin and Elk Townships. These housing developments will impact on the populations of not only the regional school district but also our elementary school districts. Our municipal governments have closely monitored this process as they are sensitive to the needs of the schools and their communities.

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

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

Major Initiatives

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

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

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

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

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

Technology - In order to challenge students in the twenty-first century, an emphasis has been placed on technology throughout the District. Technology has been integrated into every aspect of the curriculum. Both the high school and middle school facilities are equipped with state of the art labs, media centers, and technological tools, as well as a district wide wireless network with e-mail and internet access. The high school also boasts many specialized areas for specific, more sophisticated technology utilization. In addition to numerous computer labs, there is a television/broadcast studio and a language lab. Both buildings house wireless laptop carts, iPad carts, and "Smartboard" technology. The iPad cart in the middle school music department infuses technology into music, creating a seamless transition to the high school music tech program. The District's commitment to technology advanced with the start of the 2013/2014 school year. Every student at Delsea is given a Chromebook as part of the District's 1:1 device initiative. Teachers are able to enhance learning by providing Flipped and Blended learning for students.

Literacy and Math - The District continues its focus on literacy continuing the daily Sustained Silent Reading (SSR) at the middle school. The summer reading program was altered to promote more student interest and nonfiction. Through professional development, Science and Social Studies teachers are increasing the focus on informational text in their curriculum. Disengaged

Literacy and Math (Continued) - reader book clubs also function at the middle school. The Read 180 program is used in the district to assist those struggling readers needing additional foundational support. Both math and ELA enrichment courses, tutoring, and a summer program operate to provide enhanced support for students.

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

Violence Reduction - As a result of continuing revisions in the District's discipline code and board policy, as well as the institution of a variety of pro-active violence prevention strategies, such as service learning, there has been a reduction in the number of acts of violence as reported in the District Report on Violence and Vandalism and Substance Abuse. The Olweus Anti-Bullying program used in the middle school provides a strong foundation in character building. This has now transitioned to a character education program that both the middle and high schools utilize to foster respect and community.

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

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

Professional Development - The District, as an advocate of professional growth, recognizes the need to remain current on educational research, practice and initiatives. This year's professional development focus is "Personalized Professional Development" that promotes "Choose Your Own PD," allowing staff to remain current on State and District initiatives while promoting individual growth and learning. The District recognizes each student's ability to learn and promotes training in Let Me Learn, a program which focuses on individual learning patterns. Professional development also focuses on assessment, technology, and best practices to enhance growth and learning.

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

Olweus Bullying Prevention Program - The District received a grant from Gloucester County in 2011/2012 to implement the Olweus Bullying Prevention program in both the middle school. The program focuses on changing the culture of the school and community to decrease incidents of bullying and teach students to be inclusive and accepting. Both schools continue to implement the tenets of the program fostering safe and accepting environments.

Internal Accounting Controls

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

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

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

Budgetary Controls

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

Accounting System and Reports

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

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

Management's Discussion and Analysis

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

Cash Management

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District is required to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Risk Management

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

Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the revised *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Significant Awards – Educational

Delsea Regional High School Placed on the 2014-2015 College Board's 5th Annual AP® District Honor Roll for Significant Gains in Student Access and Success

Delsea Regional High School is one of five schools in the state to be a finalist in the 2014-2015 Samsung Solve for Tomorrow contest. Students from Delsea Regional High School's CAD/Design CTE program competed in this year's competition on Wednesday, Oct 22. Delsea placed 1st & 2nd out of 96 high school teams from the NJ, DE, and PA areas. Students from Delsea Regional High School's CAD/Design CTE program competed in this year's competition on

Significant Awards – Educational (Continued)

Wednesday, Oct 22. Delsea placed 1st & 2nd out of 96 high school teams from the NJ, DE, and PA areas. Students from Delsea Regional High School's CAD/Design CTE program competed in this year's competition on Wednesday, Oct 22. Delsea placed 1st & 2nd out of 96 high school teams from the NJ, DE, and PA areas.

Delsea Regional Middle School is home to the New Jersey State Teacher of the Year for the 2013/2014 school year.

The Delsea Regional music department won a NAMM Music Award for Best Music Community in 2012-2013, 2013-2014, and 2015-2016.

Delsea Regional High School has been recognized for their outstanding JROTC program. The program was awarded the designation of "Honor Unit with Distinction" for multiple years beginning in the 2012 school year by the Department of the Army.

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

High school students in the DECA (Distributive Education Club of America) program are regularly recognized as top students in the State of New Jersey and are selected to represent Delsea at the International Career Development Conferences annually.

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

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

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

Delsea was awarded a Mosaic Arts Grant in the amount of \$15,812 to design, create, and commission a Mosaic at the District.

Delsea was awarded the Achievement Coaches grant from the NJDOE in 2016-2017 in the amount of \$50,000 to train teachers and administrators in teaching and learning with the goal of then providing professional development within district and to neighboring school districts.

Delsea participated in the Highly Effective Educator pilot during the 2015-2016 school year, helping to shape the current Highly Effective Educator protocol for teacher evaluations.

Acknowledgements

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

Respectfully submitted,

Dr. Piera Gravenor

Dr. Piera Gravenor

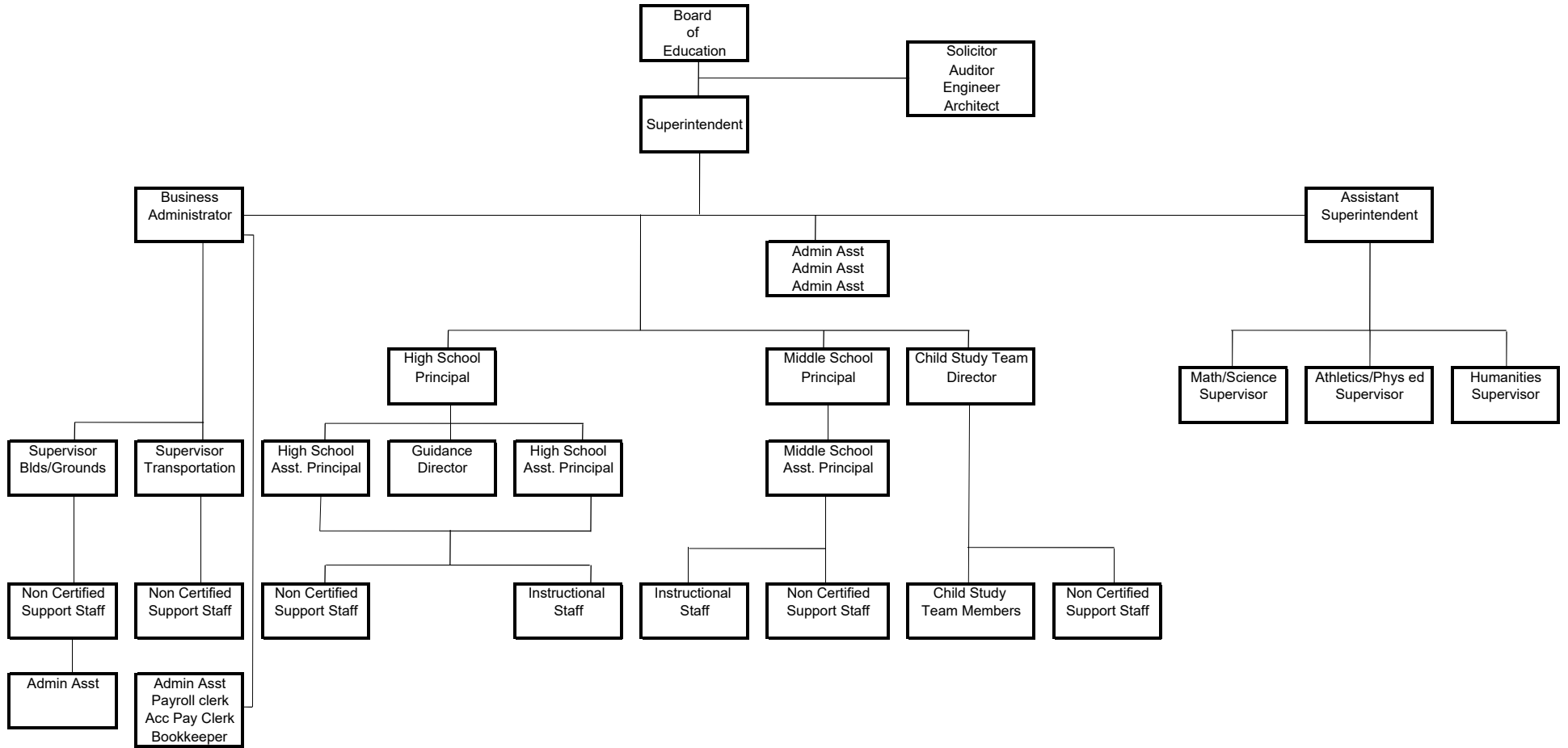
Superintendent

Joseph M. Collins

Joseph M. Collins

Business Administrator/Board Secretary

**DELSEA REGIONAL SCHOOL DISTRICT
ORGANIZATIONAL CHART**



DELSEA REGIONAL HIGH SCHOOL DISTRICT

FRANKLINVILLE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2016

Members of the Board of Education	Term Expires
Kathie P. Catucci, President	2017
David J. Piccirillo, Vice President	2016
Gregory Coffin	2016
William DiMatteo	2016
Mario R. Christina	2017
James Kelly	2017
Nicholas Christian	2018
Garry Lightfoot	2018
Robert Scavelli	2018

Other Officials

Dr. Piera Gravenor, Superintendent

Joseph M. Collins, Business Administrator/Board Secretary

Angela M. Gregory, Treasurer

Frank P. Cavallo, Jr. Esq., Solicitor

DELSEA REGIONAL HIGH SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

ARCHITECT

Garrison Architects
14000 F. Commerce Parkway
Mount Laurel, NJ 08054

ATTORNEY

Frank P. Cavallo, Jr. Esq.
Three Greentree Centre
7001 Lincoln Drive West
Marlton, NJ 08053-0974

AUDIT FIRM

Petroni & Associates LLC
102 West High Street, Suite 100
Glassboro, NJ 08028

OFFICIAL DEPOSITORY

Newfield National Bank
18-24 West Boulevard
Newfield, NJ 08344

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Jeffrey T. Ridgway, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

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

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 Delsea Regional High School District, in the County of Gloucester, State of New Jersey, 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the 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.

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 Delsea Regional High Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified in the table of contents 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 Delsea Regional High Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal 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* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* is the responsibility of Management and was derived from and relates 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 combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject 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 23, 2016, on our consideration of the Delsea Regional High Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Delsea Regional High Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 23, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016
Unaudited

The discussion and analysis of Delsea Regional High School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, net position decreased \$404,512 from \$22,208,020 to \$21,803,508, resulting in a 1.8 percent decrease from fiscal year 2015.
- General revenues (see exhibit A-2) accounted for \$34,869,579 in revenue or 94 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2,367,962 or 6 percent of total revenues of \$37,237,501.
- The District had (see exhibit A-2) \$37,642,053 in expenses; only \$2,367,962 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$34,869,579 were adequate to provide for these programs.
- Among Governmental Funds, (see exhibit B-2) the General Fund had \$34,287,413 in revenues and \$34,992,467 in expenditures. The fund balance for the General Fund increased \$105,412 from fiscal year 2015.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016
Unaudited

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

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016
Unaudited

Governmental Funds (Continued)

Position and the Statement of Activities), and Governmental Funds is reconciled in the financial statements. The District's Governmental Funds are the General Fund, Special Revenue Fund, and Debt Service Fund.

Proprietary Funds

Services for which the District charges a fee are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the District-wide statements. There are two types of Proprietary Funds, Enterprise Funds, and Internal Service Funds. The Enterprise Fund (Food Service Fund) is the same as the business-type activities in the District-wide statements, but additional detail and information is provided in the fund statements. The District uses the internal service fund to report activities associated with supplying transportation, technology, and administrative services to other school districts.

Reporting on the District's Fiduciary Responsibilities

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. This information is information that has not been presented on the face of the financial statements, for reasons of practicality, but is essential for the financial statements to be fairly presented.

The District as a Whole

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

Table 1 provides a summary comparison of the District's net position for fiscal years 2016 and 2015.

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016
Unaudited

The District as a Whole (Continued)

Table I - Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current & other assets	\$ 11,746,206	\$ 22,813,588	\$ 155,503	\$ 172,152	\$ 11,901,709	\$ 22,985,740
Capital assets	33,473,790	22,342,826	6,894	8,824	33,480,684	22,351,650
Total assets	<u>45,219,996</u>	<u>45,156,414</u>	<u>162,397</u>	<u>180,976</u>	<u>45,382,393</u>	<u>45,337,390</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension	3,229,254	1,292,452			3,229,254	1,292,452
LIABILITIES						
Long-term liabilities	25,527,830	22,463,566			25,527,830	22,463,566
Other liabilities	1,209,695	1,283,774	8,815	30,995	1,218,510	1,314,769
Total liabilities	<u>26,737,525</u>	<u>23,747,340</u>	<u>8,815</u>	<u>30,995</u>	<u>26,746,340</u>	<u>23,778,335</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	61,799	643,487			61,799	643,487
NET POSITION						
Invested in capital assets, net of debt	20,087,435	10,029,998	6,894	8,824	20,094,329	10,038,822
Restricted	12,061,889	22,952,933			12,061,889	22,952,933
Unrestricted	(10,499,398)	(10,924,892)	146,688	141,157	(10,352,710)	(10,783,735)
Total net position	<u>\$ 21,649,926</u>	<u>\$ 22,058,039</u>	<u>\$ 153,582</u>	<u>\$ 149,981</u>	<u>\$ 21,803,508</u>	<u>\$ 22,208,020</u>

The District's combined net position was \$21,803,508 on June 30, 2016. This was a decrease of 1.8 percent from the prior year.

Total assets increased \$45,003. There was a decrease in current and other assets of \$11,084,031 and an increase in capital assets of \$11,129,034. The increases are due primarily to capital projects and state aid receivables.

Total liabilities increased \$2,968,005 due primarily to an increase in pension liability.

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016
Unaudited

The District as a Whole (Continued)

Table 2 shows changes in net position for fiscal year 2016 compared to fiscal year 2015.

Table 2- Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 745,664	\$ 720,123	\$ 396,911	\$ 414,229	\$ 1,142,575	\$ 1,134,352
Operating grants & contributions	954,183	1,003,987	271,204	288,234	1,225,387	1,292,221
General revenues:						
Property taxes	15,049,732	14,275,025			15,049,732	14,275,025
Federal & state aid	17,035,334	27,073,776			17,035,334	27,073,776
Other	2,784,381	3,138,110	132	77	2,784,513	3,138,187
Total revenues	46,211,021	668,247	702,540	37,237,541	46,913,561	46,913,561
Expenses:						
Instruction	12,595,130	12,197,066			12,595,130	12,197,066
Support services	22,689,209	21,199,411			22,689,209	21,199,411
Interest on debt	307,312	124,859			307,312	124,859
Unallocated depreciation	658,822	660,031			658,822	660,031
Capital outlay	726,934	270,332			726,934	270,332
Food service			664,646	690,145	664,646	690,145
Total Expenses	36,977,407	34,451,699	664,646	690,145	37,642,053	35,141,844
Change in net position	\$ (36,977,407)	\$ 11,759,322	\$ 3,601	\$ 12,395	\$ (404,512)	\$ 11,771,717

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

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

There was an increase in property taxes of \$774,707. The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District budget and related tax levy.

Governmental Activities

The District's total revenues for Governmental Activities were \$36,569,294 for the year ended June 30, 2016. Federal, state, and local grants/aid accounted for 47 percent of revenue, property taxes made up 41 percent of revenues for Governmental Activities and charges for services made up 2 percent. The total cost of all program and services was \$36,977,407. Instruction and instruction related activities account for 34 percent of District expenses, plant operations and maintenance account for 7 percent, pupil transportation 14 percent, school and other administrative services 4 percent, and employee benefits 23 percent.

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016
Unaudited

Governmental Activities (Continued)

The Statement of Activities shows the cost of program services and the charges for these services and offsetting grant revenues. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Of the \$36,977,407 total cost of services for fiscal year, \$35,277,560 is for activities which are not self-supporting and are supported by tax revenue and unrestricted State aid.

Table 3 - Governmental Activities

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction:	\$ 12,595,130	\$ 11,841,061	\$ 12,197,066	\$ 11,431,290
Support services:				
Tuition	2,027,675	2,027,675	1,582,393	1,582,393
Student & instructional related services	3,109,952	2,909,838	3,115,539	2,877,328
School administrative services	491,292	371,829	532,837	408,646
General & business administrative services	1,140,117	1,033,137	1,151,980	1,037,180
Plant operations & maintenance	2,477,707	2,435,815	2,739,056	2,713,970
Pupil transportation	5,030,983	4,731,819	4,904,905	4,448,859
Employee benefits	8,411,483	8,233,318	7,172,701	7,172,701
Interest on long-term debt	307,312	307,312	124,859	124,859
Capital outlay	726,934	726,934	270,332	270,332
Depreciation	658,822	658,822	660,031	660,031
Total expenses	<u>\$ 36,977,407</u>	<u>\$ 35,277,560</u>	<u>\$ 34,451,699</u>	<u>\$ 32,727,589</u>

Business-type Activities

Business-type Activities include the food service operation. This program had program revenues of \$668,115 and expenses of \$664,646 for fiscal year 2016. The District received 41% of its program revenues from grants from the federal and state reimbursable lunch programs. Revenues from federal and state grant programs are driven by participation. The increase in net position of \$3,601 for fiscal year 2016 was mainly caused by a decrease in expenditures.

The District's Funds

All governmental Funds (i.e., General Fund, Special Revenue Fund, and Debt Service Fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$35,826,203 and expenditures were \$47,479,271. The net decrease in fund balance for the year was most significant in the capital projects fund, a decrease of \$10,948,014. The decrease was mainly caused by expenditures for capital projects. The negative balance in unreserved undesignated fund balance in the general fund is the result of the deferred June state aid payments as described in the footnotes to the financial statements.

General Fund Budgeting Highlights

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

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016
Unaudited

General Fund Budgeting Highlights (Continued)

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

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

For the General Fund, total revenues on the budget basis were \$34,289,000, which includes \$2,868,382 for TPAF members for pension and social security is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements, elimination of this item will provide a more accurate comparison of budget to actual revenues and expenditures. The total revenues represent an increase of \$151,169 over the final budget amount. This was mainly due to additional transportation fees earned for transportation jointures, and unanticipated tuition revenue. Total expenditures, on the budget basis, were \$34,992,467. Expenditures were \$3,043,771 less than the final budget amount of \$35,167,856 after eliminating the reimbursed TPAF pension and social security contributions.

The final budget includes amounts encumbered in the prior year to be expended in the current year. Expenditures were less than anticipated due to tight budgetary controls.

Capital Assets

At the end of the fiscal year 2016 the District had \$33,480,684 invested in land, buildings, and furniture and equipment. Table 4 shows fiscal year 2016 balances compared to 2015.

Overall capital assets increased \$11,129,034 from fiscal year 2015 to fiscal year 2016. The increase in capital assets is due primarily to the construction in progress. Total capital asset additions for fiscal year 2016 were \$12,188,662.

Table 4 - Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 71,500	\$ 71,500			\$ 71,500	\$ 71,500
Site improvements	936,742	658,788			936,742	658,788
Construction in Progress	15,922,744	4,924,496			15,922,744	4,924,496
Buildings & improvements	14,094,802	14,641,691			14,094,802	14,641,691
Machinery & equipment	2,448,002	2,046,351	\$ 6,894	\$ 8,824	2,454,896	2,055,175
Total	\$ 33,473,790	\$ 22,342,826	\$ 6,894	\$ 8,824	\$ 33,480,684	\$ 22,351,650

Debt Administration

At June 30, 2016, the District had \$12,460,130 of outstanding debt. Of this amount, \$10,341,000 is for serial bonds for school construction/renovation, \$1,192,905 for capital leases, and \$926,225 is for compensated absences. The District continues to pay down its debt, decreasing bonds and loans \$240,000 in fiscal year 2016.

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016
Unaudited

Factors Bearing on the District's Future

The Delsea Regional High School District has continued to maintain the highest standards of service to our students, parents, and community. The District is committed to preparing its students for the future. A major concern however, is the continued increase in the costs of operating the District along with the District's limited ability to increase revenue.

The Delsea Regional High School District receives a majority of its revenue from two sources, state aid and local property taxes. Although state aid has increased slightly over the past couple of years, the 2% mandated cap on property tax increases has created several challenges for the District to move forward with its curriculum.

The District has experienced a decrease in enrollment over the past several years however, in 2012/2013 Delsea was designated as a Choice School. This designation has brought a limited number of new students to Delsea. This slight increase was easily absorbed by the school but with several new housing projects approved in both townships the potential for an eventual, significant increase in enrollment could create a need for the District to expand and build. This new construction would increase the burden on the taxpayers of our District.

The Choice School designation has provided Delsea with some additional students and revenue. This additional revenue for these students was intended to allow the District to implement a 1:1 Chromebook initiative. However, recent legislation from the State has limited the choice student enrollments; with limited enrollments, the choice school revenue is also limited. Regardless of the limitations the District has moved forward with the 1:1 Chromebook initiative.

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

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

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

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2016
Unaudited

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Delsea Regional High School District
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 404,489	\$ 126,450	\$ 530,939
Receivables, net	9,945,701	20,329	9,966,030
Interfund receivable	128,515		128,515
Inventory		8,724	8,724
Restricted assets:			
Restricted cash and cash equivalents			
Capital reserve account	1,267,501		1,267,501
Capital assets:			
Non-depreciable assets	71,500		71,500
Assets net of depreciation	33,402,290	6,894	33,409,184
Total assets	<u>45,219,996</u>	<u>162,397</u>	<u>45,382,393</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>3,229,254</u>		<u>3,229,254</u>
LIABILITIES			
Accounts payable	159,170		159,170
Deposits payable		3,707	3,707
Interfund payable	128,516		128,516
Payable to state government	2,528		2,528
Payable to federal government	4,849		4,849
Deferred revenue	3,664	5,108	8,772
Accrued interest payable	129,339		129,339
Noncurrent liabilities:			
Due within one year	781,629		781,629
Due beyond one year	11,678,501		11,678,501
Net pension liability	13,849,329		13,849,329
Total liabilities	<u>26,737,525</u>	<u>8,815</u>	<u>26,746,340</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>61,799</u>		<u>61,799</u>
NET POSITION			
Invested in capital assets, net of related debt	20,087,435	6,894	20,094,329
Restricted for:			
Capital projects	4,909,365		4,909,365
Debt service	(196)		(196)
Other purposes	7,152,720		7,152,720
Unrestricted	(10,499,398)	146,688	(10,352,710)
Total net position	<u>\$ 21,649,926</u>	<u>\$ 153,582</u>	<u>\$ 21,803,508</u>

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 8,363,282				\$ (8,363,282)		\$ (8,363,282)
Special education	2,696,918			\$ 754,069	(1,942,849)		(1,942,849)
Other special instruction	369,628				(369,628)		(369,628)
Other instruction	1,165,302				(1,165,302)		(1,165,302)
Support services:							
Tuition	2,027,675				(2,027,675)		(2,027,675)
Student & instruction related services	3,109,952			200,114	(2,909,838)		(2,909,838)
School administrative services	491,292	\$ 119,463			(371,829)		(371,829)
Other administrative services	1,140,117	106,980			(1,033,137)		(1,033,137)
Plant operations and maintenance	2,477,707	41,892			(2,435,815)		(2,435,815)
Pupil transportation	5,030,983	299,164			(4,731,819)		(4,731,819)
Employee benefits	8,411,483	178,165			(8,233,318)		(8,233,318)
Interest on long-term debt	307,312				(307,312)		(307,312)
Capital outlay	726,934				(726,934)		(726,934)
Unallocated depreciation	658,822				(658,822)		(658,822)
Total governmental activities	<u>36,977,407</u>	<u>745,664</u>		<u>954,183</u>	<u>(35,277,560)</u>		<u>(35,277,560)</u>
Business-type activities:							
Food service	<u>664,646</u>	<u>396,911</u>		<u>271,204</u>		<u>\$ 3,469</u>	<u>3,469</u>
Total primary government	<u>\$ 37,642,053</u>	<u>\$ 1,142,575</u>		<u>\$ 1,225,387</u>	<u>\$ (35,277,560)</u>	<u>\$ 3,469</u>	<u>\$ (35,274,091)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 14,517,932		\$ 14,517,932
Taxes levied for debt service					531,800		531,800
Federal and state aid not restricted					17,035,334		17,035,334
Tuition					1,779,475		1,779,475
Transportation fees					842,823		842,823
Investment earnings					3,732	\$ 132	3,864
Miscellaneous income					158,351		158,351
Subtotal, general revenues					<u>34,869,447</u>	<u>132</u>	<u>34,869,579</u>
Changes in net position					(408,113)	3,601	(404,512)
Net position - beginning					22,058,039	149,981	22,208,020
Net position - ending					<u>\$ 21,649,926</u>	<u>\$ 153,582</u>	<u>\$ 21,803,508</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

Delsea 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	\$ 404,489				\$ 404,489
Due from other funds	3,112,118				3,112,118
Receivables from other governments	1,896,026	\$ 872,670	\$ 7,040,244		9,808,940
Other receivables	1,810				1,810
Restricted cash and cash equivalents	1,267,501				1,267,501
Total Assets	\$ 6,681,944	\$ 872,670	\$ 7,040,244		14,594,858
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 143,888	\$ 14,280			158,168
Due to other funds		852,529	\$ 2,130,879	\$ 196	2,983,604
Deferred revenue		3,270			3,270
Payable to state government		2,528			2,528
Payable to federal government		63			63
Total Liabilities	143,888	872,670	2,130,879	196	3,147,633
Fund balances:					
Restricted for					
Excess surplus - current year	1,544,558				1,544,558
Excess surplus - prior year - designated for subsequent year's expenditures	1,933,574				1,933,574
Capital reserve account	1,267,501				1,267,501
Capital projects fund			\$ 4,909,365		4,909,365
Debt service fund				(196)	(196)
Assigned to:					
Designated by the BOE for subsequent year's expenditures	464,804				464,804
Other purposes	1,942,283				1,942,283
Unassigned					
General fund	(614,664)				(614,664)
Total fund balances	6,538,056		4,909,365	(196)	11,447,225
Total liabilities and fund balance	\$ 6,681,944	\$ 872,670	\$ 7,040,244		

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Balance Sheet
Governmental Funds
June 30, 2016

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 \$56,598,043, and the accumulated depreciation is \$23,124,253 (See Note 7).	\$ 33,473,790
Internal Service Funds are used by management to charge the costs of certain activities, such as custodial services to other governments. Assets and liabilities of the Internal Service Fund of \$254 are included in the Statement of Net Position.	254
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 8).	(12,460,130)
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(129,339)
Net pension liability adjustment	(10,681,874)
Net position of Governmental Activities	<u>\$ 21,649,926</u>

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 14,517,932			\$ 531,800	\$ 15,049,732
Tuition	1,779,475				1,779,475
Transportation fees	842,823				842,823
Interest earned on capital reserve funds	3,732				3,732
Miscellaneous	108,117	\$ 394	\$ 50,234		158,745
Total - local sources	17,252,079	394	50,234	531,800	17,834,507
State sources	16,990,555	\$ 71,119			17,061,674
Federal sources	44,779	885,243			930,022
Total revenues	34,287,413	956,756	50,234	531,800	35,826,203
EXPENDITURES:					
Current:					
Regular instruction	8,257,144				8,257,144
Special education instruction	1,958,315	754,069			2,712,384
Other special instruction	369,628				369,628
Other instruction	1,120,825				1,120,825
Support services and undistributed costs:					
Tuition	2,027,675				2,027,675
Student & instruction related services	2,903,132	202,687			3,105,819
School administrative services	423,852				423,852
Other administrative services	1,453,940				1,453,940
Plant operations and maintenance	2,386,014				2,386,014
Pupil transportation	4,479,983				4,479,983
Employee benefits	7,694,611				7,694,611
Debt service:					
Principal				240,000	240,000
Interest and other charges				291,800	291,800
Capital outlay	1,917,348		10,998,248		12,915,596
Total expenditures	34,992,467	956,756	10,998,248	531,800	47,479,271
Excess (deficiency) of revenues over expenditures	(705,054)		(10,948,014)		(11,653,068)
OTHER FINANCING SOURCES (USES):					
Bond proceeds					
Transfers in from internal service	83,243				83,243
Capital leases (non-budgeted)	727,223				727,223
Total other financing sources (uses)	810,466				810,466
Net change in fund balances	105,412		(10,948,014)		(10,842,602)
Fund balance - July 1	6,432,644		15,857,379	(196)	22,289,827
Fund balance - June 30	<u>\$ 6,538,056</u>		<u>\$ 4,909,365</u>	<u>\$ (196)</u>	<u>\$ 11,447,225</u>

See accompanying notes to the basic financial statements.

Delsea Regional High School District
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2016

Total net change in fund balances - Governmental Funds (from B-2)	\$ (10,842,602)
<p>Amounts reported for Governmental Activities in the Statement of Activities (A-2) are different because:</p>	
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>	
Capital outlays	12,188,662
Depreciation	(1,057,698)
<p>Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>	
Bond and loan repayments	240,000
Capital lease repayment	418,806
<p>Proceeds from debt issues are a financing source in the Governmental Funds. They are not revenue in the Statement of Activities; issuing debt increases long-term liabilities in the statement of net assets.</p>	
Capital lease proceeds	(727,223)
<p>Internal Service Funds are used by Management to charge the costs of certain activities to individual funds. Net revenue (expense) of Internal Service Funds is reported with Governmental Activities.</p>	
	82,683
<p>In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Funds, interest is reported when due.</p>	
	(15,512)
<p>Internal Service Funds are used by Management to charge the costs of certain activities, such as shared business services and transportation. The operating net position of \$83,243 was transferred to the General Fund. These funds are already included in the Governmental Activities and Statement of Net Position</p>	
	(83,243)
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.</p>	
	(78,885)
<p>Pension contributions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.</p>	
	(533,101)
Change in net position of Governmental Activities	\$ (408,113)

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities Enterprise Fund	Governmental Activities
	Food Service	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 126,450	
Accounts receivable:		
State	254	
Federal	10,488	
Other	9,587	
Intergovernmental		\$ 129,772
Inventories	8,724	
Total current assets	155,503	129,772
Noncurrent assets:		
Furniture, machinery & equipment	426,586	
Less: accumulated depreciation	(419,692)	
Total noncurrent assets	6,894	
Total assets	162,397	129,772
LIABILITIES		
Current liabilities:		
Accounts payable		1,002
Deposits payable	3,707	
Interfund payables		128,516
Deferred revenue	5,108	
Total current liabilities	8,815	129,518
NET POSITION		
Invested in capital assets net of related debt	6,894	
Unrestricted	146,688	254
Total net position	\$ 153,582	\$ 254

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities Enterprise Funds	Governmental Activities
	Food Service	Internal Service Fund
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$ 169,392	
Daily sales - non-reimbursable programs	196,073	
Special functions	31,446	
Services provided to other LEA's		\$ 745,664
Total operating revenues	<u>396,911</u>	<u>745,664</u>
Operating expenses:		
Cost of sales	274,746	
Salaries	234,315	351,576
Employee benefits	77,091	178,165
Other professional/technical services		523
Cleaning, repair, and maintenance		2,743
Purchased property service	1,429	
Other purchased services	56,945	
Miscellaneous transportation services		7,515
Contracted services (aid in lieu payments)		30,827
General supplies	18,091	81,000
Insurance		4,063
Communications/telephone		3,818
Energy		453
Travel		1,400
Miscellaneous	99	898
Depreciation	1,930	
Total operating expenses	<u>664,646</u>	<u>662,981</u>
Operating income (loss)	<u>(267,735)</u>	<u>82,683</u>
Non-operating revenues (expenses):		
State sources:		
State school lunch program	5,401	
Federal sources:		
National school lunch program	182,244	
National school breakfast program	28,467	
Food distribution program	55,092	
Interest and investment revenue	132	
Total non-operating revenues (expenses)	<u>271,336</u>	
Income (loss) before contributions & transfers	<u>3,601</u>	<u>82,683</u>
Transfers in (out)		<u>(83,243)</u>
Change in net position	<u>3,601</u>	<u>(560)</u>
Total net position - beginning	<u>149,981</u>	<u>814</u>
Total net position - ending	<u>\$ 153,582</u>	<u>\$ 254</u>

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities Enterprise Funds Food Service	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 406,278	\$ 744,976
Payments to employees	(234,315)	(351,576)
Payments for employee benefits	(77,091)	(175,743)
Payments to suppliers	(299,213)	(134,414)
	<u>(204,341)</u>	<u>83,243</u>
Net cash provided by (used for) operating activities		
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	32,984	
Federal sources	219,347	
Interfund accounts receivable	(23,438)	
Operating subsidies and transfers to other funds		(83,243)
	<u>228,893</u>	<u>(83,243)</u>
Net cash provided by (used for) non-capital financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends	132	
	<u>132</u>	
Net increase (decrease) in cash and cash equivalents		
	24,684	
Balances - beginning of year	101,766	
Balances - end of year	<u>\$ 126,450</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (267,735)	82,683
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	1,930	
Food distribution program	55,092	
(Increase) decrease in accounts receivable, net		(688)
(Increase) decrease in inventories	2,700	
Increase (decrease) in other receivables	2,920	
Increase (decrease) in accounts payable		(1,174)
Increase (decrease) in deposits payable	752	
Increase (decrease) in interfund payable		2,422
	<u>63,394</u>	<u>560</u>
Total adjustments		
Net cash provided by (used for) operating activities	<u>\$ (204,341)</u>	<u>\$ 83,243</u>

Delsea Regional High School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private Purpose Trust Funds		
	Unemployment Compensation Trust	Scholarship Funds	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 122,649	\$ 324,384	\$ 202,603
Accounts receivable		1,300	105
	122,649	325,684	\$ 202,708
LIABILITIES			
Accounts payable		15,500	
Payroll deductions & withholdings			\$ 6,757
Due to student groups			195,951
		15,500	\$ 202,708
NET POSITION			
Held in trust for unemployment claims and other purposes	\$ 122,649		
Permanent endowment - nonexpendable		50,000	
Expendable scholarship funds		260,184	
Total reserved for scholarships		\$ 310,184	

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Private Purpose Trust Funds	
	Unemployment Compensation Trust	Scholarship Funds
OPERATING REVENUES:		
Gifts and contributions		\$ 53,393
Deductions from employees' salaries	\$ 48,379	
Interest on investments	594	16,464
Total additions	<u>48,973</u>	<u>69,857</u>
OPERATING EXPENSES:		
Scholarship payments		89,117
Unemployment insurance claims	35,335	
Total deductions	<u>35,335</u>	<u>89,117</u>
Change in net position	13,638	(19,260)
Net position - beginning of the year	<u>109,011</u>	<u>329,444</u>
Net position - end of the year	<u>\$ 122,649</u>	<u>\$ 310,184</u>

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Delsea Regional High School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of Delsea Regional High School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB).

The more significant accounting policies established in (GAAP) and used by the District, are discussed below.

A. Reporting Entity

The Delsea Regional High School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades 7-12.

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

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

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

B. Basic Financial Statements – District-Wide Financial Statements

The District's basic financial statements include both District-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the District-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects, and debt service are classified as Governmental Activities. The District's food service program is classified as a Business-type Activity. Fiduciary Funds are excluded from the Government-wide financial statements.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements – District-Wide Financial Statements (Continued)

In the District-wide Statement of Net Position, both the Governmental and Business-type Activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The District-wide Statement of Activities reports both the gross and net costs of each of the District's functions and Business-type Activities (food service). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function (regular instruction, special education, student and instruction related services, etc.) or Business-type Activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or Business-type Activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such on-behalf TPAF Pension contributions and TPAF Social Security Contributions.

The District-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type Activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The non-major funds are combined in a column in the fund financial statements. 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 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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements – Fund Financial Statements (Continued)

The District's Fiduciary Funds are presented in the Fiduciary Fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the District-wide statements.

The following fund types are used by the District:

GOVERNMENTAL FUNDS

The focus of the Governmental Fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the Capital Outlay Subfund.

As required by the New Jersey State Department of Education, the District included budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

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 Expense by board resolution.

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

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

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

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPRIETARY FUNDS

The focus of the Proprietary Funds' measurement is upon the determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's 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 on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Fund is comprised of the Food Service Fund.

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

FIDUCIARY FUNDS

The Fiduciary Fund category is comprised of Trust and Agency Funds. Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other governments and therefore are not available to support the District's programs. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

Both governmental and business-type activities in the District-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

D. Basis of Accounting

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

Both Governmental and Business-type Activities in the District-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue from federal, state, or other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recorded when due.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the county office for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:23-2(g). Budget amendments/transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and, under certain circumstances, require approval by the County Superintendent of Schools. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Encumbrance Accounting

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

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

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

G. Cash and Cash Equivalents

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

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. New Jersey statute NJSA 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 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.

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository, unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Inventories

Inventories, other than those recorded in the Enterprise Fund, are recorded as expenditures during the year of purchase. Inventories in the Enterprise Fund are recorded at cost, computed on a first-in, first-out method. In the fund based financial statements, commodities received from the U.S. Department of Agriculture are recorded as deferred revenue until consumed.

J. 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 or Governmental and Agency Funds, which are presented as internal balances.

K. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value at the date of donation. The cost of normal maintenance and capitalized. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

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

Asset Class	Estimated Useful Lives
Site improvements	20
Buildings & improvements	20-50
Machinery & equipment	7-20

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and underground pipes. Such items are considered to be part of the cost of buildings or other improvable property.

L. Accrued Salaries and Wages

None of the School District employees who provide services to the District, over the ten month academic year, have the option to have their salaries evenly disbursed during the entire twelve month year.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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 District and its employees is accrued as the employees earn the rights to the benefits.

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the School District's past experience of making termination payments. Salary-related payments for the employer's share of Social Security and Medicare taxes are included.

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

N. Deferred Revenue

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

O. Accrued Liabilities and Long-Term Obligations

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

P. Net Position

Net Position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Funds are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted funds are available.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance

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

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

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

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

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - The unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers Restricted Funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of Committed Funds, then Assigned Funds, and finally Unassigned Funds, as needed.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Revenues

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB No. 33. In applying GASB 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

S. Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

T. Allocation of Indirect Expenses

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of Management and are either unusual in nature or infrequent in occurrence.

V. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

W. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, is anticipated to have an effect on the District's financial reporting.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Recent Accounting Pronouncements Not Yet Effective (Continued)

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, is anticipated to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, is anticipated to have an effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, The Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73." This statement is effective for fiscal periods beginning after June 15, 2016. The impact of this statement on the net position of the district is not anticipated to be significant.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 18A:20-37 that are treated as cash equivalents.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

The carrying amount of the District's cash and cash equivalents at June 30, 2016 and 2015, was \$2,448,076 and \$10,537,305. As of June 30, 2016 and 2015, \$0 of the District's bank balance of \$6,099,572 and \$15,279,340, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2016 and 2015, the District did not have any investments.

Interest Rate Risk - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk - NJSA 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools or repurchase of fully collateralized securities.

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer.

NOTE 4: RECEIVABLES

Receivables at June 30, 2016, consisted of intergovernmental and other receivables. All receivables are considered collectible in full. A summary of the principal items of the receivables are as follows:

	Governmental Activities	Business-type Activities
State aid	\$ 7,252,707	\$ 254
Federal aid	1,322,846	10,488
Other	1,235,197	9,587
	<u>\$ 9,810,750</u>	<u>\$ 20,329</u>

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at June 30, 2016:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 3,112,118	
Special Revenue Fund		\$ 852,529
Capital Projects Fund		2,130,879
Debt Service Fund		196
Internal Service Fund		128,516
	<u>\$ 3,112,118</u>	<u>\$ 3,112,118</u>

Interfunds were the result of credit balances in the cash and cash equivalents at the end of the year.

NOTE 6: INVENTORY

Inventory in the Food Service Fund at June 30, 2016, consisted of the following:

Food	\$ 2,554
Commodities	5,108
Supplies	1,062
	<u>\$ 8,724</u>

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

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Disposals	Balance June 30, 2016
Governmental activities:				
Land	\$ 71,500			\$ 71,500
Site Improvements	2,967,045	\$ 407,008		3,374,053
Building & building improvements	29,458,378			29,458,378
Construction in progress	4,924,496	10,998,248		15,922,744
Machinery & equipment	6,987,962	783,406		7,771,368
Totals at historical costs	44,409,381	12,188,662	-	56,598,043
Less: accumulated depreciation for:				
Site Improvements	2,308,257	129,054		2,437,311
Building & building improvements	14,816,687	546,889		15,363,576
Machinery & equipment	4,941,611	381,755		5,323,366
Total accumulated depreciation	22,066,555	1,057,698	-	23,124,253
Total capital assets, net of depreciation	\$ 22,342,826	\$ 11,130,964	\$ -	\$ 33,473,790
Business-type activities:				
Machinery & equipment	\$ 426,586			\$ 426,586
Accumulated depreciation	417,762	\$ 1,930		419,692
Total capital assets, net of depreciation	\$ 8,824	\$ (1,930)	\$ -	\$ 6,894

Depreciation was charged to the following governmental programs:

Instruction	\$ 85,736
Support administration	10,566
Transportation	253,536
Operation and maintenance	49,038
Unallocated	658,822
	\$ 1,057,698

NOTE 8: GENERAL LONG-TERM DEBT

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

Permanently funded debt as of June 30, 2016, consisted of the following:

A. Bonds Payable

\$10,581,000 General Obligation Bonds dated February 15, 2015, payable in annual installments through August 1, 2039. Interest is paid semi-annually at the rate of 2.00% - 3.25% per annum. The balance remaining at June 30, 2016, was \$10,341,000.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

B. Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2016, are as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Bonds payable	\$ 10,581,000		\$ 240,000	\$ 10,341,000	\$ 310,000
Capital leases	884,488	\$ 727,223	418,806	1,192,905	471,629
Compensated absences	847,340	134,794	55,909	926,225	
	<u>\$ 12,312,828</u>	<u>\$ 862,017</u>	<u>\$ 714,715</u>	<u>\$ 12,460,130</u>	<u>\$ 781,629</u>

C. Bonds and Loans Payable

Principal and interest due on serial bonds and loans outstanding is as follows:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 310,000	\$ 307,314	\$ 617,314
2018	325,000	300,964	625,964
2019	335,000	292,689	627,689
2020	350,000	282,414	632,414
2021	370,000	271,614	641,614
2022-2026	2,025,000	1,182,344	3,207,344
2027-2031	2,350,000	851,819	3,201,819
2032-2036	2,375,000	493,272	2,868,272
2037-2040	1,901,000	123,614	2,024,614
	<u>\$ 10,341,000</u>	<u>\$ 4,106,044</u>	<u>\$ 14,447,044</u>

D. Bonds Authorized but not Issued

As of June 30, 2016, the Board had no authorized but not issued bonds.

E. Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage. Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

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

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

E. Other (Continued)

For the year ended June 30, 2016, it is not necessary for the Board to establish a liability for arbitrage rebate.

F. Capital Lease Payable

The District has entered into lease purchase agreements for the acquisition of a pickup truck and computers. The lease agreements range from three to five years, and carry interest rates ranging from 0.0% to 8.26%. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2016.

Year Ended June 30,	Principal	Interest	Total
2017	\$ 471,629	\$ 24,812	\$ 496,441
2018	367,284	29,961	397,245
2019	218,000	15,044	233,044
2020	75,948	4,882	80,830
2021	60,044	2,136	62,180
	<u>\$ 1,192,905</u>	<u>\$ 76,835</u>	<u>\$ 1,269,740</u>

NOTE 9: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF), cost-sharing, multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of NJSA 18A:66, to provide retirement benefits, death, disability, and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing, multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the System's other related non-contributing employers.

Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified; professional and certified.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: PENSION PLANS (CONTINUED)

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

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for TPAF and PERS increased from 5.5% of employee's annual compensation, as defined, to 6.5%. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The current TPAF and PERS rate is 7.06% of covered payroll.

The District's contributions to PERS for the years ending June 30, 2016, 2015, and 2014, were \$530,413, \$475,438, and \$412,074, respectively, equal to the required contributions for each year.

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$2,028,173, to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the District \$840,209 during the year ended June 30, 2016, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

The District's total payroll for the years ended June 30, 2016, 2015, and 2014, were \$17,846,642, \$17,765,160, and \$17,709,538, respectively. Covered payroll was \$3,941,737, \$4,869,694, and \$4,155,556 for PERS and \$11,739,889, \$12,492,784, and \$11,508,351 for TPAF for the same years.

For the year ended June 30, 2016, the District recognized pension expense of \$1,067,515. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: PENSION PLANS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 330,396	
Changes of assumptions	1,424,892	
Net difference between projected and actual earnings on pension plan investments		\$ 61,799
Changes in proportion and differences between District contributions and proportionate share of contributions	943,553	
Employer contributions subsequent to the measurement date	530,413	
	\$ 3,229,254	\$ 61,799

\$530,413 reported as deferred outflows of resources related to pensions, resulting from School District contributions, subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2017	\$ 525,074
2018	525,074
2019	525,074
2020	685,945
2021	375,876
	\$ 2,637,043

Additional information – Collective balances at June 30, 2014 and 2015, are as follows:

	June 30, 2014	June 30, 2015
Collective deferred outflows of resources	\$ 952,194,675	\$ 3,578,755,666
Collective deferred inflows of resources	1,479,224,662	993,410,455
Collective net pension liability	18,722,735,003	22,447,996,119
District's proportion	0.0616951702%	0.0576717999%

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et. seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions to DCRP for years ending June 30, 2016, 2015, and 2014, were \$11,443, \$3,539, and \$3,598.

NOTE 10: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

NOTE 11: DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.
Metropolitan Life Insurance

Syracusa Benefits Program

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12: 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 and negotiated agreements with the various employee unions.

The liability for vested compensated absences is recorded in the district-wide *Statement of Net Position*. The current portion of the compensated absence balance is not considered material to the Governmental Funds total liabilities and, is therefore not shown separately from the amount due in more than one year.

NOTE 13: LABOR CONTRACTS

As of June 30, 2016, the District's employees were represented by unions as follows:

Delsea Education Association - contract expires 6/30/17

Delsea Transportation Department Association - contract expires 6/30/17

Delsea Maintenance/Custodial Group - contract expires 6/30/18

Delsea Administration Association - contract expires 6/30/17

NOTE 14: RISK MANAGEMENT

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

Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, student accidents and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Any potential liability of the District with respect to loss claims would be equal to the deductibles associated with policies and events which may exceed coverage limits. There have been no significant reductions in insurance coverage amounts.

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. This District is billed quarterly for amounts due to the State. The following is a summary of District Contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14: RISK MANAGEMENT (CONTINUED)

<u>Fiscal Year</u>	<u>District Contribution</u>	<u>Employee Contribution</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016		\$ 48,379	\$ 35,335	\$ 122,649
2014-2015		41,586	36,816	109,011
2013-2014		41,778	28,416	103,722

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Delsea Regional High School Board of Education by inclusion of \$1 on October 4, 2000, for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve fund 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 NJSA 19:60-2. Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016, fiscal year is as follows:

Beginning balance, July 1, 2015	\$ 1,263,769
Interest earnings	<u>3,732</u>
Ending balance, June 30, 2016	<u><u>\$ 1,267,501</u></u>

The June 30, 2016, LRFP balance of local support costs of uncompleted capital projects is \$10,799,006.

NOTE 16: FUND BALANCE APPROPRIATED

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

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

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)

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

Specific classifications of fund balance are summarized below:

RESTRICTED

General Fund - In accordance with NJSA 18A:7F-7, \$3,478,132 is restricted as excess surplus (\$1,933,574 of the total restricted amount has been appropriated and included as anticipated revenue for the year ending June 30, 2017).

ASSIGNED

General Fund - The District has appropriated and included as an anticipated revenue for the year ending June 30, 2017, \$464,804 of general fund balance as of June 30, 2016. As of June 30, 2016, the District had \$1,942,283 of encumbrances outstanding for purchase orders and contracts signed by the District, but not completed, as of the close of the fiscal year.

Debt Service - The debt service had a negative fund balance as of June 30, 2016, of \$196.

UNASSIGNED

General Fund - As of June 30, 2016, a deficit of \$614,664 of fund balance was unassigned.

Special Revenue Fund - As of June 30, 2016, the Special Revenue Fund had no fund balance.

NOTE 17: CALCULATION OF EXCESS SURPLUS

The designation of Reserved Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015, is \$3,478,132.

NOTE 18: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$614,664 in the General Fund as of June 30, 2016, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The 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 payment(s) in the subsequent fiscal year, the District cannot recognize the June state aid payment(s) on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 18: DEFICIT FUND BALANCES (CONTINUED)

Pursuant to NJSA 18A:22-44.2 any negative unassigned General Fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP statements of \$614,664 is less than the last state aid payment.

The District has a deficit fund balance of \$196 in the Debt Service Fund as of June 30, 2016, due to an error in budgeting debt service fund balance in the 2014-2015 school year.

NOTE 19: CONTINGENT LIABILITIES

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

It is the opinion of the administration and legal counsel, that there exists no litigation or contingent liability that may be pending against the Delsea Regional High School District that would have a material or adverse effect on the Board or the financial position of the District.

NOTE 20: ECONOMIC DEPENDENCY

The District is heavily reliant on state aid and local tax levy to fund the District's operations. State sources accounted for approximately 50% of the District's 2015-2016 General Fund revenue, while local tax levy accounted for approximately 42%.

NOTE 21: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 and November 23, 2016, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

Delsea Regional High School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	\$ 14,517,932		\$ 14,517,932	\$ 14,517,932	
Tuition	1,750,000		1,750,000	1,779,475	\$ 29,475
Transportation fees from other LEA's	900,000		900,000	842,823	(57,177)
Interest earned on capital reserve	200		200	3,732	3,532
Unrestricted miscellaneous	50,000		50,000	108,116	58,116
Total - local sources	17,218,132		17,218,132	17,252,078	33,946
State sources:					
Extraordinary aid	58,800		58,800	152,857	94,057
Categorical special education aid	956,261		956,261	956,261	
Categorical security aid	231,243		231,243	231,243	
School choice aid	350,523		350,523	350,523	
Equalization aid	12,086,304		12,086,304	12,086,304	
Categorical transportation aid	300,718		300,718	300,718	
PARCC readiness aid	16,350		16,350	16,350	
Per pupil growth aid	16,350		16,350	16,350	
Non-public transportation costs				13,155	13,155
TPAF post-retirement medical (on-behalf - non-budgeted)				1,102,373	1,102,373
TPAF pension contrib. (on-behalf - non-budgeted)				925,800	925,800
Reimbursed TPAF social security contrib. (non-budgeted)				840,209	840,209
Total - state sources	14,016,549		14,016,549	16,992,143	2,975,594
Federal sources:					
Medical assistance program	34,768		34,768	44,779	10,011
Total - federal sources	34,768		34,768	44,779	10,011
Total revenues	\$ 31,269,449		\$ 31,269,449	\$ 34,289,000	\$ 3,019,551

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers					
Grades 6-8	\$ 2,190,275	\$ 75,270	\$ 2,265,545	\$ 2,265,145	\$ 400
Grades 9-12	5,066,262	(311,270)	4,754,992	4,736,387	18,605
Regular programs - home instruction:					
Salaries of teachers	10,000	62,905	72,905	72,905	
Purchased professional - educational services	10,000	(10,000)			
Other purchased services (400-500 series)	500	2,510	3,010	2,982	28
Regular programs - undistributed instruction:					
Other salaries for instruction	75,366	15,551	90,917	88,284	2,633
Purchased professional - educational services	235,855	86,750	322,605	294,795	27,810
Other purchased services (400-500 series)	558,161	(90,316)	467,845	450,185	17,660
General supplies	420,530	47,552	468,082	344,861	123,221
Textbooks	20,000	(17,713)	2,287	1,123	1,164
Other objects	8,895	(239)	8,656	477	8,179
Total regular programs	8,595,844	(139,000)	8,456,844	8,257,144	199,700
Special education - instruction:					
Learning and/or language disabilities					
Salaries of teachers	330,954	(20,570)	310,384	302,827	7,557
Other salaries for instruction	23,874	(2,325)	21,549	19,099	2,450
Other purchased services (400-500 series)	30,400	(9,500)	20,900	10,515	10,385
General supplies	3,828	200	4,028	2,698	1,330
Total learning and/or language disabilities	389,056	(32,195)	356,861	335,139	21,722

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Behavioral disabilities:					
Salaries of teachers	53,872		53,872	53,872	
Other salaries for instruction	5,000	45,296	50,296	50,296	
Other purchased services (400-500 series)	6,500	(2,240)	4,260	1,484	2,776
General supplies	749		749	244	505
Other objects	200		200		200
Total behavioral disabilities	66,321	43,056	109,377	105,896	3,481
Multiple disabilities:					
Salaries of teachers	86,922		86,922	86,922	
Other salaries for instruction	195,702	(73,156)	122,546	115,884	6,662
Purchased professional - educational services	37,800	(27,994)	9,806		9,806
Other purchased services (400-500 series)	22,500	35,889	58,389	58,124	265
General supplies	1,551		1,551	41	1,510
Textbooks	600		600		600
Other objects	600		600		600
Total multiple disabilities	345,675	(65,261)	280,414	260,971	19,443
Resource room/resource center:					
Salaries of teachers	1,256,453	(151,500)	1,104,953	1,098,179	6,774
Other salaries for instruction	229,465	(76,932)	152,533	152,533	
Other purchased services (400-500 series)	19,500	(18,500)	1,000	492	508
General supplies	3,667	(100)	3,567	1,731	1,836
Other objects	400		400		400
Total resource room/resource center	1,509,485	(247,032)	1,262,453	1,252,935	9,518
Home instruction:					
Salaries of teachers	6,000	(4,851)	1,149	910	239
Other salaries for instruction	4,000	(1,744)	2,256		2,256
Purchased professional - educational services	6,000	(3,275)	2,725	2,464	261
Total home instruction	16,000	(9,870)	6,130	3,374	2,756
Total special education - instruction	2,326,537	(311,302)	2,015,235	1,958,315	56,920

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Basic skills/remedial - instruction:					
Salaries of teachers	135,267	234,607	369,874	367,665	2,209
Other purchased services (400-500 series)	4,000	(50)	3,950		3,950
General supplies	3,015	50	3,065	1,963	1,102
Total basic skills/remedial - instruction	142,282	234,607	376,889	369,628	7,261
Bilingual education - instruction:					
Salaries of teachers	2,000		2,000		2,000
General supplies	500		500		500
Total bilingual education - instruction	2,500		2,500		2,500
School sponsored co-curricular activities - instruction:					
Salaries	98,258	12,513	110,771	110,480	291
Purchased services (300-500 series)	20,607	(13,018)	7,589	4,177	3,412
Supplies and materials	48,930	(2,095)	46,835	44,288	2,547
Other objects	15,100	900	16,000	12,822	3,178
Total school sponsored co-curricular activities - instruction	182,895	(1,700)	181,195	171,767	9,428
School sponsored athletic - instruction:					
Salaries	404,758	19,533	424,291	424,047	244
Purchased services (300-500 series)	87,500	(5,923)	81,577	71,619	9,958
Supplies and materials	130,406	43,949	174,355	131,060	43,295
Other objects	21,217	17,360	38,577	38,521	56
Total school sponsored athletic - instruction	643,881	74,919	718,800	665,247	53,553
Before/after school programs - instructional:					
Other salaries of instruction	5,700	2,775	8,475	8,475	
Total before/after school programs - instructional	5,700	2,775	8,475	8,475	
Summer school - instruction:					
Salaries of teachers	114,500	(40,308)	74,192	72,710	1,482
Other salaries for instruction	20,800	(7,270)	13,530	10,080	3,450
General supplies	2,500	(1,141)	1,359	1,359	
Total summer school - instruction	137,800	(48,719)	89,081	84,149	4,932

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Alternative education program - instructional:					
Salaries of teachers	74,000	12,792	86,792	86,792	
Other salaries for instruction	10,100	11,063	21,163	20,675	488
Other purchased services (400-500 series)	500		500		500
Total alternative education program - instructional	84,600	23,855	108,455	107,467	988
Alternative education program - support services					
Salaries	31,300	54,645	85,945	80,145	5,800
Other salaries for instruction	500	(500)			
Total alternative education program - support services	31,800	54,145	85,945	80,145	5,800
Total alternative education program	116,400	78,000	194,400	187,612	6,788
Other supplemental at-risk programs - instructional:					
Salaries of teachers	77,600	(75,400)	2,200		2,200
Other salaries for instruction	11,000	(8,875)	2,125		2,125
General supplies	3,000		3,000	85	2,915
Total supplemental at-risk programs - instructional	91,600	(84,275)	7,325	85	7,240
Other supplemental at-risk programs - support services:					
Salaries	21,400	(21,000)	400		400
Other salaries for instruction	1,200		1,200		1,200
Total supplemental at-risk programs - support services	22,600	(21,000)	1,600		1,600
Total supplemental at-risk programs	114,200	(105,275)	8,925	85	8,840
Community services programs - operations:					
Salaries	2,000		2,000		2,000
Other salaries	36,753	(30,000)	6,753	2,925	3,828
Purchased services (300-500 series)	4,240		4,240	565	3,675
Total community services programs - operations	42,993	(30,000)	12,993	3,490	9,503
Total instruction	12,311,032	(245,695)	12,065,337	11,705,912	359,425

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed expenditures - instruction:					
Tuition to other LEA's within the state - regular	30,000	156,500	186,500	179,501	6,999
Tuition to county vocational - regular	212,615	48,500	261,115	256,703	4,412
Tuition to CSSD & regional day schools	552,100		552,100	504,662	47,438
Tuition to private sch. for the disabled - within state	1,921,617	(459,000)	1,462,617	1,082,309	380,308
Tuition - state facilities	20,000		20,000	4,500	15,500
Total undistributed expenditures - instruction	2,736,332	(254,000)	2,482,332	2,027,675	454,657
Undistributed exp. - attendance and social work:					
Salaries	32,887		32,887	32,853	34
Other salaries	23,962	5,776	29,738	29,632	106
Purchased professional and technical services	9,400	(8,576)	824		824
Other purchased services (400-500 series)	1,500		1,500	1,157	343
Supplies and materials	100		100		100
Total undistributed exp. - attendance and social work	67,849	(2,800)	65,049	63,642	1,407
Undistributed expenditures - health services:					
Salaries	184,567	10,363	194,930	194,930	
Other purchased prof. and tech services	16,100	(200)	15,900	15,900	
Other purchased services (400-500 series)	1,600		1,600	1,269	331
Supplies and materials	6,193	400	6,593	5,938	655
Total undistributed expenditures - health services	208,460	10,563	219,023	218,037	986
Undistributed expenditures - speech, OT, PT and related services:					
Purchased professional - educational services	143,000	(15,850)	127,150	125,479	1,671
Supplies and materials	1,000		1,000	108	892
Other objects	100		100		100
Total undistributed expenditures - speech, OT, PT and related services	144,100	(15,850)	128,250	125,587	2,663

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed expenditures - special education - extraordinary services:					
Salaries	68,413	24,720	93,133	93,090	43
Purchased professional - educational services	47,000	13,795	60,795	60,791	4
Supplies and materials	11,242	(10,870)	372	319	53
Other objects	100	(100)			
Total undistributed expenditures - special education - extraordinary services	126,755	27,545	154,300	154,200	100
Undistributed expenditures - guidance:					
Salaries of other professional staff	545,152	(3,025)	542,127	536,841	5,286
Salaries of secretarial and clerical assistants	98,538		98,538	98,538	
Other purchased prof. and tech services	15,400		15,400	15,125	275
Other purchased services (400-500 series)	16,163	1,425	17,588	13,853	3,735
Supplies and materials	22,347	(1,890)	20,457	19,014	1,443
Other objects	1,520	(10)	1,510	1,143	367
Total undistributed expenditures - guidance	699,120	(3,500)	695,620	684,514	11,106
Undistributed expenditures - child study teams:					
Salaries of other professional staff	485,717	4,700	490,417	470,128	20,289
Salaries of secretarial and clerical assistants	71,396	(250)	71,146	70,821	325
Other salaries	72,700	(46,413)	26,287	3,916	22,371
Purchased professional - educational services	40,000	18,034	58,034	58,034	
Other purchased prof. and tech services	28,500	(10,334)	18,166	400	17,766
Misc. purch. serv. (400-500 series other than resid. costs)	25,690	(575)	25,115	18,343	6,772
Supplies and materials	9,650	500	10,150	5,559	4,591
Other objects	4,000	75	4,075	4,053	22
Total undistributed expenditures - child study teams	737,653	(34,263)	703,390	631,254	72,136
Undistributed exp. - improvement of instr. services:					
Salaries of supervisors of instruction	626,907	221	627,128	589,796	37,332
Salaries of other professionals	65,000	(30,000)	35,000	1,970	33,030
Salaries of secretarial and clerical assistants	52,478		52,478	52,478	
Other purchased services (400-500 series)	9,550	30,700	40,250	39,992	258
Supplies and materials	8,500	(700)	7,800	411	7,389
Other objects	2,500	(221)	2,279		2,279
Total undistributed exp. - improvement of instr. services	764,935		764,935	684,647	80,288

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed expenditures - educational media serv.:					
School library:					
Salaries of other professional staff	148,722	100	148,822	147,659	1,163
Salaries of secretarial and clerical assistants	25,697		25,697	25,697	
Other purchased services (400-500 series)	96,333	(5,700)	90,633	82,904	7,729
Supplies and materials	33,334	600	33,934	32,604	1,330
Other objects	706		706	503	203
Total undistributed exp. - educational media serv.	304,792	(5,000)	299,792	289,367	10,425
Undistributed expenditures - instructional staff:					
Training services:					
Salaries of supervisors of instruction	25,469	745	26,214	26,214	
Salaries of other professional staff	5,000	18,755	23,755	18,199	5,556
Purchased professional - educational service	20,000	(20,000)			
Other purchased services (400-500 series)	8,070	700	8,770	7,437	1,333
Supplies and materials	5,000	(200)	4,800	34	4,766
Total undistributed expenditures - instructional staff	63,539		63,539	51,884	11,655
Undistributed exp. - support services - gen. admin.:					
Salaries	221,647	1,381	223,028	223,028	
Legal services	25,000	5,700	30,700	29,549	1,151
Audit fees	17,500		17,500	16,400	1,100
Architectural/engineering services	10,000		10,000	4,118	5,882
Other purchased professional services	16,700	(5,381)	11,319		11,319
Purchased technical services	3,000		3,000	2,635	365
Other purchased services (400-500 series)	4,600	(750)	3,850	3,331	519
Communications/telephone	70,000	(3,200)	66,800	63,920	2,880
BOE other purchased services	49,800	9,625	59,425	56,833	2,592
Supplies and materials	12,574	(1,875)	10,699	4,688	6,011
BOE in-house training/meeting supplies	1,000		1,000		1,000
Judgments against the school district	20,000	(6,500)	13,500		13,500
Miscellaneous expenditures	7,000	1,000	8,000	5,392	2,608
BOE membership dues and fees	18,000		18,000	13,958	4,042
Total undistributed exp. - support serv. - gen. admin.	476,821		476,821	423,852	52,969

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed exp. - support serv. - school admin.:					
Salaries of principals/assistant principals	347,271		347,271	346,236	1,035
Salaries of other professional staff	134,679		134,679	134,411	268
Salaries of secretarial and clerical assistants	130,652		130,652	127,949	2,703
Purchased professional and technical services	2,750	(550)	2,200	2,127	73
Other purchased prof. and tech services	22,750	(1,725)	21,025	12,775	8,250
Other purchased services (400-500 series)	35,714	3,900	39,614	37,848	1,766
Supplies and materials	32,454	(1,375)	31,079	23,194	7,885
Other objects	13,000	(250)	12,750	12,479	271
Total undistributed exp. - support serv. - school admin.	719,270		719,270	697,019	22,251
Undistributed exp. - central services:					
Salaries	122,491	1,939	124,430	121,830	2,600
Salaries of secretarial and clerical assistants	171,839		171,839	169,630	2,209
Purchased technical services	32,675	(1,939)	30,736	27,645	3,091
Other purchased services (400-500 series)	10,200	4,525	14,725	14,244	481
Supplies and materials	11,952	(4,000)	7,952	6,751	1,201
Interest for lease purchase agreements	45,210	(525)	44,685	36,726	7,959
Miscellaneous expenditures	2,000		2,000	1,240	760
Total undistributed exp. - central services	396,367		396,367	378,066	18,301
Undistributed exp. - admin. information technology:					
Salaries	229,501	(16,500)	213,001	174,723	38,278
Purchased technical services	5,000		5,000		5,000
Other purchased services (400-500 series)	179,800		179,800	159,741	20,059
Supplies and materials	53,797	(6,100)	47,697	44,240	3,457
Other objects	700		700	151	549
Total undistributed exp. - admin. info. technology	468,798	(22,600)	446,198	378,855	67,343
Undistributed expenditures - operation and maintenance					
Uniforms	23,333	5,200	28,533	28,470	63
Undistributed expenditures - required maintenance for school facilities:					
Cleaning, repair, and maintenance services	320,946	(1,600)	319,346	223,511	95,835
General supplies	45,212	1,600	46,812	39,193	7,619
Total undistributed expenditures - required maintenance for school facilities	366,158		366,158	262,704	103,454

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed expenditures - custodial services:					
Salaries	975,671	(31,000)	944,671	897,992	46,679
Other employee benefits	2,500	650	3,150	3,131	19
Purchased professional and technical services	26,500	(10,200)	16,300		16,300
Cleaning, repair, and maintenance services	77,800	24,500	102,300	51,189	51,111
Rental of land/bldgs.	35,000	(28,200)	6,800		6,800
Other purchased property services	34,260	1,950	36,210	30,047	6,163
Insurance	169,000	19,600	188,600	188,192	408
Miscellaneous purchased services	4,685		4,685	853	3,832
General supplies	113,412	1,000	114,412	86,194	28,218
Energy - natural gas	339,750	(212,357)	127,393	109,749	17,644
Energy - electricity	532,750	(51,693)	481,057	449,304	31,753
Energy - oil	11,750		11,750	4,828	6,922
Energy - gasoline	2,750		2,750		2,750
Other objects	5,000	550	5,550	5,530	20
Total undistributed expenditures - custodial services	2,330,828	(285,200)	2,045,628	1,827,009	218,619
Undistributed expenditures - care and upkeep of grounds:					
Salaries	112,054	(10,432)	101,622	86,031	15,591
Cleaning, repair, and maintenance services	56,021	(11,375)	44,646	43,854	792
General supplies	31,507	12,000	43,507	36,039	7,468
Total undistributed exp. - care and upkeep of grounds	199,582	(9,807)	189,775	165,924	23,851
Undistributed expenditures - security:					
Salaries	84,735	17,207	101,942	101,907	35
Purchased professional and technical services	8,000	(7,400)	600		600
Total undistributed expenditures - security	92,735	9,807	102,542	101,907	635
Total operation and maintenance of plant	3,012,636	(280,000)	2,732,636	2,386,014	346,622

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed exp. - student transportation services:					
Salaries of non-instructional aides	521,236	(75,149)	446,087	422,199	23,888
Salaries for pupil trans (bet. home & school) - reg.	1,056,905	(92,817)	964,088	898,855	65,233
Salaries for pupil trans (bet. home & school) - spec. ed.	573,710	6,421	580,131	556,429	23,702
Salaries for pupil trans (other than bet. home & school)	101,878	70,545	172,423	172,203	220
Sal. for pupil trans (bet home & school) - nonpublic school	134,441	(44,000)	90,441	70,712	19,729
Social security contributions	200,451		200,451	151,339	49,112
Health benefits	1,553,142	(100,000)	1,453,142	1,410,912	42,230
Other employee benefits	18,600	2,500	21,100	20,525	575
Other purchased prof. and technical service	62,000	(40,000)	22,000	1,484	20,516
Cleaning, repair, and maintenance services	138,500	(87,500)	51,000	22,197	28,803
Rental payments - school buses	5,000		5,000	4,200	800
Contr. serv. - (bet. home and school) - vendors	6,000		6,000	179	5,821
Contr. serv. - (other than bet. home and school) - vendors	16,000	1,500	17,500	16,926	574
Contr. serv. - (bet. home and school) - joint agrmnts.	90,000	(75,000)	15,000	10,608	4,392
Contr. serv. - (special education) - vendors	32,500	149,561	182,061	182,061	
Contr. serv. - (special ed. students) - joint agrmnts.	11,500	(2,250)	9,250		9,250
Contr. serv. - aid in lieu of payments	58,500		58,500	41,567	16,933
Misc. purchased services - transportation	121,000	(19,311)	101,689	72,064	29,625
Transportation supplies	564,000	(81,000)	483,000	420,945	62,055
Miscellaneous expenditures	3,100	1,500	4,600	4,578	22
Total undistributed exp. - student transportation serv.	5,268,463	(385,000)	4,883,463	4,479,983	403,480
Unallocated benefits - employee benefits:					
Social security contributions	260,486	20,182	280,668	271,163	9,505
Other retirement contribution - PERS	565,000		565,000	534,444	30,556
Unemployment compensation	75,000	(20,182)	54,818		54,818
Workmen's compensation	257,500		257,500	235,067	22,433
Health benefits	4,035,184	(236,000)	3,799,184	3,658,309	140,875
Tuition reimbursement	64,747		64,747	29,518	35,229
Other employee benefits	117,000		117,000	97,728	19,272
Total unallocated benefits	5,374,917	(236,000)	5,138,917	4,826,229	312,688

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
TPAF post-retirement medical (on-behalf - non-budgeted)				1,102,373	(1,102,373)
TPAF pension contribution (on-behalf - non-budgeted)				925,800	(925,800)
Reimb. TPAF social security contrib. (non-budgeted)				840,209	(840,209)
Total on-behalf contributions				<u>2,868,382</u>	<u>(2,868,382)</u>
Total undistributed expenditures	<u>21,570,807</u>	<u>(1,200,905)</u>	<u>20,369,902</u>	<u>21,369,207</u>	<u>(999,305)</u>
Total current expense	<u>33,881,839</u>	<u>(1,446,600)</u>	<u>32,435,239</u>	<u>33,075,119</u>	<u>(639,880)</u>
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Grades 9-12					
Undistributed	44,790		44,790	44,790	
Undistributed - athletics		86,000	86,000		86,000
Undistributed - guidance services	9,260		9,260	9,210	50
Undistributed - support general administration	19,117		19,117	19,117	
Undistributed - central services	21,811		21,811	21,811	
Undistributed - admin information technology	18,487	22,600	41,087	18,487	22,600
Undistributed - custodial services	107,552	64,150	171,702	133,999	37,703
Undistributed - student transportation		325,000	325,000		325,000
School buses - regular	422,617		422,617	421,869	748
School buses - special	135,000	(19,150)	115,850	113,659	2,191
Undistributed - food service		40,000	40,000		40,000
Total equipment	<u>778,634</u>	<u>518,600</u>	<u>1,297,234</u>	<u>782,942</u>	<u>514,292</u>
Facilities acquisition and construction services:					
Construction services	507,208	928,000	1,435,208	407,008	1,028,200
Assessment for debt service on SDA funding	175		175	175	
Total facilities acquisition and constructions services	<u>507,383</u>	<u>928,000</u>	<u>1,435,383</u>	<u>407,183</u>	<u>1,028,200</u>
Assets acquired under capital lease:					
Assets acquired under capital lease (non-budgeted):					
Undistributed expenditures:					
Administration				43,332	(43,332)
Support services-student regular				683,891	(683,891)
Total assets acquired under capital lease				<u>727,223</u>	<u>(727,223)</u>
Total capital outlay	<u>1,286,017</u>	<u>1,446,600</u>	<u>2,732,617</u>	<u>1,917,348</u>	<u>815,269</u>
Total expenditures	<u>35,167,856</u>		<u>35,167,856</u>	<u>34,992,467</u>	<u>175,389</u>

Delsea Regional High School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Excess (deficiency) of revenues over (under) expenditures	(3,898,407)		(3,898,407)	(703,467)	2,844,162
Other financing sources (uses):					
Operating transfer in:					
Transfer from internal service fund				83,243	(83,243)
Capital leases (non-budgeted)				727,223	(727,223)
				<u>810,466</u>	<u>(810,466)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,898,407)		(3,898,407)	106,999	2,033,696
Fund balances, July 1	<u>7,780,870</u>		<u>7,780,870</u>	<u>7,780,870</u>	
Fund balances, June 30	<u>\$ 3,882,463</u>		<u>\$ 3,882,463</u>	<u>\$ 7,887,869</u>	<u>\$ 2,033,696</u>
Recapitulation:					
Restricted fund balance:					
Capital reserve account				\$ 1,267,501	
Excess surplus - designated for subsequent year's expenditures				1,933,574	
Excess surplus - current year				1,544,558	
Assigned fund balance:					
Year-end encumbrances				1,942,283	
Designated for subsequent year's expenditures				464,804	
Unassigned fund balance				735,149	
				<u>7,887,869</u>	
Reconciliation to governmental funds statements (GAAP):					
June state aid payments are not recognized on GAAP basis				<u>(1,349,813)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 6,538,056</u>	

Delsea Regional High School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources		\$ 17,343	\$ 17,343	\$ 14,573	\$ 2,770
State sources	\$ 51,676	22,804	74,480	71,119	3,361
Federal sources	757,136	225,810	982,946	916,810	66,136
Total revenues	\$ 808,812	\$ 265,957	\$ 1,074,769	\$ 1,002,502	\$ 72,267
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 128,160	\$ (28,160)	\$ 100,000	\$ 100,000	
Purchased professional - educational services	18,796	28,812	47,608	45,088	\$ 2,520
Tuition	532,210	68,196	600,406	578,380	22,026
General supplies	26,204	27,326	53,530	26,584	26,946
Textbooks	6,086	743	6,829	6,452	377
Miscellaneous expenditures		275	275	275	
Total instruction	711,456	97,192	808,648	756,779	51,869
Salaries	44,545	45,034	89,579	84,248	5,331
Personal services - employee benefits	184	34,582	34,766	30,586	4,180
Purchased professional - technical services	2,810	(190)	2,620		2,620
Purchased professional - educational services	7,976	4,270	12,246	10,170	2,076
Other purchased services (400-500 series)	16,041	37,449	53,490	51,325	2,165
Supplies & materials	3,405	20,040	23,445	19,419	4,026
Total support services	74,961	141,185	216,146	195,748	20,398
Facilities acquisition and construction services:					
Instructional equipment	22,395	27,580	49,975	49,975	
Total expenditures	\$ 808,812	\$ 265,957	\$ 1,074,769	\$ 1,002,502	\$ 72,267

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

Delsea Regional High School District
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 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.	\$ 34,289,000	\$ 1,002,502
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in the encumbrances are recognized as expenditures, and the related revenue is recognized.		(45,746)
The last two State aid payments for the prior fiscal year are not recognized as revenue for budgetary purposes, and differs from GAAP which recognizes this revenue in the subsequent year when the State recognizes the related expense (GASB 33).	1,348,226	
The last two State aid payment for the current year are recognized as revenue for budgetary purposes and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	(1,349,813)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	\$ 34,287,413	\$ 956,756
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 34,992,467	\$ 1,002,502
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(45,746)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds	\$ 34,992,467	\$ 956,756

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

DELSEA REGIONAL HIGH SCHOOL
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS
 Current Fiscal Year

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2016
District's proportion of the net pension liability (asset)	0.0576717999%	0.0616951702%
District's proportionate share of the net pension liability (asset)	\$ 10,797,738	\$ 13,849,329
District's covered-employee payroll	4,815,991	3,941,737
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	224.21%	351.35%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%
Measurement date	June 30, 2014	June 30, 2015

DELSEA REGIONAL HIGH SCHOOL
 Schedule of District Contributions - PERS
 Current Fiscal Year

	Fiscal Year Ended <u>June 30, 2015</u>	Fiscal Year Ended <u>June 30, 2016</u>
Contractually required contribution	\$ 475,438	\$ 530,413
Contributions in relation to the contractually required contribution	<u>475,438</u>	<u>530,413</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 4,815,991	\$ 3,941,737
Contributions as a percentage of covered-employee payroll	9.87%	13.46%
Measurement date	June 30, 2014	June 30, 2015

DELSEA REGIONAL HIGH SCHOOL
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
 Current Fiscal Year

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2016
District's proportion of the net pension liability (asset)	0.1082656023%	0.1134466292%
District's proportionate share of the net pension liability (asset)	\$ 57,864,441	\$ 71,703,114
District's covered-employee payroll	12,181,522	11,739,889
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	475.02%	610.76%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%
Measurement date	June 30, 2014	June 30, 2015

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation – 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a Legal Obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

**DELSEA REGIONAL HIGH SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

NOTE 1: CONTRIBUTIONS

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

NOTE 2: ACTUARIAL ASSUMPTIONS

The collective 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 1 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.

Detailed information about the pension plan fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1a)	Non-Public Textbook Aid	Title I	Title I Carryover	Title II Part A	Totals FY 2016
REVENUES:						
Local sources	\$ 14,573					\$ 14,573
State sources	64,667	\$ 6,452				71,119
Federal sources	687,425		\$ 176,326	\$ 11,428	\$ 41,631	916,810
Total revenues	\$ 766,665	\$ 6,452	\$ 176,326	\$ 11,428	\$ 41,631	\$ 1,002,502
EXPENDITURES:						
Instruction:						
Salaries of teachers			\$ 100,000			\$ 100,000
Purchased professional - educational services	\$ 45,088					45,088
Tuition	578,380					578,380
General supplies	23,232		3,352			26,584
Textbooks		\$ 6,452				6,452
Miscellaneous expenditures	275					275
Total instruction	646,975	6,452	103,352			756,779
Support services:						
Salaries	8,700		41,759	\$ 10,799	\$ 22,990	84,248
Personal services - employee benefits	299		27,899	629	1,759	30,586
Purchased professional - educational services	10,170					10,170
Other purchased services (400-500 series)	32,347		2,970		16,008	51,325
Supplies & materials	18,199		346		874	19,419
Instructional equipment	49,975					49,975
Total support services	119,690		72,974	11,428	41,631	245,723
Total expenditures	\$ 766,665	\$ 6,452	\$ 176,326	\$ 11,428	\$ 41,631	\$ 1,002,502

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1b)	Perkins Grant	IDEA Basic	IDEA Basic Carryover	Municipal Alliance	Total Carried Forward
REVENUES:						
Local sources	\$ 14,573					\$ 14,573
State sources	59,867				\$ 4,800	64,667
Federal sources		\$ 53,527	\$ 604,638	\$ 29,260		687,425
Total revenues	\$ 74,440	\$ 53,527	\$ 604,638	\$ 29,260	\$ 4,800	\$ 766,665
EXPENDITURES:						
Instruction:						
Purchased professional - educational services	\$ 45,088					\$ 45,088
Tuition			\$ 578,380			578,380
General supplies		\$ 19,158	2,394	\$ 1,680		23,232
Miscellaneous expenditures		275				275
Total instruction	45,088	19,433	580,774	1,680		646,975
Support services:						
Salaries		3,900			\$ 4,800	8,700
Personal services - employee benefits		299				299
Purchased professional - educational services	10,170					10,170
Other purchased services (400-500 series)	5,003	3,480	23,864			32,347
General supplies	14,179	4,020				18,199
Instructional equipment		22,395		27,580		49,975
Total support services	29,352	34,094	23,864	27,580	4,800	119,690
Total expenditures	\$ 74,440	\$ 53,527	\$ 604,638	\$ 29,260	\$ 4,800	\$ 766,665

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1c)	Non-Public Technology Aid	Non-Public Nursing Aid	Non-Public Corrective Speech	Non-Public Security Aid	Total Carried Forward
REVENUES:						
Local sources	\$ 14,573					\$ 14,573
State sources	41,760	\$ 2,938	\$ 10,170	\$ 2,174	\$ 2,825	59,867
Total revenues	\$ 56,333	\$ 2,938	\$ 10,170	\$ 2,174	\$ 2,825	\$ 74,440
EXPENDITURES:						
Instruction:						
Purchased professional - educational services	\$ 40,089			\$ 2,174	\$ 2,825	\$ 45,088
Total instruction	40,089			2,174	2,825	45,088
Support services:						
Purchased professional - educational services			\$ 10,170			10,170
Other purchased services (400-500 series)	2,065	\$ 2,938				5,003
Supplies & materials	14,179					14,179
Total support services	16,244	2,938	10,170			29,352
Total expenditures	\$ 56,333	\$ 2,938	\$ 10,170	\$ 2,174	\$ 2,825	\$ 74,440

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Safety Grant	Mosaic Art Grant	Auxiliary Services		Handicapped Services		Total Carried Forward
			Home Instruction	Transportation	Examination & Classification	Supplemental Instruction	
REVENUES:							
Local sources	\$ 14,179	\$ 394					\$ 14,573
State sources			\$ 5,922	\$ 1,671	\$ 21,990	\$ 12,177	41,760
Total revenues	<u>\$ 14,179</u>	<u>\$ 394</u>	<u>\$ 5,922</u>	<u>\$ 1,671</u>	<u>\$ 21,990</u>	<u>\$ 12,177</u>	<u>\$ 56,333</u>
EXPENDITURES:							
Instruction:							
Purchased professional - educational services			\$ 5,922		\$ 21,990	\$ 12,177	\$ 40,089
Total instruction			<u>5,922</u>		<u>21,990</u>	<u>12,177</u>	<u>40,089</u>
Support services:							
Other purchased services (400-500 series)		394		\$ 1,671			2,065
Supplies & materials	\$ 14,179						14,179
Total support services	<u>14,179</u>	<u>394</u>		<u>1,671</u>			<u>16,244</u>
Total expenditures	<u>\$ 14,179</u>	<u>\$ 394</u>	<u>\$ 5,922</u>	<u>\$ 1,671</u>	<u>\$ 21,990</u>	<u>\$ 12,177</u>	<u>\$ 56,333</u>

CAPITAL PROJECTS FUND

DELSEA REGIONAL HIGH SCHOOL
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2016

Project Title/Issue	Approval Date	Revised Budgetary Appropriation	GAAP		Unexpended Appropriations June 30, 2016
			Prior Year	Expenditures to Date Current Year	
Middle School Special Education Classrooms (SCSE) Wing Addition	11/05/14	\$ 1,743,750	\$ 151,793	\$ 1,546,883	\$ 45,074
Middle School Roof Replacement, HVAC System and Electrical System Upgrades	11/05/14	8,216,250	4,605,874	2,929,828	680,549
High School Roof Replacement, HVAC System and Electrical System Upgrades	11/05/14	10,821,875	166,830	6,521,537	4,133,508
		<u>\$ 20,781,875</u>	<u>\$ 4,924,497</u>	<u>\$ 10,998,248</u>	<u>\$ 4,859,131</u>

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budgetary Basis
 For the Year Ended June 30, 2016

Revenues and other financing sources	
Miscellaneous revenue	\$ 50,234
Total Revenues and other financing sources	<u>50,234</u>
Expenditures and other financing uses	
Legal services	7,387
Engineer/architect	1,024,024
Other professional/technical services	10,739
Construction services	9,782,361
Other objects	173,737
Total expenditures	<u>10,998,248</u>
Excess (deficiency) of revenues over (under) expenditures	(10,948,014)
Fund balance - beginning	<u>15,857,379</u>
Fund balance - ending	<u><u>\$ 4,909,365</u></u>

DELSEA REGIONAL HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Middle School Special Education Classroom (SCSE) Wing Addition
 From Inception and for the Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds	\$ 1,399,486		\$ 1,399,486	\$ 1,399,486
State Sources: SDA Grant	344,264		344,264	344,264
Total revenues	<u>1,743,750</u>		<u>1,743,750</u>	<u>1,743,750</u>
Expenditures and other financing uses				
Legal services		\$ 289	289	16,000
Audit services				16,000
Engineer/architect	143,860	7,985	151,845	160,000
Other professional/technical services	7,933	8,212	16,145	16,000
Construction services		1,403,080	1,403,080	1,500,000
Supplies				8,250
Other objects		127,317	127,317	27,500
Total expenditures	<u>151,793</u>	<u>1,546,883</u>	<u>1,698,676</u>	<u>1,743,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,591,957</u>	<u>\$ (1,546,883)</u>	<u>\$ 45,074</u>	
Additional project information:				
Project number	4940-060-14-1004			
Grant date	11/05/14			
Bond authorization date	11/05/14			
Bonds authorized	\$ 1,399,486			
Bonds issued	1,399,465			
Original authorized cost	1,743,750			
Additional authorized cost	None			
Revised authorized cost	1,743,750			
Percentage increase over original authorized cost	0%			
Percentage completion	0%			
Original target completion date	August 2016			
Revised target completion date	August 2016			

DELSEA REGIONAL HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Middle School Roof Replacement, HVAC System and Electrical System Upgrades
 From Inception and for the Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds	\$ 3,962,459		\$ 3,962,459	\$ 3,962,459
State Sources: SDA Grant	4,253,791		4,253,791	4,253,791
Total revenues	<u>8,216,250</u>		<u>8,216,250</u>	<u>8,216,250</u>
Expenditures and other financing uses				
Legal services	101,811	\$ 144	101,955	86,000
Audit services	3,000		3,000	16,000
Engineer/architect	585,819	484,103	1,069,922	600,000
Other professional/technical services	34,296	2,527	36,823	90,000
Construction services	3,872,666	2,396,634	6,269,300	7,330,000
Supplies	845		845	64,250
Other objects	7,437	46,420	53,857	30,000
Total expenditures	<u>4,605,874</u>	<u>2,929,828</u>	<u>7,535,702</u>	<u>8,216,250</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,610,377</u>	<u>\$ (2,929,828)</u>	<u>\$ 680,549</u>	
Additional project information:				
Project number	4940-060-13-1003			
Grant date	11/05/14			
Bond authorization date	11/05/14			
Bonds authorized	\$ 3,962,459			
Bonds issued	3,962,459			
Original authorized cost	8,216,250			
Additional authorized cost	None			
Revised authorized cost	8,216,250			
Percentage increase over original authorized cost	0%			
Percentage completion	18%			
Original target completion date	August 2015			
Revised target completion date	August 2015			

DELSEA REGIONAL HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 High School Roof Replacement, HVAC System and Electrical System Upgrades
 From Inception and for the Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds	\$ 5,219,076		\$ 5,219,076	\$ 5,219,076
State Sources: SDA Grant	5,602,799		5,602,799	5,602,799
Total revenues	<u>10,821,875</u>		<u>10,821,875</u>	<u>10,821,875</u>
Expenditures and other financing uses				
Legal services		\$ 6,954	6,954	98,000
Audit services				168,000
Engineer/architect	141,030	531,936	672,966	790,000
Other professional/technical services				94,000
Construction services	25,800	5,982,647	6,008,447	9,566,000
Supplies				70,000
Other objects				35,875
Total expenditures	<u>166,830</u>	<u>6,521,537</u>	<u>6,688,367</u>	<u>10,821,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,655,045</u>	<u>\$ (6,521,537)</u>	<u>\$ 4,133,508</u>	
Additional project information:				
Project number	4940-050-13-1001			
Grant date	11/05/14			
Bond authorization date	11/05/14			
Bonds authorized	\$ 5,219,076			
Bonds issued	5,219,076			
Original authorized cost	10,821,875			
Additional authorized cost	None			
Revised authorized cost	10,821,875			
Percentage increase over original authorized cost	0%			
Percentage completion	0%			
Original target completion date	August 2016			
Revised target completion date	August 2016			

PROPRIETARY FUNDS

Delsea Regional High School District
Combining Schedule of Net Position
Enterprise Fund
June 30, 2016

	Enterprise Fund <hr/> Food Service <hr/>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 126,450
Accounts receivable	
State	254
Federal	10,488
Other	9,587
Inventories	8,724
Total current assets	<hr/> 155,503 <hr/>
Noncurrent assets:	
Furniture, machinery & equipment	426,586
Less: accumulated depreciation	<hr/> (419,692) <hr/>
Total noncurrent assets	<hr/> 6,894 <hr/>
Total assets	<hr/> 162,397 <hr/>
LIABILITIES	
Current liabilities:	
Deposits payable	3,707
Deferred revenue	5,108
Total current liabilities	<hr/> 8,815 <hr/>
NET POSITION	
Invested in capital assets net of related debt	6,894
Unrestricted	146,688
Total net position	<hr/> <u>\$ 153,582</u> <hr/>

Delsea Regional High School District
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Fund
For the Year Ended June 30, 2016

	Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 169,392
Daily sales - non-reimbursable programs	196,073
Special functions	31,446
	396,911
Total operating revenues	
Operating expenses:	
Salaries	234,315
Employee benefits	77,091
Purchased property service	1,429
Other purchased services	56,945
General supplies	18,091
Cost of sales	274,746
Miscellaneous	99
Depreciation	1,930
	664,646
Total operating expenses	
Operating income (loss)	(267,735)
Non-operating revenues (expenses):	
State sources:	
State school lunch program	5,401
Federal sources:	
National school lunch program	182,244
National school breakfast program	28,467
Food distribution program	55,092
Interest and investment revenue	132
	271,336
Total non-operating revenues (expenses)	
Change in net position	3,601
Total net position - beginning	149,981
Total net position - ending	\$ 153,582

Delsea Regional High School District
Combining Schedule of Cash Flows
Enterprise Fund
For the Year Ended June 30, 2016

	Enterprise Funds <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 406,278
Payments to employees	(234,315)
Payments for employee benefits	(77,091)
Payments to suppliers	(299,213)
Net cash provided by (used for) operating activities	<u>(204,341)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State reimbursements	32,984
Federal reimbursements	219,347
Interfund accounts receivable	(23,438)
Net cash provided by (used for) non-capital financing activities	<u>228,893</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and dividends	132
Net increase (decrease) in cash and cash equivalents	<u>24,684</u>
Balances - beginning of year	101,766
Balances - end of year	<u><u>\$ 126,450</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (267,735)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	1,930
Food distribution program	55,092
(Increase) decrease in inventories	2,700
(Increase) decrease in other receivables	2,920
Increase (decrease) in deposits payable	752
Total adjustments	<u>63,394</u>
Net cash provided by (used for) operating activities	<u><u>\$ (204,341)</u></u>

Delsea Regional High School District
Combining Schedule of Net Position
Internal Service Fund
June 30, 2016

	Internal Service Fund
ASSETS	
Current assets:	
Accounts receivable:	
Intergovernmental	\$ 129,772
Total assets	129,772
LIABILITIES	
Current liabilities:	
Interfund payable	128,516
Accounts payable	1,002
Total current liabilities	129,518
NET POSITION	
Unrestricted	\$ 254

Delsea Regional High School District
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund
For the Year Ended June 30, 2016

	Internal Service Fund
	Fund
Operating revenues:	
Charges for services	
Service provided to other LEA's	\$ 745,664
Operating expenses:	
Salaries	351,576
Employee benefits	178,165
Other professional/technical services	523
Cleaning, repair, and maintenance	2,743
Miscellaneous transportation services	7,515
Contracted services (aid in lieu payments)	30,827
General supplies	81,000
Insurance	4,063
Communications/telephone	3,818
Energy	453
Travel	1,400
Miscellaneous	898
Total operating expenses	662,981
Operating income (loss)	82,683
Transfers in (out)	(83,243)
Change in net position	(560)
Total net position - beginning	814
Total net position - ending	\$ 254

Delsea Regional High School District
Combining Schedule of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2016

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 744,976
Payments to employees	(351,576)
Payments for employee benefits	(175,743)
Payments to suppliers	(134,414)
	<u>83,243</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating subsidies and transfers to general fund	(83,243)
	<u>(83,243)</u>
Net cash provided by (used for) non-capital financing activities	<u>(83,243)</u>
Net increase (decrease) in cash and cash equivalents	
Reconciliation of operating income (loss) to net cash provided	
(used) by operating activities:	
Operating income (loss)	82,683
Adjustments to reconcile operating income (loss) to net cash provided	
by (used for) operating activities:	
(Increase) decrease in accounts receivable, net	(688)
Increase (decrease) in accounts payable	(1,174)
Increase (decrease) in interfund payable	2,422
Total adjustments	<u>560</u>
Net cash provided by (used for) operating activities	<u>\$ 83,243</u>

FIDUCIARY FUNDS

Delsea Regional High School District
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2016

	Private Purpose Trust		Agency		Totals
	Unemployment Compensation	Scholarship	Student Activity	Payroll	
ASSETS					
Cash and cash equivalents	\$ 122,649	\$ 324,384	\$ 195,846	\$ 6,757	\$ 649,636
Accounts receivable		1,300	105		1,405
Total assets	<u>\$ 122,649</u>	<u>325,684</u>	<u>\$ 195,951</u>	<u>\$ 6,757</u>	<u>\$ 651,041</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		\$ 15,500			\$ 15,500
Payroll deductions & withholdings				\$ 6,757	6,757
Due to student groups			\$ 195,951		195,951
Total liabilities		<u>15,500</u>	<u>\$ 195,951</u>	<u>\$ 6,757</u>	<u>218,208</u>
Net Position:					
Held in trust for unemployment claims and other purposes	<u>\$ 122,649</u>				<u>122,649</u>
Permanent endowment - nonexpendable		50,000			50,000
Expendable scholarship funds		260,184			260,184
Total reserved for scholarships		<u>\$ 310,184</u>			<u>310,184</u>
Total net position					<u>432,833</u>
Total liabilities and net position					<u>\$ 651,041</u>

Delsea Regional High School District
Combining Statement of Changes in
Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Scholarship</u>	<u>New Jersey Unemployment Compensation</u>	<u>Total</u>
OPERATING REVENUES:			
Gifts and contributions	\$ 53,393		\$ 53,393
Deductions from employees' salaries		\$ 48,379	48,379
Interest on investments	16,464	594	17,058
Total additions	<u>69,857</u>	<u>48,973</u>	<u>118,830</u>
OPERATING EXPENSES:			
Scholarship payments	89,117		89,117
Unemployment compensation insurance claims		35,335	35,335
Total deductions	<u>89,117</u>	<u>35,335</u>	<u>124,452</u>
Changes in net position	<u>(19,260)</u>	<u>13,638</u>	<u>(5,622)</u>
Net position, July 1	<u>329,444</u>	<u>109,011</u>	<u>438,455</u>
Net position, June 30	<u>\$ 310,184</u>	<u>\$ 122,649</u>	<u>\$ 432,833</u>

EXHIBIT H-3

Delsea Regional High School District
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	Balance June 30, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
SCHOOLS:				
Delsea High School	\$ 184,112	\$ 543,548	\$ 563,972	\$ 163,688
Delsea Middle School	30,988	39,205	37,930	32,263
Total all schools	\$ 215,100	\$ 582,753	\$ 601,902	\$ 195,951

EXHIBIT H-4

Delsea Regional High School District
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
Cash and cash equivalents	\$ 9,922	\$ 19,170,389	\$ 19,173,554	\$ 6,757
LIABILITIES				
Net payroll		\$ 10,180,252	\$ 10,180,252	
Payroll deductions and withholdings	\$ 9,922	8,990,137	8,993,302	\$ 6,757
Total liabilities	\$ 9,922	\$ 19,170,389	\$ 19,173,554	\$ 6,757

LONG-TERM DEBT

Delsea Regional High School District
 Schedule of Serial Bonds
 Year Ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2015	Retired	Balance June 30, 2016
			Date	Amount				
Improvements and renovations to the Middle and High School	2/15/2015	\$ 10,581,000	08/01/15	\$ 240,000	2.00%			
			08/01/16	310,000	2.00%			
			08/01/17	325,000	2.00%			
			08/01/18	335,000	3.00%			
			08/01/19	350,000	3.00%			
			08/01/20	370,000	3.00%			
			08/01/21	380,000	3.00%			
			08/01/22	390,000	3.00%			
			08/01/23	405,000	3.00%			
			08/01/24	420,000	3.00%			
			08/01/25	430,000	3.00%			
			08/01/26	450,000	3.00%			
			08/01/27-32	475,000	3.00%			
			08/1/33-35	475,000	3.125%			
			08/1/36-38	475,000	3.25%			
			08/01/39	476,000	3.25%			
					<u>\$ 10,581,000</u>	<u>\$ 240,000</u>	<u>\$ 10,341,000</u>	

DELSEA REGIONAL HIGH SCHOOL DISTRICT
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2016

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2015	Issued	Retired	Balance June 30, 2016
			Principle	Interest					
Pickup Truck	9/13/11	5 Years	\$ 28,340	\$ 2,774	4.90%	\$ 5,932		\$ 5,932	
Computer Equipment	8/1/11	5 Years	84,084	8,316	4.95%	17,608		17,608	
Computer Equipment	8/1/12	4 Years	48,560	4,950	6.88%	12,517		12,517	
Computer Equipment	9/1/12	5 Years	54,707	5,743	5.26%	22,399		10,913	\$ 11,486
Computer Equipment	8/1/13	4 Years	214,189	18,472	4.29%	111,284		54,450	56,834
Phone Lease	9/1/13	5 Years	126,465	13,076	4.08%	82,774		24,995	57,779
Networking Equipment	6/27/14	3 Years	15,376	898	3.53%	10,251		5,126	5,125
Computer Equipment	8/14/13	4 Years	61,164	4,834	5.32%	30,542		14,875	15,667
Computer Equipment	8/14/13	3 Years	19,540	1,360	7.13%	6,503		6,503	
Computer Equipment	5/28/14	4 Years	139,485		0%	104,614		34,871	69,743
Computer Equipment	8/15/13	3 Years	265,298	10,583	3.97%	88,212		88,212	
Athletic Field Conditioner	11/6/13	3 Years	16,900	1,127	4.24%	7,777		7,777	
Wireless Upgrade	6/4/15	3 Years	14,545		0%	14,545		4,848	9,697
Fortinet Lease	5/1/15	3 Years	46,895	2,851	6.21%	46,895		16,582	30,313
Computer Equipment	6/4/15	3 Years	232,878	13,600	6.00%	232,878		74,213	158,665
Computer Equipment	6/4/15	4 Years	46,425	2,748	3.97%	46,425		12,293	34,132
Computer Equipment	6/4/15	5 Years	43,332	3,293	3.80%	43,332		9,325	34,007
Computer Equipment	9/15/15	5 Years	43,332	2,281	3.80%		\$ 43,332	9,325	34,007
Fortinet Lease	6/15/16	3 Years	80,460	6,461	8.26%		80,460		80,460
Fiber Backbone	6/13/16	3 Years	36,846	2,959	8.26%		36,846		36,846
Virtual Appliance	5/23/16	3 Years	47,653		0%		47,653		47,653
Chromebooks	6/6/16	3 Years	199,262	9,515	4.85%		199,262		199,262
Computer Equipment	6/6/16	5 Years	290,259	20,637	3.56%		290,259		290,259
Computer Equipment	6/13/16	3 Years	6,993	562	8.26%		6,993		6,993
Fortinet Lease	6/15/16	3 Years	13,975	1,122	8.26%		13,975		13,975
						<u>\$ 884,488</u>	<u>\$ 718,780</u>	<u>\$ 410,365</u>	<u>\$ 1,192,903</u>

Delsea Regional High School District
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 531,800		\$ 531,800	\$ 531,800	
Total local sources	531,800		531,800	531,800	
Total revenues	531,800		531,800	531,800	
EXPENDITURES:					
Regular debt service:					
Interest	291,801		291,801	291,800	
Redemption of principal	240,000		240,000	240,000	
Total expenditures	531,801		531,801	531,800	
Excess (deficiency) of revenues over (under) expenditures	(1)		(1)		
Fund balance, July 1	(196)		(196)	(196)	
Fund balance, June 30	\$ (197)		\$ (197)	\$ (196)	

STATISTICAL SECTION
(Unaudited)

**Delsea Regional High School District
Statistical Section**

Contents	Page
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.	121-126
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	127-130
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.	131-134
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.	135-136
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	137-141

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

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Invested in capital assets, net of related debt	\$ 12,604,684	\$ 12,895,375	\$ 13,175,895	\$ 13,766,917	\$ 14,550,244	\$ 14,946,760	\$ 15,539,924	\$ 16,258,259	\$ 10,029,998	\$ 20,087,435
Restricted	592,554	991,113	1,771,230	1,332,932	1,950,525	3,970,350	4,269,276	5,567,578	22,952,933	12,061,889
Unrestricted	(136,053)	(309,430)	(909,575)	(1,601,203)	(1,310,790)	(1,348,536)	(1,521,471)	(1,486,949)	(10,924,892)	(10,499,398)
Total governmental activities net position	\$ 13,061,185	\$ 13,577,058	\$ 14,037,550	\$ 13,498,646	\$ 15,189,979	\$ 17,568,574	\$ 18,287,729	\$ 20,338,888	\$ 22,058,039	\$ 21,649,926
Business-type activities:										
Invested in capital assets, net of related debt	\$ 43,500	\$ 27,046	\$ 17,321	\$ 15,210	\$ 13,098	\$ 11,304	\$ 13,051	\$ 10,835	\$ 8,824	\$ 6,894
Restricted					11,751					
Unrestricted	31,901	28,146	25,520	40,939	83,695	80,572	111,181	126,751	141,157	146,688
Total business-type activities net position	\$ 75,401	\$ 55,192	\$ 42,841	\$ 56,149	\$ 108,544	\$ 91,876	\$ 124,232	\$ 137,586	\$ 149,981	\$ 153,582
District-wide:										
Invested in capital assets, net of related debt	\$ 12,648,184	\$ 12,922,421	\$ 13,193,216	\$ 13,782,127	\$ 14,563,342	\$ 14,958,064	\$ 15,552,975	\$ 16,269,094	\$ 10,038,822	\$ 20,094,329
Restricted	592,554	991,113	1,771,230	1,332,932	1,962,276	3,970,350	4,269,276	5,567,578	22,952,933	12,061,889
Unrestricted	(104,152)	(281,284)	(884,055)	(1,560,264)	(1,227,095)	(1,267,964)	(1,410,290)	(1,360,198)	(10,783,735)	(10,352,710)
Total District net position	\$ 13,136,586	\$ 13,632,250	\$ 14,080,391	\$ 13,554,795	\$ 15,298,523	\$ 17,660,450	\$ 18,411,961	\$ 20,476,474	\$ 22,208,020	\$ 21,803,508

Source: District records

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES:										
Governmental activities:										
Instruction:										
Regular	\$ 10,119,561	\$ 10,927,233	\$ 10,234,450	\$ 10,381,084	\$ 7,070,584	\$ 7,141,834	\$ 7,896,578	\$ 7,896,965	\$ 8,080,763	\$ 8,363,282
Special education	2,701,408	2,494,855	2,751,321	3,233,428	2,418,985	1,959,016	2,404,974	2,528,466	2,750,548	2,696,918
Other special instruction	599,399	424,142	554,313	707,509	262,113	255,045	308,085	256,675	303,388	369,628
Other instruction	969,312	1,057,131	1,089,055	1,432,853	829,769	1,002,302	1,085,718	1,098,780	1,068,763	1,165,302
Non-public school programs	70,810	71,026	67,055	49,250	1,293	1,293				
Support Services:										
Tuition	1,542,813	1,487,658	1,423,268	1,744,821	1,952,812	2,033,131	1,327,893	1,261,409	1,582,393	2,027,675
Student & instruction related services	3,571,229	3,885,437	3,515,522	3,513,745	2,346,984	2,644,388	3,034,202	2,951,779	3,141,564	3,109,952
School administrative services	1,352,403	1,504,334	1,433,770	1,424,900	1,131,314	828,329	901,045	513,054	532,837	491,292
General and business administrative services	1,057,715	1,162,694	1,274,939	1,387,541	961,874	1,004,520	947,147	1,077,853	1,151,980	1,140,117
Plant operations and maintenance	2,682,454	2,834,396	2,831,279	2,950,282	2,232,770	2,363,505	2,468,621	2,480,972	2,739,056	2,477,707
Pupil transportation	2,825,207	3,351,606	3,332,165	3,625,374	2,844,651	3,156,366	3,839,673	5,096,037	4,904,905	5,030,983
Employee benefits					6,158,013	6,803,880	7,480,309	6,560,993	7,172,701	8,411,483
Special schools	123,992	91,700	111,217	20,007						
Interest on long-term debt	350,760	312,367	273,834	232,132	196,906	139,821	92,786	49,490	124,859	307,312
Capital outlay					3,122	26,167	309,595	1,376,070	270,332	726,934
Unallocated depreciation	263,156	258,991	258,942	243,741	738,107	717,965	682,353	672,751	660,031	658,822
Total governmental activities expenses	28,230,219	29,863,570	29,151,130	30,946,667	29,149,297	30,077,562	32,778,979	33,821,294	34,484,120	36,977,407
Business-type activities:										
Food service	830,924	830,148	828,719	834,244	772,112	802,569	738,577	711,371	690,145	664,646
Total District expenses	\$ 29,061,143	\$ 30,693,718	\$ 29,979,849	\$ 31,780,911	\$ 29,921,409	\$ 30,880,131	\$ 33,517,556	\$ 34,532,665	\$ 35,174,265	\$ 37,642,053
PROGRAM REVENUES:										
Governmental activities:										
Charges for services:										
Student and instruction related services					\$ 27,172	\$ 26,547				
School administrative services					36,200	91,500	\$ 143,191	\$ 145,774	\$ 124,191	\$ 119,463
General and business administration		\$ 111,961	\$ 146,375	\$ 209,600	160,748	100,538	100,000	114,800	114,800	106,980
Plant operation and maintenance			20,253	38,955	31,727	37,846	40,238	35,731	25,086	41,892
Pupil transportation	\$ 126,233	399,581	428,349	367,677	323,729	427,919	540,490	584,067	456,046	299,164
Employee benefits										178,165
Special schools	14,310	18,287	15,404	12,404						
Operating grants and contributions	1,116,492	1,496,231	1,145,479	1,291,463	958,299	828,905	748,687	760,227	1,036,408	954,183
Total governmental activities program revenues	1,257,035	2,026,060	1,755,860	1,920,099	1,537,875	1,513,255	1,572,606	1,640,599	1,756,531	1,699,847

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Charges for services										
Food service	621,374	603,236	580,557	558,036	534,661	473,176	450,963	415,734	414,229	396,911
Operating grants and contributions	204,044	206,475	235,591	289,338	289,672	312,601	319,842	308,891	288,234	271,204
Total business type activities program revenues	825,418	809,711	816,148	847,374	824,333	785,777	770,805	724,625	702,463	668,115
Total district program revenues	\$ 2,082,453	\$ 2,835,771	\$ 2,572,008	\$ 2,767,473	\$ 2,362,208	\$ 2,299,032	\$ 2,343,411	\$ 2,365,224	\$ 2,458,994	\$ 2,367,962
NET (EXPENSE)/REVENUE:										
Governmental activities	\$ (26,973,184)	\$ (27,837,510)	\$ (27,395,270)	\$ (29,026,568)	\$ (27,611,422)	\$ (28,564,307)	\$ (31,206,373)	\$ (32,180,695)	\$ (32,727,589)	\$ (35,277,560)
Business-type activities	(5,506)	(20,437)	(12,571)	13,130	52,221	(16,792)	32,228	13,254	12,318	3,469
Total district-wide net expense	\$ (26,978,690)	\$ (27,857,947)	\$ (27,407,841)	\$ (29,013,438)	\$ (27,559,201)	\$ (28,581,099)	\$ (31,174,145)	\$ (32,167,441)	\$ (32,715,271)	\$ (35,274,091)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 9,932,194	\$ 10,241,799	\$ 10,591,471	\$ 11,136,304	\$ 11,903,468	\$ 11,801,436	\$ 12,591,764	\$ 13,274,157	\$ 13,874,384	\$ 14,517,932
Taxes levied for debt service	650,279	633,818	617,817	636,554	736,294	757,823	733,390	708,761	400,641	531,800
Federal and state aid not restricted	16,085,653	16,524,649	15,585,378	15,407,161	15,256,246	16,271,448	16,316,250	16,711,108	16,872,901	17,035,334
Federal and state aid restricted									10,200,875	
Tuition	86,228	117,871	152,442	409,136	508,102	983,497	1,121,220	1,698,159	1,858,599	1,779,475
Transportation fees from other LEA's within the state	545,467	614,878	749,965	807,122	818,988	1,001,273	1,176,681	1,345,317	1,217,727	842,823
Investment earnings	63,233	54,704	26,017	17,628	8,431	10,458	13,806	17,342	3,400	3,732
Miscellaneous income	102,657	165,664	132,672	73,759	71,226	116,967	59,508	60,764	86,774	158,351
Extraordinary items							(86,893)	(3,208)	(28,390)	
Total governmental activities	27,465,711	28,353,383	27,855,762	28,487,664	29,302,755	30,942,902	31,925,726	33,812,400	44,486,911	34,869,447
Business-type activities:										
Investment earnings	242	228	220	178	174	124	128	100	77	132
Total business-type activities	242	228	220	178	174	124	128	100	77	132
Total district-wide	\$ 27,465,953	\$ 28,353,611	\$ 27,855,982	\$ 28,487,842	\$ 29,302,929	\$ 30,943,026	\$ 31,925,854	\$ 33,812,500	\$ 44,486,988	\$ 34,869,579
CHANGES IN NET ASSETS:										
Governmental activities	\$ 492,527	\$ 515,873	\$ 460,492	\$ (538,904)	\$ 1,691,333	\$ 2,378,595	\$ 719,353	\$ 1,631,705	\$ 11,759,322	\$ (408,113)
Business-type activities	(5,264)	(20,209)	(12,351)	13,308	52,395	(16,668)	32,356	13,354	12,395	3,601
Total district	\$ 487,263	\$ 495,664	\$ 448,141	\$ (525,596)	\$ 1,743,728	\$ 2,361,927	\$ 751,709	\$ 1,645,059	\$ 11,771,717	\$ (404,512)

Source: District records

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

	Fiscal Year Ending June 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Restricted					\$ 1,559,897	\$ 3,218,851	\$ 3,342,876	\$ 4,686,194	\$ 5,655,748	\$ 4,745,633
Assigned					543,935	751,301	926,400	881,383	1,440,002	2,407,087
Unrestricted					(590,124)	(552,322)	(648,380)	(683,408)	(663,106)	(614,664)
Reserved	\$ 732,749	\$ 1,121,910	\$ 2,095,666	\$ 1,332,412						
Unreserved	334,065	363,411	(360,151)	(734,300)						
Total general fund	<u>\$ 1,066,814</u>	<u>\$ 1,485,321</u>	<u>\$ 1,735,515</u>	<u>\$ 598,112</u>	<u>\$ 1,513,708</u>	<u>\$ 3,417,830</u>	<u>\$ 3,620,896</u>	<u>\$ 4,884,169</u>	<u>\$ 6,432,644</u>	<u>\$ 6,538,056</u>
All other governmental funds										
Assigned										
Capital projects									\$ 15,857,379	\$ 4,909,365
Debt service fund					\$ 197	\$ 198	\$ 198	\$ 1	(196)	(196)
Unreserved, reported in:										
Special revenue fund	\$ (3,772)	\$ (3,772)								
Debt service fund	793	1,517	\$ 389	\$ 520						
Total all other governmental funds	<u>\$ (2,979)</u>	<u>\$ (2,255)</u>	<u>\$ 389</u>	<u>\$ 520</u>	<u>\$ 197</u>	<u>\$ 198</u>	<u>\$ 198</u>	<u>\$ 1</u>	<u>\$ 15,857,183</u>	<u>\$ 4,909,169</u>

Source: District records

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES:										
Tax levy	\$ 10,582,473	\$ 10,875,617	\$ 11,209,288	\$ 11,772,858	\$ 12,639,762	\$ 12,559,259	\$ 13,325,154	\$ 13,982,918	\$ 14,275,025	\$ 15,049,732
Tuition charges	86,228	117,871	152,442	409,136	508,102	983,497	1,121,220	1,698,159	1,858,599	1,779,475
Transportation fees			749,965	807,122	818,988	1,001,273	1,176,681	1,345,317	1,217,727	842,823
Interest earnings			26,017	17,628	8,431	10,458	13,806	3,095	3,400	3,732
Miscellaneous	731,417	859,233	173,406	96,556	84,831	125,015	59,508	93,018	103,374	158,745
State sources	16,263,049	16,975,363	15,689,585	13,287,266	15,280,017	15,846,684	16,321,867	16,727,998	27,070,677	17,061,674
Federal sources	933,346	1,039,817	1,015,942	3,400,965	920,923	1,245,621	743,070	725,330	984,090	930,022
Total revenue	28,596,513	29,867,901	29,016,645	29,791,531	30,261,054	31,771,807	32,761,306	34,575,835	45,512,892	35,826,203
EXPENDITURES:										
Instruction:										
Regular Instruction	7,116,394	7,707,616	7,611,868	7,742,463	7,048,107	7,156,285	7,874,369	7,882,966	8,016,291	8,257,144
Special education instruction	1,921,715	1,768,361	2,054,398	2,446,588	2,417,947	1,969,339	2,400,459	2,513,419	2,736,786	2,712,384
Other special instruction	474,755	324,358	427,948	545,100	261,873	243,915	308,646	256,675	303,388	369,628
Other instruction	686,962	747,711	760,080	1,013,212	824,501	1,000,990	1,071,493	1,082,151	1,050,974	1,120,825
Nonpublic school programs	69,987	70,037	66,232	47,618						
Community service	28,789	36,329	35,556	38,995						
Support services:										
Tuition	1,542,813	1,487,658	1,423,268	1,744,821	1,952,812	2,033,131	1,327,893	1,261,409	1,582,393	2,027,675
Student & instruction related services	2,724,556	3,013,815	2,707,752	2,709,361	2,395,754	2,614,197	3,026,133	2,974,270	3,103,613	3,105,819
General administrative services	426,307	455,292	474,542	495,837	446,590	455,183	428,394	472,086	431,458	423,852
School administrative services	976,233	1,011,501	1,051,191	1,059,298	900,355	785,768	782,903	688,985	704,002	697,019
Central services	290,989	318,559	324,106	335,890	358,348	310,176	328,169	333,270	325,116	378,066
Admin. information technology	112,883	118,639	118,282	132,337	136,869	137,650	170,445	238,996	325,904	378,855
Plant operations and maintenance	2,345,309	2,454,702	2,397,730	2,491,428	2,173,112	2,311,087	2,406,575	2,432,008	2,690,712	2,386,014
Pupil transportation	2,445,898	2,138,465	2,075,153	2,239,814	2,386,913	2,591,332	3,174,276	4,323,808	4,231,443	4,479,983
Employee benefits	5,379,876	6,059,336	5,573,817	6,071,456	6,157,496	6,809,390	7,476,608	6,564,899	7,060,293	7,694,611
Special schools	99,946	74,921	88,913	16,895						
Capital outlay	229,644	225,482	205,749	387,329	499,390	53,359	725,868	1,890,873	5,817,016	12,915,596
Debt service:										
Principal	1,119,995	1,120,219	1,125,456	1,205,697	1,205,956	1,291,229	1,291,524	1,291,832	745,000	240,000
Interest and other charges	363,039	324,652	286,253	245,558	202,850	158,127	111,108	64,073	21,617	291,800
Total expenditures	28,356,090	29,457,653	28,808,294	30,969,697	29,368,873	29,921,158	32,904,863	34,271,720	39,146,006	47,479,271
Excess (deficiency) of revenues over (under) expenditures	240,423	410,248	208,351	(1,178,166)	892,181	1,850,649	(143,557)	304,115	6,366,886	(11,653,068)
OTHER FINANCING SOURCES (USES):										
Capital leases (non-budgeted)						28,340	331,622	858,417	384,076	727,223
Transfers in	1,529	8,983	44,487	40,894	23,092	25,136	55,709	100,544	73,695	83,243
Bond proceeds									10,581,000	
Transfers out							(40,708)			
Total other financing sources (uses)	1,529	8,983	44,487	40,894	23,092	53,476	346,623	958,961	11,038,771	810,466
Net change in fund balances	\$ 241,952	\$ 419,231	\$ 252,838	\$ (1,137,272)	\$ 915,273	\$ 1,904,125	\$ 203,066	\$ 1,263,076	\$ 17,405,657	\$ (10,842,602)
Debt service as a percentage of noncapital expenditures	5.3%	4.9%	4.9%	4.7%	4.9%	4.9%	4.4%	4.2%	2.3%	1.5%

Source: District records

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interest on investments	\$ 62,440	\$ 53,981	\$ 25,209	\$ 12,687			\$ 10,444	\$ 14,247	\$ 36,678	\$ 46,994
Athletic events	17,519	14,670	15,465	14,530	\$ 13,451	\$ 11,707	20,672	22,264	19,996	17,772
Sale of assets	7,113	2,059	1,224	7,264	9,782	730				
Rentals	5,457	7,027	4,720	10,568	4,506	7,239	7,036	8,711	13,928	2,189
Refunds	14,497	6,206	10,303	5,721	19,977	45,056	14,774	29,125	9,331	9,516
Prior year purchase order adjustment	109	563	6,968	331	1,601		2,807			
Fines	10,489	6,303	6,223	3,729	1,125	861	266	571	900	58
Community school	14,310	18,287	15,404	12,404						
Contributions/donations			1,000							
Educational fee					9,000					
Insurance dividend	28,469	50,533	44,330	17,449	11,680	37,874				
Miscellaneous	13,871	84,726	42,439	13,972	104	13,500	13,953	93	5,941	31,588
	<u>\$ 174,274</u>	<u>\$ 244,355</u>	<u>\$ 173,285</u>	<u>\$ 98,655</u>	<u>\$ 71,226</u>	<u>\$ 116,967</u>	<u>\$ 69,952</u>	<u>\$ 75,011</u>	<u>\$ 86,774</u>	<u>\$ 108,117</u>

Source: District records

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

FRANKLIN TOWNSHIP

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^b
2007	28,786,900	624,421,300	33,380,800	5,327,000	59,315,300		1,985,700	753,217,000	2,577,876	755,794,876	1,337,579,555	1.146
2008	25,204,900	656,497,100	34,245,100	5,323,100	59,615,100		1,957,100	782,842,400	2,528,351	785,370,751	1,512,873,481	1.131
2009	24,893,100	674,513,800	33,593,800	5,128,100	61,432,900		1,969,800	801,531,500	2,676,260	804,207,760	1,543,539,661	1.146
2010	24,021,100	681,600,400	31,797,900	5,883,200	60,877,100		1,969,800	806,149,500	2,676,260	808,825,760	1,499,113,437	1.210
2011	23,414,600	676,493,100	32,851,900	5,907,600	62,685,000		1,969,800	803,322,000	2,405,012	805,727,012	1,460,207,338	1.256
2012	23,785,000	676,688,100	33,177,400	5,877,300	62,760,500		1,969,800	804,258,100	2,447,866	806,705,966	1,383,180,084	1.277
2013	37,838,500	1,042,344,800	48,877,100	5,843,700	103,327,000		4,149,800	1,242,380,900	3,746,836	1,246,127,736	1,316,263,732	0.869
2014	36,089,600	1,041,281,400	47,646,600	6,035,100	96,487,300		3,605,700	1,231,145,700	3,008,212	1,234,153,912	1,275,979,921	0.907
2015	34,235,200	1,043,381,600	49,129,500	6,105,900	93,789,600		3,103,600	1,229,745,400	2,956,780	1,232,702,180	1,294,883,839	0.940
2016	34,255,500	1,045,898,900	48,197,300	5,995,600	93,081,000		2,127,000	1,229,555,300	2,907,975	1,232,463,275	1,296,691,472	0.971

ELK TOWNSHIP

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^b
2007	23,642,500	301,100,300	24,557,900	4,295,700	25,429,300	1,137,400		380,163,100	1,126,105	381,289,205	326,320,260	0.542
2008	24,226,600	304,093,100	25,243,000	4,324,100	25,485,800	1,137,400		384,510,000	1,310,507	385,820,507	368,937,053	0.562
2009	23,663,000	311,873,900	25,622,600	4,369,000	27,731,500	1,137,400		394,397,400	1,421,103	395,818,503	392,665,910	0.588
2010	21,249,300	314,651,800	25,981,400	4,396,300	24,901,100	1,137,400		392,317,300	1,421,103	393,738,403	398,626,420	0.600
2011	21,291,000	317,066,800	26,197,200	4,501,700	26,812,600	1,137,400		397,006,700	1,406,464	398,413,164	391,638,213	0.604
2012	19,466,400	320,339,500	26,458,300	4,412,100	27,936,500	1,137,400		399,750,200	1,336,575	401,086,775	382,547,020	0.616
2013	14,151,800	275,989,300	23,117,900	4,313,700	31,157,500	1,189,200		349,919,400	1,231,905	351,151,305	374,101,341	0.801
2014	14,194,800	276,047,800	22,896,000	4,398,500	30,622,800	1,189,200		349,349,100	1,093,377	350,442,477	359,865,466	0.838
2015	14,240,600	277,730,900	22,274,100	4,378,200	30,307,000	1,189,200		350,120,000	1,109,178	351,229,178	360,723,805	0.875
2016	17,933,400	275,905,100	24,150,100	4,349,300	30,344,300	1,189,200		353,871,400	1,088,181	354,959,581	368,583,465	0.922

Source: District records & Municipal/County Tax Assessor

- Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each County. Reassessment occurs when ordered by the County Board of Taxation.
a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph, and Messenger System Companies.
b Tax rates are per \$100 of assessed value.

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

FRANKLIN TOWNSHIP

Fiscal Year Ended June 30,	Delsea Regional High School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Franklin Township Municipality	Franklin Township School District	Gloucester County	
2007	1.077	0.069	1.146	0.740	1.011	0.975	3.872
2008	1.067	0.064	1.131	0.777	1.014	1.058	3.980
2009	1.083	0.063	1.146	0.820	1.014	1.054	4.034
2010	1.142	0.068	1.210	0.869	1.048	1.018	4.145
2011	1.183	0.073	1.256	0.912	1.082	0.980	4.230
2012	1.205	0.072	1.277	0.903	1.114	0.944	4.238
2013	0.821	0.048	0.869	0.617	0.763	0.638	2.887
2014	0.861	0.046	0.907	0.621	0.799	0.635	2.962
2015	0.914	0.026	0.940	0.622	0.831	0.688	3.081
2016	0.937	0.034	0.971	0.671	0.863	0.706	3.211

ELK TOWNSHIP

Fiscal Year Ended June 30,	Delsea Regional High School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Elk Township Municipality	Elk Township School District	Gloucester County	
2007	0.510	0.032	0.542	0.444	0.551	0.509	2.046
2008	0.526	0.032	0.558	0.512	0.562	0.567	2.199
2009	0.543	0.032	0.575	0.549	0.588	0.586	2.298
2010	0.579	0.034	0.613	0.549	0.600	0.596	2.358
2011	0.597	0.037	0.634	0.574	0.604	0.575	2.387
2012	0.586	0.030	0.616	0.658	0.642	0.565	2.481
2013	0.757	0.044	0.801	0.764	0.714	0.687	2.966
2014	0.796	0.042	0.838	0.794	0.810	0.681	3.123
2015	0.850	0.025	0.875	0.861	0.816	0.721	3.273
2016	0.889	0.033	0.922	0.876	0.822	0.75	3.370

Source: District records and Municipal Tax Collector

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

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

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

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

FRANKLIN TOWNSHIP

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
RT Enterprises, LLC	3,098,100	0.24%		
Verizon New Jersey	2,907,975	0.22%		
PDM, LLC (CVS)	2,500,000	0.19%	850,000	0.22%
R. Leo & Sons, LLC	3,586,300	0.28%		
State of NJ, DEP C/O White Oaks CC	3,200,000	0.25%		
FSL Development	2,620,100	0.20%		
Rosemar Properties, V.L.L.C.			626,100	0.16%
Wawa, Inc.	2,770,800	0.21%	574,900	0.15%
New Greenways, LLC	2,155,700	0.17%		
Graiff Brothers Properties LLC	2,068,400	0.16%		
Newfield National Bank	2,046,600	0.16%		
New Jersey Bell Telephone Co.			1,008,200	0.26%
New Holland Floral Inc.			1,577,300	0.41%
Motorola Inc.			443,500	0.11%
Meredith Farms			1,328,800	0.34%
Individual Taxpayer 1			416,100	0.11%
Individual Taxpayer 2			4,526,834	1.17%
Niagara Chemical Co., FMC Corp.			431,100	0.11%
Total	26,953,975	2.08%	11,782,834	3.04%

ELK TOWNSHIP

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer 1	6,044,900	1.64%	1,247,400	0.84%
Laux Lakeview Park, Inc.	4,142,000	1.12%	2,618,400	1.77%
SCP 2007-C-27, LLC (CVS Caremark)	2,449,900	0.66%		
Silvergate Associates			1,191,800	0.81%
Clayton Associates	1,189,200	0.32%	942,500	0.64%
Verizon New Jersey	1,088,181	0.30%		
Copart of Connecticut Inc.	1,102,000	0.30%		
Western Oilfields Supply Co.	1,052,200	0.29%		
PCI REO 6 LLC	1,051,700	0.29%		
Atlantic Electric			1,418,500	0.96%
Aura Development Group	3,538,700	0.96%		
Individual Taxpayer 2			722,400	0.49%
Individual Taxpayer 3			755,300	0.51%
Individual Taxpayer 4			671,400	0.45%
Individual Taxpayer 5			650,000	0.44%
First National Bank of Elmer			669,600	0.45%
Total	21,658,781	5.88%	10,887,300	7.36%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 10,582,473	\$ 10,582,473	100.00%	
2008	10,875,617	10,875,617	100.00%	
2009	11,209,288	11,209,288	100.00%	
2010	11,772,858	11,772,858	100.00%	
2011	12,639,762	12,639,762	100.00%	
2012	12,559,259	12,559,259	100.00%	
2013	13,325,154	13,325,154	100.00%	
2014	13,982,918	13,982,918	100.00%	
2015	14,275,025	14,275,025	100.00%	
2016	15,049,732	15,049,732	100.00%	

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

Note: State statute: a municipality is required to remit to the School District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	EDA Loans	Capital Leases			
2007	\$ 5,595,000	\$ 3,681,912		\$ 9,276,912	0.41%	440
2008	5,000,000	3,156,694		8,156,694	0.48%	383
2009	4,400,000	2,631,236		7,031,236	0.57%	329
2010	3,720,000	2,105,539		5,825,539	0.71%	277
2011	3,040,000	1,579,583		4,619,583	0.52%	219
2012	2,275,000	1,053,355	\$ 22,117	3,350,472	0.36%	160
2013	1,510,000	526,831	242,898	2,279,729	0.25%	109
2014	745,000		809,582	1,554,582	0.17%	74
2015	10,581,000		884,488	11,465,488	1.22%	547
2016	10,341,000		1,192,905	11,533,905	1.19%	554

Source: District records

N/A - Information not available

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2007	\$ 5,595,000		\$ 5,595,000	0.49%	265
2008	5,000,000		5,000,000	0.43%	235
2009	4,400,000		4,400,000	0.37%	206
2010	3,720,000		3,720,000	0.31%	177
2011	3,040,000		3,040,000	0.25%	144
2012	2,275,000		2,275,000	0.19%	108
2013	1,510,000		1,510,000	0.09%	72
2014	745,000		745,000	0.05%	36
2015	10,581,000		10,581,000	0.67%	505
2016	10,341,000		10,341,000	0.65%	497

Source: District records

N/A: Information not available

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

(a) See Exhibit J-6 for property tax data.

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

Delsea Regional High School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Franklin Township	\$ 9,535,250	100.00%	\$ 9,535,250
Elk Township	2,632,250	100.00%	2,632,250
Township of Franklin School District	2,072,000	100.00%	2,072,000
Township of Elk School District	1,065,000	100.00%	1,065,000
Gloucester County	239,706,462	6.50%	15,580,920
Subtotal, overlapping debt			30,885,420
Delsea Regional High School District direct debt			<u>10,341,000</u>
Total direct and overlapping debt			<u><u>\$ 41,226,420</u></u>

Sources: Township Finance Officers, County Finance Office

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

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

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

Legal Debt Margin Calculation

	Equalized valuation basis		
	Elk	Franklin	Combined
2013	\$ 358,670,972	\$ 1,282,523,898	\$ 1,641,194,870
2014	358,196,555	1,290,644,407	1,648,840,962
2015	363,006,739	1,290,258,525	1,653,265,264
	<u>\$ 1,079,874,266</u>	<u>\$ 3,863,426,830</u>	<u>\$ 4,943,301,096</u>
Average equalized valuation of taxable property	\$ 359,958,089	\$ 1,287,808,943	\$ 1,647,767,032
Debt limit (3% of average equalized valuation)			a 49,433,011
Net bonded school debt			10,341,000
Legal debt margin			<u>\$ 39,092,011</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 40,527,234	\$ 47,475,218	\$ 53,071,347	\$ 55,795,662	\$ 56,108,585	\$ 54,824,874	\$ 52,769,636	\$ 50,734,582	\$ 49,677,554	\$ 49,433,011
Total net debt applicable to limit	9,276,912	8,156,694	7,031,236	5,825,539	4,619,583	3,328,355	2,036,831	745,000	10,581,000	10,341,000
Legal debt margin	<u>\$ 31,250,322</u>	<u>\$ 39,318,524</u>	<u>\$ 46,040,111</u>	<u>\$ 49,970,123</u>	<u>\$ 51,489,002</u>	<u>\$ 51,496,519</u>	<u>\$ 50,732,805</u>	<u>\$ 49,989,582</u>	<u>\$ 39,096,554</u>	<u>\$ 39,092,011</u>
Total net debt applicable to the limit as a percentage of debt limit	22.89%	17.18%	13.25%	10.44%	8.23%	6.07%	3.86%	1.47%	21.30%	20.92%

Source: Abstract of Ratables and District records

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

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

FRANKLIN TOWNSHIP

Fiscal Year Ended June 30,	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2007	17,174	\$ 648,387,196	\$ 37,754	6.4%
2008	17,319	676,133,760	39,040	8.2%
2009	17,368	687,616,488	40,050	12.0%
2010	16,835	695,908,395	41,663	12.7%
2011	16,869	736,466,802	43,658	12.4%
2012	16,741	751,135,188 *	44,868	12.7%
2013	16,720	750,192,960 *	44,868 *	9.5%
2014	16,702	749,385,336 *	44,868 *	9.5%
2015	16,702 *	749,385,336 *	44,868 *	9.0%
2016	16,669	776,825,407 *	46,603	7.8%

ELK TOWNSHIP

Fiscal Year Ended June 30,	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2007	3,932	\$ 148,448,728	\$ 37,754	4.7%
2008	3,974	155,144,960	39,040	6.1%
2009	4,005	160,400,250	40,050	9.0%
2010	4,220	174,442,140	41,337	9.5%
2011	4,229	178,582,212	42,228	9.3%
2012	4,241	179,088,948 *	42,228 *	9.5%
2013	4,249	179,426,772 *	42,228 *	14.9%
2014	4,247	190,554,396 *	44,868 *	14.9%
2015	4,247 *	190,554,396 *	44,868 *	7.8%
2016	4,156	193,682,068 *	46,603	6.6%

Source:

- (a) Population information provided by the NJ Department of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita 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 Department of Labor and Workforce Development.

N/A - Information not available

* Estimated

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

Employer	2016			2007	
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Percentage of Total Employment
Inspira Health	1,825	1	1.28%	N/A	N/A
Kennedy Memorial Hospital	1,675	2	1.18%	N/A	N/A
Washington Township School District	1,592	3	1.12%	N/A	N/A
Rowan University	1,483	4	1.04%	N/A	N/A
County of Gloucester	1,354	5	1.00%	N/A	N/A
Missa Bay, LLC	950	6	0.67%	N/A	N/A
Monroe Township School District	806	7	0.56%	N/A	N/A
U.S. Foodservices	725	8	0.51%	N/A	N/A
Exxon Mobil Research & Engineering	540	9	0.38%		
LaBrea Bakery	525	10	0.37%	N/A	N/A
	11,475				

Source: Gloucester County Department of Economic Development

Note: The information provided is for the County of Gloucester, information at the municipal level is not readily available.
N/A - Information not available

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	109	108	107	107	107	108	109	108	105	106
Special education	37	36	36	40	41	40	42	43	46	45
Other special instruction	7	5	5	5	4	3	1	1	1	1
Support services:										
Student & instruction related services	34	36	36	34	34	33	37	38	33	30
General administrative services	3	3	3	3	3	3	3	3	4	5
School administrative services	12	12	12	12	13	9	8	10	10	8
Central services	5	5	5	5	5	5	5	5	5	5
Administrative information technology	2	3	3	3	3	2	3	4	4	5
Plant operations and maintenance	28	29	29	31	32	27	27	25	22	24
Pupil transportation	49	61	61	67	67	65	78	80	86	87
Total	<u>286</u>	<u>298</u>	<u>297</u>	<u>307</u>	<u>309</u>	<u>295</u>	<u>313</u>	<u>317</u>	<u>316</u>	<u>316</u>

Source: District personnel records

Delsea Regional High School District
Operating Statistics
Last Ten Fiscal Years

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Middle School	High School	Average Daily Enrollment (ADE) c	Average Daily Attendance (ADA) c	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	1,823.0	\$ 26,643,412	\$ 14,615	7.19%	141	12:2:1	11.1:1	1,790	1,678	-2.13%	93.7%
2008	1,807.0	27,787,300	15,378	5.22%	136	11:8:1	11.3:1	1,773	1,671	-0.95%	94.2%
2009	1,795.5	27,190,836	15,144	-1.52%	136	12:1:1	11.6:1	1,781	1,677	0.45%	94.2%
2010	1,765.5	29,131,113	16,500	8.96%	136	10:6:1	11.9:1	1,753	1,651	-1.57%	94.2%
2011	1,743.0	27,460,677	15,755	-4.52%	139	10:8:1	13.6:1	1,748	1,648	-0.27%	94.3%
2012	1,712.5	28,418,443	16,595	5.33%	142	10:6:1	12.9:1	1,713	1,620	-2.02%	94.6%
2013	1,752.6	30,776,363	17,560	5.82%	142	10:7:1	13.4:1	1,753	1,655	2.34%	94.4%
2014	1,752.6	32,155,588	18,347	4.48%	139	12:0:1	12.9:1	1,754	1,654	0.06%	94.3%
2015	1,698.0	32,562,373	19,177	4.52%	139	11:2:1	12.7:1	1,695	1,596	-3.36%	94.2%
2016	1,600.0	34,031,875	21,270	10.91%	143	10:1:1	11.5:1	1,608	1,514	-5.13%	94.2%

Source: District records

Note: Enrollment based on annual October district count.

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

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

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

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

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Middle School										
Delsea Regional Middle School (1989)										
Square Feet	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000	101,650
Capacity (students)	724	724	724	724	724	724	724	724	724	724
Enrollment	611	622	628	570	547	539	600	613	538	478
High School										
Delsea Regional High School (1960)										
Square Feet	208,800	208,800	208,800	208,800	208,800	208,800	208,800	208,800	208,800	208,800
Capacity (students)	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376	1,376
Enrollment	1,212	1,185	1,168	1,182	1,196	1,173	1,153	1,141	1,158	1,122
Other										
Bus Garage (1996) ^a										
Square Feet	13,739	13,739	13,739	13,739	13,739	13,739	13,739	13,739	13,739	13,739
Maintenance/Transportation Trailer (1991)										
Square Feet	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180	1,180
Waste Water Treatment Plant (1989)										
Square Feet	700	700	700	700	700	700	700	700	700	700
Stadium Wrestling Building (1973)										
Square Feet	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118	2,118
Stadium Maintenance Office (1973)										
Square Feet	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352	1,352
Stadium Storage Building (1973)										
Square Feet	760	760	760	760	760	760	760	760	760	760
Stadium Press Box (2001)										
Square Feet	256	256	256	256	256	256	256	256	256	256
Concession Stand #1 (1973)										
Square Feet	320	320	320	320	320	320	320	320	320	320
Concession Stand #2 (1973)										
Square Feet	320	320	320	320	320	320	320	320	320	320
Stadium Equipment Storage Building (1989)										
Square Feet	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520	2,520
Greenhouse										
Square Feet	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012	1,012
Number of Schools at June 30, 2016										
Middle School = 1										
High School = 1										
Other = 8										

Source: District records, ASSA

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

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

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

		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Totals
UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES 11-000-261-XXX												
School facilities:	Project numbers:											
Delsea High School	N/A	\$ 100,358	\$ 242,691	\$ 119,613	\$ 194,986	\$ 95,152	\$ 137,006	\$ 128,057	\$ 90,504	\$ 251,646	\$ 161,178	\$ 1,521,191
Delsea Middle School	N/A	135,583	75,491	55,054	57,868	33,108	59,060	80,715	82,390	112,694	41,544	733,507
Total school facilities		235,941	318,182	174,667	252,854	128,260	196,066	208,772	172,894	364,340	202,722	2,254,698
Other facilities:												
Wastewater treatment plant	N/A	36,963	38,982	40,573	38,464	26,391	58,105	160,240	63,446	75,337	59,982	598,483
Grand total		\$ 272,904	\$ 357,164	\$ 215,240	\$ 291,318	\$ 154,651	\$ 254,171	\$ 369,012	\$ 236,340	\$ 439,677	\$ 262,704	\$ 2,853,181

Source: District records

Delsea Regional High School District
Insurance Schedule

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - Republic Franklin Insurance Company		
Property - blanket building & contents	\$ 76,586,529	\$ 1,000
Crime Coverage		
Employee dishonesty/forgery/alteration	100,000	
Comprehensive General Liability		
General aggregate	3,000,000	
Products and completed operations	3,000,000	
Personal advertising injury	1,000,000	
Each occurrence	1,000,000	
Medical expense (any one person)	10,000	
School District Legal Liability		
Legal liability	1,000,000	
Aggregate for each year	3,000,000	7,500 plus 5%
Employee Benefits	3,000,000	1,000
Inland Marine		
Data processing hardware	3,788,298	100
Software	600,000	
Extra expense	200,000	
Cybersurance-Privacy and Security Breach Coverage	50,000	1,000
Commercial Umbrella - Utica Mutual Insurance Company	10,000,000	
Storage Tank System - ACE Tank Safe	1,000,000	5,000
Catastrophe Access - Fireman's Fund Insurance Co.	50,000,000	
Comprehensive Automobile Liability - Republic Franklin Ins Co.	1,000,000	
Comprehensive		500
Collision		1,000
Workers' Compensation - New Jersey School Boards Association Insurance Group	2,000,000	
School Board Legal Liability - Utica National Insurance Group	1,000,000	2,500
Student Accident Insurance		
Basic - Arch Insurance Group	500,000	
Voluntary - Berkley Life and Health Insurance Company	500,000	
Catastrophic - United States Fire Insurance Company	2,500,000	25,000
Public Employees' Faithful Performance		
Bond - Ohio Casualty Insurance Co.		
Treasurer	245,000	
Board Secretary	35,000	

Source - District records

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Jeffrey T. Ridgway, CPA
Deanna L. Roller, CPA, RMA

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 Auditor's Report

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Delsea Regional High School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Delsea Regional High School District's basic financial statements, and have issued our report thereon dated November 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Delsea Regional High School District's 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 Delsea Regional High School 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 entity'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 internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Delsea Regional High School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

Response to Findings

Delsea Regional High School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Delsea Regional High School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 23, 2016

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Jeffrey T. Ridgway, CPA
Deanna L. Roller, CPA, RMA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE REQUIRED BY UNIFORM ADMINISTRATIVE REQUIREMENTS, COST
PRINCIPLES, AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE),
AND NEW JERSEY OMB'S CIRCULAR 15-08**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Delsea Regional High School District's major federal and 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200 - Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance), and the *New Jersey State Aid/Grant Compliance Supplement, Audits of States, Local Governments, and Non-Profit Organizations*

and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB's 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about Delsea Regional High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, Delsea Regional High School 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 federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with the Uniform Guidance and NJ OMB's Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal and state program is not modified with respect to this matter.

Delsea Regional High School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Delsea Regional High School 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 Delsea Regional High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB's 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 the Delsea Regional High School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow Management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and 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 and 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 and 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 Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by Uniform Guidance and New Jersey OMB's Circular 15-08

We have audited the financial statements of Delsea Regional High School District as of and for the year ended June 30, 2016, and have issued our report thereon dated November 23 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of Management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 23, 2016

DELSEA REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016			MEMO Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
General Fund:																
Medical Assistance Program (SEMI)	93.778	1605NJSMAP	N/A	\$ 44,779	7/1/15	6/30/16			\$ 41,838	\$ (44,779)			\$ (2,941)			\$ 44,779
Education Jobs Fund	84.410	N/A	N/A	15,445	9/1/11	9/30/13	\$ (1,173)						(1,173)			15,445
Total General Fund							(1,173)		41,838	(44,779)			(4,114)			60,224
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
Title I, Part A	84.010	S010A150030	NCLB494016	185,770	7/1/15	6/30/16				(176,326)			(176,326)			176,326
Title I, Part A	84.010	S010A150030	NCLB494016	154,517	7/1/15	6/30/16	(144,706)		144,706	(8,855)			(8,855)			154,517
Title I, Part A, Carryover	84.010	S010A150030	NCLB494014	67,811	7/1/13	6/30/14	(2,216)		4,789	(2,573)						52,496
IDEA Part B, Basic Regular	84.027	H027A150100	FT494016	644,265	7/1/15	6/30/16				(604,638)			(604,638)			604,638
IDEA Part B, Basic Regular Carryover	84.027	H027A150100	FT494016	626,129	7/1/15	6/30/16	(596,270)		601,869	(29,260)			(23,661)			625,530
IDEA Part B, Basic Regular Carryover	84.027	H027A150100	FT494015	54,558	7/1/14	6/30/15	(41,920)		39,488				(2,432)			45,086
ARRA - IDEA Part B, Basic Regular	84.391	H027A150100	ARRA494010	450,141	9/1/09	8/31/11	63							\$ 63		450,078
Title II Part A	84.367	S367A150029	NCLB494016	44,310	7/1/15	6/30/16				(41,631)			(41,631)			41,631
Title II Part A	84.367	S367A150029	NCLB494015	45,032	7/1/14	6/30/15	(44,659)		44,659							44,659
Title II Part A, Carryover	84.367	S367A150029	NCLB494015	26,685	7/1/14	6/30/15	(8,627)		8,627							22,016
Title II Part A	84.367	S367A150029	NCLB494014	43,867	7/1/13	6/30/14	(67)						(67)			22,195
Title III	84.365	S365A150030	NCLB494014	516	9/1/13	6/30/14	(380)		49				(331)			506
Perkins	84.048	V048A140030	N/A	55,309	7/1/15	6/30/16				(53,527)			(53,527)			53,527
Perkins	84.048	V048A140030	N/A	54,105	7/1/14	6/30/15	(54,105)		54,105							54,105
Perkins	84.048	V048A140030	N/A	57,229	7/1/13	6/30/14	(4,333)						(4,333)			46,451
Race to the Top	84.413A	B413A120008	N/A	14,370	9/1/12	11/30/15	(152)						(152)			14,283
Total Special Revenue Fund							(897,372)		898,292	(916,810)			(915,953)	63		2,742,574
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.550	N/A	N/A	55,597	7/1/15	6/30/16			55,597	(50,489)				\$ 5,108		50,489
Food Distribution Program	10.550	N/A	N/A	47,581	7/1/14	6/30/15	4,603			(4,603)						46,777
School Breakfast Program	10.553	16161NJ304N1099	N/A	28,467	7/1/15	6/30/16			26,694	(28,467)			(1,773)			28,467
School Breakfast Program	10.553	16161NJ304N1099	N/A	35,781	7/1/14	6/30/15	(7,833)		7,833							35,781
National School Lunch Program	10.555	16161NJ304N1099	N/A	182,244	7/1/15	6/30/16			173,529	(182,244)			(8,715)			182,244
National School Lunch Program	10.555	16161NJ304N1099	N/A	198,647	7/1/14	6/30/15	(37,807)		37,807							198,647
Total Enterprise Fund							(41,037)		301,460	(265,803)			(10,488)	5,108		491,916
Total Federal Financial Awards							\$ (939,582)		\$ 1,241,590	\$ (1,227,392)			\$ (930,555)	\$ 5,108	\$ 63	\$ 3,294,714

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

DELSEA REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2016			MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor				Carryover (Walkover) Amount	Accounts Receivable	Deferred Revenue/	Due to Grantor	Budgetary Receivable
State Department of Education														
General Fund:														
Extraordinary Aid	16-100-034-5120-473	\$ 152,857	7/1/15	6/30/16				\$ (152,857)			\$ (152,857)			\$ 152,857
Extraordinary Aid	15-100-034-5120-473	132,491	7/1/14	6/30/15		\$ (132,491)	\$ 132,491							132,491
State Aid Public:														
Special Education Aid	16-495-034-5120-089	956,261	7/1/15	6/30/16			956,261	(956,261)						\$ 956,261
Equalization Aid	16-495-034-5120-078	12,086,304	7/1/15	6/30/16			12,086,304	(12,086,304)					\$ 1,116,891	12,086,304
Security Aid	16-495-034-5120-084	231,243	7/1/15	6/30/16			231,243	(231,243)					28,781	231,243
School Choice Aid	16-495-034-5120-068	350,523	7/1/15	6/30/16			350,523	(350,523)					43,627	350,523
Per Pupil Growth Aid	16-495-034-5120-097	16,350	7/1/15	6/30/16			16,350	(16,350)					2,035	16,350
PARCC Readiness Aid	16-495-034-5120-098	16,350	7/1/15	6/30/16			16,350	(16,350)					2,035	16,350
Transportation Aid	16-495-034-5120-014	300,718	7/1/15	6/30/16			300,718	(300,718)					37,428	300,718
Reimbursement of Nonpublic Transportation	N/A	13,155	7/1/15	6/30/16							(13,155)			13,155
Reimbursement of Nonpublic Transportation	N/A	17,470	7/1/14	6/30/15		(17,470)	17,470							17,470
On-behalf TPAF Pension Contribution	16-495-034-5094-006	925,800	7/1/15	6/30/16			925,800	(925,800)						925,800
On-behalf TPAF Post-retirement Medical	16-495-034-5094-001	1,102,373	7/1/15	6/30/16			1,102,373	(1,102,373)						1,102,373
Reimbursed TPAF Social Security	16-495-034-5094-003	840,209	7/1/15	6/30/16		(40,438)	839,596	(840,209)			(41,051)			840,209
Total General Fund						(190,399)	16,975,479	(16,992,143)			(207,063)		1,349,815	17,142,104
Special Revenue Fund:														
NJ Non-Public Aid														
Textbook Aid	16-100-034-5120-064	6,452	7/1/15	6/30/16			6,452	(6,452)						6,452
Textbook Aid	15-100-034-5120-064	7,583	7/1/14	6/30/15		\$ 162			\$ (162)					7,583
Security Aid	16-100-034-5120-509	2,825	7/1/15	6/30/16			2,825	(2,825)						2,825
Auxiliary Services:														
English as a Second Language	15-100-034-5120-067	914	7/1/14	6/30/15			914		(914)					
Transportation	16-100-034-5120-067	1,678	7/1/15	6/30/16			1,678	(1,671)			\$ 7			1,112
Home Instruction	16-100-034-5120-067	6,768	7/1/15	6/30/16			6,768	(5,922)			846			5,922
Home Instruction	14-100-034-5120-067	919	7/1/13	6/30/14		(919)					(919)			919
Basic Skills	15-100-034-5120-067	7,166	7/1/13	6/30/14			716		(716)					6,450
Handicapped Services:														
Corrective Speech	16-100-034-5120-066	2,508	7/1/15	6/30/16			2,508	(2,174)				334		2,174
Examination and Classification	16-100-034-5120-066	23,180	7/1/15	6/30/16			23,180	(21,990)				1,190		21,990
Examination and Classification	15-100-034-5120-066	15,317	7/1/14	6/30/15			5,224		(5,224)					10,093
Supplementary Instruction	16-100-034-5120-066	12,327	7/1/15	6/30/16			12,327	(12,177)				150		12,177
Supplementary Instruction	15-100-034-5120-066	12,084	7/1/14	6/30/15			235		(235)					11,849
Nursing Services Aid	16-100-034-5120-070	10,170	7/1/15	6/30/16			10,170	(10,170)						10,170
Technology Aid	16-100-034-5120-373	2,938	7/1/15	6/30/16			2,938	(2,938)						2,938
Technology Aid	15-100-034-5120-373	4,160	7/1/14	6/30/15			241		(241)					3,919
Reaching Everyone By Exposing Lies	N/A	1,000	7/1/09	6/30/10		(500)					(500)			1,000
Personalized Student Learning Plan	N/A	5,999	7/1/14	6/30/15		(1,224)	184				(1,040)			5,999
Department of Community Affairs														
Passed-through County of Gloucester														
Special Revenue Fund:														
Municipal Alliance	N/A	4,918	7/1/15	6/30/16			5,300	(4,800)			\$ 500			4,800
Municipal Alliance	N/A	5,550	7/1/14	6/30/15		(700)	700							5,550
Total Special Revenue Fund						(3,343)	7,492	75,030	(71,119)	(7,492)	(2,459)	500	2,527	123,922

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

DELSEA REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015			Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance June 30, 2016			MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount				Accounts Receivable	Deferred Revenue/	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Capital Projects Fund:															
SDA Grant	4940-060-10-1004	10,200,854	11/5/14	6/30/17				(5,279,477)			(5,279,477)				7,699,578
State Department of Agriculture Enterprise Fund:															
National School Lunch Program (State Share)	16-100-010-3350-023	5,401	7/1/15	6/30/16				5,148	(5,401)		(253)				5,401
National School Lunch Program (State Share)	15-100-010-3350-023	6,225	7/1/14	6/30/15	(1,320)			1,320							6,225
Total Enterprise Fund					(1,320)			6,468	(5,401)		(253)				11,626
Total State Financial Assistance					<u>\$ (195,062)</u>	<u>\$ 7,492</u>		<u>\$ 17,056,977</u>	<u>\$ (22,348,140)</u>	<u>\$ (7,492)</u>	<u>\$ (5,489,252)</u>		<u>\$ 2,527</u>	<u>\$ 1,349,815</u>	<u>\$ 17,277,652</u>
Less: On-Behalf TPAF Pension System Contributions															\$ (2,028,173)
Total for State Financial Assistance - Major Program Determination															<u>\$ (20,319,967)</u>

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

DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of *2 CFR 200 – Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,588 for the General Fund and (\$45,746) for the Special Revenue Fund. See Note A (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 44,779	\$ 16,990,555	\$ 17,035,334
Special Revenue Fund	885,243	71,119	956,362
Food Service Fund	265,803	5,401	271,204
	<u>\$ 1,195,825</u>	<u>\$ 17,067,075</u>	<u>\$ 18,262,900</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2016, Delsea Regional High School District has food commodities totaling \$5,108 in inventory.

NOTE 6: OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

NOTE 7: INDIRECT COST RATE

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

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

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A150100	IDEA

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

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

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

State Awards:

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB’s Circular 15-08? X Yes No

Identification of major programs:

State Grant/Project Numbers

495-034-5120-078
495-034-5120-089
495-034-5095-084
495-034-5120-068
495-034-5120-097
495-034-5120-098

Name of State Program

State Aid Public Cluster:
Equalization Aid
Special Education Categorical Aid
Security Aid
School Choice Aid
Per Pupil Growth Aid
PARCC Readiness Aid

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

Section II – Financial Statement Findings

Finding: 2016-001

Criteria: Application for State School Aid.

Condition: District work papers do not agree with totals on the Application for State School Aid.

Effect: The Application for State School Aid was improperly completed.

Cause: Failure to reconcile District records with the Application for State School Aid.

Recommendation: Application for State School Aid should agree with District work papers.

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

***Section III - Federal Awards and State Financial Assistance
Findings and Questions Costs***

FEDERAL AWARDS

No matters were reported.

STATE FINANCIAL ASSISTANCE

Finding: 2016-001

Criteria: Application for State School Aid.

Condition: District work papers do not agree with totals on the Application for State School Aid.

Effect: The Application for State School Aid was improperly completed.

Cause: Failure to reconcile District records with the Application for State School Aid.

Recommendation: Application for State School Aid should agree with District work papers.

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

DELSEA REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Finding 2015-001: Three out of ten vendors tested were not issued a Form 1099 when required.

Current Status: Corrective action was taken.

Finding 2015-002: District work papers do not agree with totals on the Application for State School Aid.

Current Status: Corrective action has not been taken.

Finding 2015-003: Numerous audit adjustments were required for prior period audit adjustments, adjustments to cash made by the Treasurer, interfunds, receivables, receipts, and disbursements, to bring the District's accounting records into compliance with NJAC 6A:23A-16.2, et. seq.

Current Status: Corrective action was taken.

Finding 2015-004: The District purchased smartboards from a vendor approved as a national cooperative contract, at a cost of \$88,721. However, no board approval was obtained, no documentation of the cost savings determination was made, nor did the contracting unit provide public notice to current contract holders and prospective bidders of their decision to utilize a national cooperative purchasing agreement that would otherwise require public bidding as required by P.L. 2011, c.139.

Current Status: Corrective action was taken.