

**Delsea Regional High School Board of Education
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017**

**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, 2017**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Delsea Regional High School Board of Education
Franklinville, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by:

Delsea Regional High School Board of Education Administration

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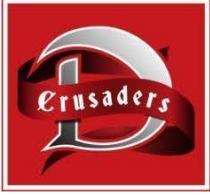
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INTRODUCTORY SECTION



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*

December 1, 2017

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, 2017, 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 2016-17 fiscal year with an average daily enrollment of 1,600 students, which is 8 students less than the previous year's enrollment.

The teaching staff consists of approximately 151 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's 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 successfully submitted their 2016-2019 Technology Plan for Digital Learning.

Specialized Honors and Advanced Placement subjects are available for students in grades seven through twelve to prepare them for college-level learning experiences. These courses operate through a sequentially based process from honors courses in the lower grades to Advanced Placement courses in grades eleven and twelve. The programs are available in math, science, English, social studies, art, music, history, psychology, 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, IXL Math, and Edmentum to provide differentiated instruction.

Reporting Entity and Its Services (Continued)

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 also utilizes READ 180 to provide targeted literacy instruction to struggling readers.

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.

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 farms and fruit orchards. A few small, locally-operated businesses are located within the communities; industries

Economic Condition and Outlook (Continued)

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, a CAD lab, and a language lab. 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. The focus of technology has shifted from merely placing devices in students' hands or offering workshops to teachers. Preparing students for future success is about maximizing learning and leveraging technology, increasing equity, and access for all.

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. 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 continues to be "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 schools. The program focused 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

Students from Delsea Regional High School's Horticulture program continues to shine in local and state level competitions, winning numerous awards. At the 2017 NJMEA Music Tech Expo Delsea students earned awards for the following categories: Original Compositions - 2 Gold Ratings, Loop Based Projects - 1 Gold and 2 Silver Ratings, Production and Mixing - 1 Gold, 2 Silver, and 2 Bronze Ratings. The iSTEM program was a NJ state finalist in the Samsung Solve for Tomorrow contest. The TV/Radio Broadcasting program placed 2nd in the state of New Jersey and Top 10 in the Nation for the 10 Day Film Challenge.

Significant Awards – Educational (Continued)

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, 2015-2016, and 2016-2017.

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. The program continues grow as the Achievement Coaches support non-tenured teachers within the District.

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,

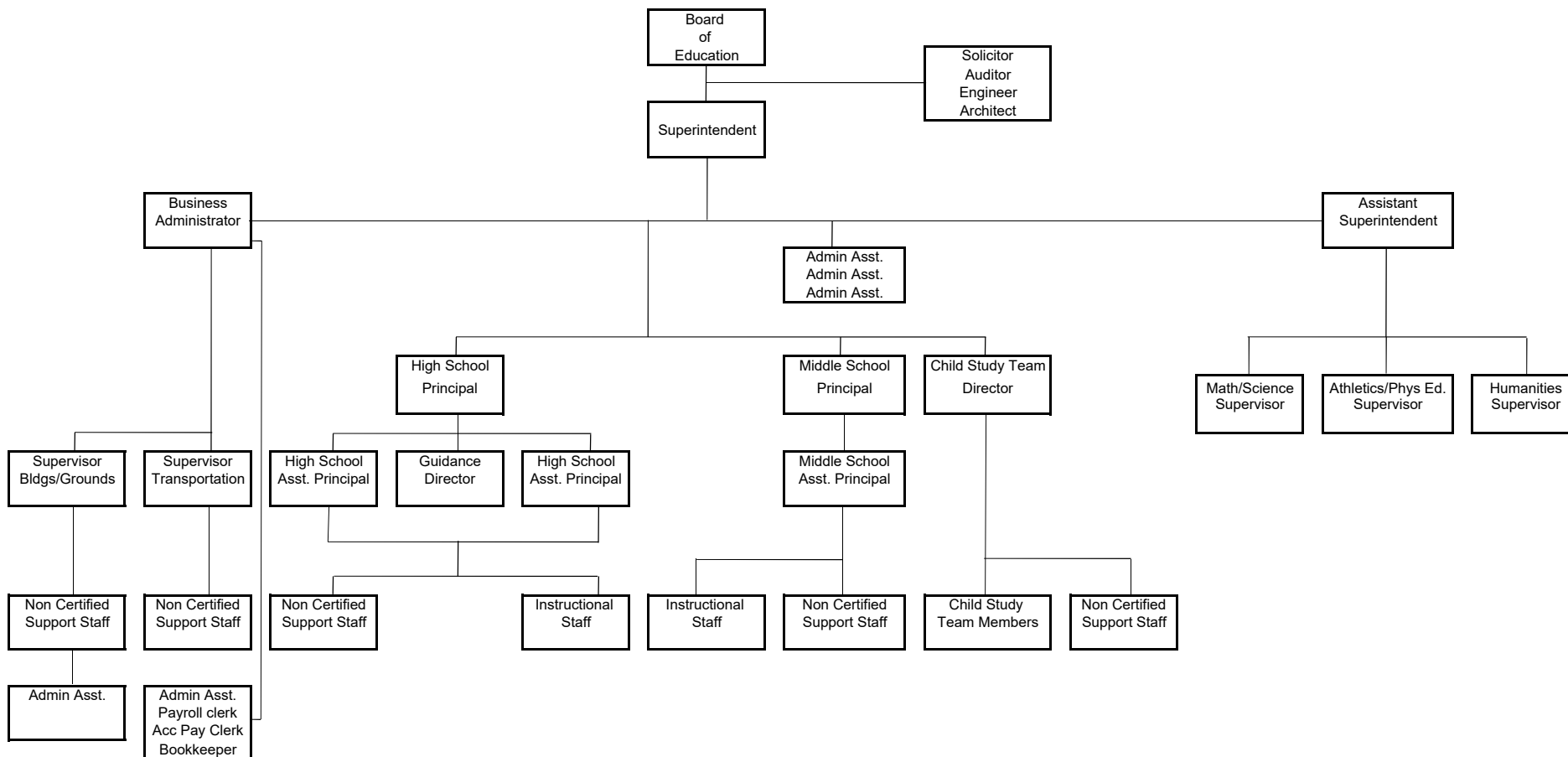
Dr. Piera Gravenor

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, 2017

Members of the Board of Education	Term Expires
Mario R. Christina, President	2017
Gregory Coffin, Vice President	2019
William DiMatteo	2019
David J. Piccirillo	2019
Kathie P. Catucci	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
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, 2017, 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, 2017, 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.

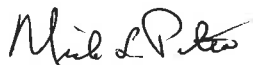
The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, 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 December 1, 2017, 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

December 1, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
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, 2017. 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 2017 are as follows:

- In total, net position decreased \$783,625 from \$21,803,508 to \$21,019,883, resulting in a 4 percent decrease from fiscal year 2016.
- General revenues (see exhibit A-2) accounted for \$36,373,653 in revenue or 93 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2,409,685 or 7 percent of total revenues of \$38,783,338.
- The District had (see exhibit A-2) \$39,611,858 in expenses; only \$2,409,685 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$38,783,338 were adequate to provide for these programs.
- Among Governmental Funds, (see exhibit B-2) the General Fund had \$35,756,339 in revenues and \$36,485,736 in expenditures. The fund balance for the General Fund decreased \$1,010,917 from fiscal year 2016.

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, 2017
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, 2017
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 2017 and 2016.

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
Unaudited

The District as a Whole (Continued)

Table I - Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current & other assets	\$ 6,250,839	\$ 11,746,206	\$ 149,121	\$ 155,503	\$ 6,399,960	\$ 11,901,709
Capital assets	39,107,125	33,473,790	45,710	6,894	39,152,835	33,480,684
Total assets	45,357,964	45,219,996	194,831	162,397	45,552,795	45,382,393
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension	4,810,205	3,229,254			4,810,205	3,229,254
LIABILITIES						
Long-term liabilities	28,129,362	25,527,830			28,129,362	25,527,830
Other liabilities	1,082,100	1,209,695	13,217	8,815	1,095,317	1,218,510
Total liabilities	29,211,462	26,737,525	13,217	8,815	29,224,679	26,746,340
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	118,438	61,799			118,438	61,799
NET POSITION						
Invested in capital assets, net of debt	28,386,542	20,087,435	45,710	6,894	28,432,252	20,094,329
Restricted	6,622,674	12,061,889			6,622,674	12,061,889
Unrestricted	(14,170,947)	(10,499,398)	135,904	146,688	(14,035,043)	(10,352,710)
Total net position	\$ 20,838,269	\$ 21,649,926	\$ 181,614	\$ 153,582	\$ 21,019,883	\$ 21,803,508

The District's combined net position was \$21,019,883 on June 30, 2017. This was a decrease of 4 percent from the prior year.

Total assets increased \$170,402. There was a decrease in current and other assets of \$5,501,749 and an increase in capital assets of \$5,672,151. The increases are due primarily to capital projects and state aid receivables.

Total liabilities increased \$2,478,339 due primarily to an increase in pension liability.

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
Unaudited

The District as a Whole (Continued)

Table 2 shows changes in net position for fiscal year 2017 compared to fiscal year 2016.

Table 2- Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 737,375	\$ 745,664	\$ 406,274	\$ 396,911	\$ 1,143,649	\$ 1,142,575
Operating grants & contributions	1,007,324	954,183	258,712	271,204	1,266,036	1,225,387
General revenues:						
Property taxes	15,425,605	15,049,732			15,425,605	15,049,732
Federal & state aid	17,430,709	17,035,334			17,430,709	17,035,334
Other	3,517,339	2,784,381	44,895	132	3,562,234	2,784,513
Total revenues	38,118,352	36,569,294	709,881	668,247	38,828,233	37,237,541
Expenses:						
Instruction	12,880,970	12,595,130			12,880,970	12,595,130
Support services	25,108,598	22,689,209			25,108,598	22,689,209
Interest on debt	304,731	307,312			304,731	307,312
Unallocated depreciation	635,710	658,822			635,710	658,822
Capital outlay		726,934				726,934
Food service			681,849	664,646	681,849	664,646
Total Expenses	38,930,009	36,977,407	681,849	664,646	39,611,858	37,642,053
Change in net position	\$ (811,657)	\$ (408,113)	\$ 28,032	\$ 3,601	\$ (783,625)	\$ (404,512)

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 \$375,873. 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 \$38,118,352 for the year ended June 30, 2017. 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 \$38,930,009. 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, 2017
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 \$38,930,009 total cost of services for fiscal year, \$37,185,310 is for activities which are not self-supporting and are supported by tax revenue and unrestricted State aid.

Table 3 - Governmental Activities

	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction:	\$ 12,880,970	\$ 12,171,268	\$ 12,595,130	\$ 11,841,061
Support services:				
Tuition	2,296,333	2,296,333	2,027,675	2,027,675
Student & instructional related services	3,090,711	2,793,089	3,109,952	2,909,838
School administrative services	512,785	388,594	491,292	371,829
General & business administrative services	1,033,505	871,744	1,140,117	1,033,137
Plant operations & maintenance	2,820,985	2,810,204	2,477,707	2,435,815
Pupil transportation	5,240,580	4,799,938	5,030,983	4,731,819
Employee benefits	10,113,699	10,113,699	8,411,483	8,233,318
Interest on long-term debt	304,731	304,731	307,312	307,312
Capital outlay			726,934	726,934
Depreciation	635,710	635,710	658,822	658,822
Total expenses	<u>\$ 38,930,009</u>	<u>\$ 37,185,310</u>	<u>\$ 36,977,407</u>	<u>\$ 35,277,560</u>

Business-type Activities

Business-type Activities include the food service operation. This program had program revenues of \$664,986 and expenses of \$681,849 for fiscal year 2017. 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 \$28,032 for fiscal year 2017 was mainly caused by an increase in sales.

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 37,380,977 and expenditures were \$42,938,873. The net decrease in fund balance for the year was most significant in the capital projects fund, a decrease of \$4,460,851. 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, 2017
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 \$35,738,462, which includes \$3,182,935 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 \$901,616 over the final budget amount. This was mainly due to additional transportation fees earned for transportation jointures, and tuition revenue. Total expenditures, on the budget basis, were \$36,485,736. Expenditures were \$2,691,770 less than the final budget amount of \$35,994,571 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 2017, the District had \$39,152,835 invested in land, buildings, and furniture and equipment. Table 4 shows fiscal year 2017 balances compared to 2016.

Overall capital assets increased \$5,672,151 from fiscal year 2016 to fiscal year 2017. The increase in capital assets is due primarily to the construction in progress. Total capital asset additions for fiscal year 2017 were \$6,821,680.

Table 4 - Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 71,500	\$ 71,500			\$ 71,500	\$ 71,500
Site improvements	799,959	936,742			799,959	936,742
Construction in Progress	20,751,243	15,922,744			20,751,243	15,922,744
Buildings & improvements	13,861,537	14,094,802			13,861,537	14,094,802
Machinery & equipment	3,622,886	2,448,002	\$ 45,710	\$ 6,894	3,668,596	2,454,896
Total	\$ 39,107,125	\$ 33,473,790	\$ 45,710	\$ 6,894	\$ 39,152,835	\$ 33,480,684

Debt Administration

At June 30, 2017, the District had \$11,687,507 of outstanding debt. Of this amount, \$10,031,000 is for serial bonds for school construction/renovation, \$689,583 for capital leases, and \$966,924 is for compensated absences. The District continues to pay down its debt, decreasing bonds and loans \$310,000 in fiscal year 2017.

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017
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. With state aid remaining level over the past couple of years and the 2% mandated cap on property tax increases, several challenges have arisen for the District to move forward with its curriculum and operations.

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 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.

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.

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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 697,824	\$ 122,554	\$ 820,378
Receivables, net	3,896,819	12,353	3,909,172
Inventory		14,214	14,214
Restricted assets:			
Restricted cash and cash equivalents:			
Capital reserve account	1,656,196		1,656,196
Capital assets:			
Non-depreciable assets	20,822,743		20,822,743
Assets net of depreciation	18,284,382	45,710	18,330,092
Total assets	<u>45,357,964</u>	<u>194,831</u>	<u>45,552,795</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	<u>4,810,205</u>		<u>4,810,205</u>
LIABILITIES			
Accounts payable	227,109		227,109
Deposits payable		8,209	8,209
Payable to state government	5,263		5,263
Payable to federal government	27,643		27,643
Deferred revenue	15,113	5,008	20,121
Accrued interest payable	126,756		126,756
Noncurrent liabilities:			
Due within one year	680,216		680,216
Due beyond one year	11,007,291		11,007,291
Net pension liability	17,122,071		17,122,071
Total liabilities	<u>29,211,462</u>	<u>13,217</u>	<u>29,224,679</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>118,438</u>		<u>118,438</u>
NET POSITION			
Invested in capital assets, net of related debt	28,386,542	45,710	28,432,252
Restricted for:			
Capital projects	448,514		448,514
Debt service	(196)		(196)
Other purposes	6,057,405		6,057,405
Unrestricted	(14,053,996)	135,904	(13,918,092)
Total net position	<u>\$ 20,838,269</u>	<u>\$ 181,614</u>	<u>\$ 21,019,883</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	\$ 8,623,669				\$ (8,623,669)		\$ (8,623,669)
Special education	2,579,859			\$ 709,702	(1,870,157)		(1,870,157)
Other special instruction	567,685				(567,685)		(567,685)
Other instruction	1,109,757				(1,109,757)		(1,109,757)
Support services:							
Tuition	2,296,333				(2,296,333)		(2,296,333)
Student & instruction related services	3,090,711			297,622	(2,793,089)		(2,793,089)
School administrative services	512,785	\$ 124,191			(388,594)		(388,594)
Other administrative services	1,033,505	161,761			(871,744)		(871,744)
Plant operations and maintenance	2,820,985	10,781			(2,810,204)		(2,810,204)
Pupil transportation	5,240,580	440,642			(4,799,938)		(4,799,938)
Employee benefits	10,113,699				(10,113,699)		(10,113,699)
Interest on long-term debt	304,731				(304,731)		(304,731)
Unallocated depreciation	635,710				(635,710)		(635,710)
Total governmental activities	<u>38,930,009</u>	<u>737,375</u>		<u>1,007,324</u>	<u>(37,185,310)</u>		<u>(37,185,310)</u>
Business-type activities:							
Food service	<u>681,849</u>	<u>406,274</u>		<u>258,712</u>		<u>\$ (16,863)</u>	<u>(16,863)</u>
Total primary government	<u>\$ 39,611,858</u>	<u>\$ 1,143,649</u>		<u>\$ 1,266,036</u>	<u>\$ (37,185,310)</u>	<u>\$ (16,863)</u>	<u>\$ (37,202,173)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 14,808,291		\$ 14,808,291
Taxes levied for debt service					617,314		617,314
Federal and state aid not restricted					17,430,709		17,430,709
Tuition					2,167,049		2,167,049
Transportation fees					1,217,929		1,217,929
Investment earnings					6,343	\$ 139	6,482
Miscellaneous income					126,018		126,018
Capital asset contributions						44,756	44,756
Subtotal, general revenues					<u>36,373,653</u>	<u>44,895</u>	<u>36,418,548</u>
Changes in net position					(811,657)	28,032	(783,625)
Net position - beginning					<u>21,649,926</u>	<u>153,582</u>	<u>21,803,508</u>
Net position - ending					<u>\$ 20,838,269</u>	<u>\$ 181,614</u>	<u>\$ 21,019,883</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

Delsea Regional High School District
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 697,824				\$ 697,824
Due from other funds	862,844				862,844
Receivables from other governments	2,444,404	\$ 537,364	\$ 829,249		3,811,017
Other receivables	48,142				48,142
Restricted cash and cash equivalents	1,656,196				1,656,196
Total Assets	\$ 5,709,410	\$ 537,364	\$ 829,249		7,076,023
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 182,271	\$ 44,838			227,109
Due to other funds		444,507	\$ 380,735	\$ 196	825,438
Deferred revenue		15,113			15,113
Payable to state government		5,263			5,263
Payable to federal government		27,643			27,643
Total Liabilities	182,271	537,364	380,735	196	1,100,566
Fund balances:					
Restricted for					
Excess surplus - current year	1,313,122				1,313,122
Excess surplus - prior year - designated for subsequent year's expenditures	1,544,558				1,544,558
Capital reserve account	1,656,196				1,656,196
Capital projects fund			\$ 448,514		448,514
Debt service fund				(196)	(196)
Assigned to:					
Designated by the BOE for subsequent year's expenditures	450,000				450,000
Other purposes	1,093,529				1,093,529
Unassigned					
General fund	(530,266)				(530,266)
Total fund balances	5,527,139		448,514	(196)	5,975,457
Total liabilities and fund balance	\$ 5,709,410	\$ 537,364	\$ 829,249		

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Balance Sheet
Governmental Funds
June 30, 2017

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 \$63,374,967, and the accumulated depreciation is \$24,267,842 (See Note 7).	39,107,125
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).	(11,687,507)
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(126,756)
Net pension liability adjustment	(12,430,304)
Net position of Governmental Activities	<u>\$ 20,838,269</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, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 14,808,291			\$ 617,314	\$ 15,425,605
Tuition	2,167,049				2,167,049
Transportation fees	1,217,929				1,217,929
Interest earned on capital reserve funds	6,343				6,343
Miscellaneous	126,018				126,018
Total - local sources	18,325,630			617,314	18,942,944
State sources	17,386,117	\$ 112,256			17,498,373
Federal sources	44,592	895,068			939,660
Total revenues	35,756,339	1,007,324		617,314	37,380,977
EXPENDITURES:					
Current:					
Regular instruction	8,443,624				8,443,624
Special education instruction	1,878,197	709,702			2,587,899
Other special instruction	567,075				567,075
Other instruction	1,109,411				1,109,411
Support services and undistributed costs:					
Tuition	2,296,333				2,296,333
Student & instruction related services	2,804,244	297,622			3,101,866
School administrative services	432,914				432,914
Other administrative services	1,402,122				1,402,122
Plant operations and maintenance	2,736,786				2,736,786
Pupil transportation	4,518,234				4,518,234
Employee benefits	8,362,376				8,362,376
Debt service:					
Principal				310,000	310,000
Interest and other charges				307,314	307,314
Capital outlay	1,934,420		\$ 4,828,499		6,762,919
Total expenditures	36,485,736	1,007,324	4,828,499	617,314	42,938,873
Excess (deficiency) of revenues over expenditures	(729,397)		(4,828,499)		(5,557,896)
OTHER FINANCING SOURCES (USES):					
Transfers in from internal service	86,128				86,128
Transfers in from capital reserve	(367,648)		367,648		
Total other financing sources (uses)	(281,520)		367,648		86,128
Net change in fund balances	(1,010,917)		(4,460,851)		(5,471,768)
Fund balance - July 1	6,538,056		4,909,365	(196)	11,447,225
Fund balance - June 30	\$ 5,527,139		\$ 448,514	\$ (196)	\$ 5,975,457

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, 2017

Total net change in fund balances - Governmental Funds (from B-2)	\$ (5,471,768)
<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	6,776,924
Depreciation	(1,143,589)
<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	310,000
Capital lease repayment	503,322
<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>	
	86,128
<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>	
	2,583
<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 \$86,128 was transferred to the General Fund. These funds are already included in the Governmental Activities and Statement of Net Position</p>	
	(86,128)
<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>	
	(40,698)
<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>	
	(1,748,431)
Change in net position of Governmental Activities	\$ (811,657)

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities Enterprise Fund	Governmental Activities
	Food Service	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 122,554	
Accounts receivable:		
State	264	
Federal	10,608	
Other	1,481	
Intergovernmental		\$ 37,660
Inventories	14,214	
Total current assets	149,121	37,660
Noncurrent assets:		
Furniture, machinery & equipment	471,342	
Less: accumulated depreciation	(425,632)	
Total noncurrent assets	45,710	
Total assets	194,831	37,660
LIABILITIES		
Current liabilities:		
Deposits payable	8,209	
Interfund payables		37,406
Deferred revenue	5,008	
Total current liabilities	13,217	37,406
NET POSITION		
Invested in capital assets net of related debt	45,710	
Unrestricted	135,904	254
Total net position	\$ 181,614	\$ 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, 2017

	Business-type Activities Enterprise Funds	Governmental Activities
	Food Service	Internal Service Fund
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$ 178,188	
Daily sales - non-reimbursable programs	191,332	
Special functions	36,754	
Services provided to other LEA's		\$ 737,375
	406,274	737,375
Total operating revenues		
Operating expenses:		
Cost of sales	285,486	
Salaries	241,370	364,855
Employee benefits	66,856	156,926
Other professional/technical services		6,614
Cleaning, repair, and maintenance		2,008
Purchased property service	471	
Other purchased services	56,426	
Miscellaneous transportation services		11,249
Contracted services (aid in lieu payments)		30,498
General supplies	25,180	71,255
Communications/telephone		4,501
Energy		1,368
Travel		1,400
Miscellaneous	120	573
Depreciation	5,940	
	681,849	651,247
Total operating expenses		
Operating income (loss)	(275,575)	86,128
Non-operating revenues (expenses):		
State sources:		
State school lunch program	5,427	
Federal sources:		
National school lunch program	182,060	
National school breakfast program	27,328	
Food distribution program	43,897	
Interest and investment revenue	139	
	258,851	
Total non-operating revenues (expenses)		
Income (loss) before contributions & transfers	(16,724)	86,128
Transfers in (out)		(86,128)
Capital asset contributions	44,756	
	28,032	
Change in net position		
Total net position - beginning	153,582	254
Total net position - ending	\$ 181,614	\$ 254

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, 2017

	Business-type Activities Enterprise Funds	Governmental Activities - Internal
	Food Service	Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 417,821	\$ 737,375
Payments to employees	(241,370)	(364,855)
Payments for employee benefits	(66,856)	(156,926)
Payments to suppliers	(328,214)	(129,466)
	<u>(218,619)</u>	<u>86,128</u>
Net cash provided by (used for) operating activities		
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	30,793	
Federal sources	200,386	
Interfund accounts receivable	(16,595)	
Operating subsidies and transfers to other funds		(86,128)
	<u>214,584</u>	<u>(86,128)</u>
Net cash provided by (used for) non-capital financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends	139	
	<u>(3,896)</u>	
Net increase (decrease) in cash and cash equivalents		
Balances - beginning of year	126,450	
Balances - end of year	<u>\$ 122,554</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (275,575)	86,128
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	5,940	
Food distribution program	43,897	
(Increase) decrease in accounts receivable, net		92,112
(Increase) decrease in inventories	(5,489)	
Increase (decrease) in other receivables	8,106	
Increase (decrease) in accounts payable		(1,002)
Increase (decrease) in deposits payable	4,502	
Increase (decrease) in interfund payable		(91,110)
	<u>56,956</u>	
Total adjustments		
Net cash provided by (used for) operating activities	<u>\$ (218,619)</u>	<u>\$ 86,128</u>

Delsea Regional High School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust Funds		
	Unemployment Compensation Trust	Scholarship Funds	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 139,683	\$ 322,632	\$ 229,402
Accounts receivable			255
Total assets	\$ 139,683	\$ 322,632	\$ 229,657
LIABILITIES			
Payroll deductions & withholdings			\$ 8,628
Due to student groups			221,029
Total liabilities			\$ 229,657
NET POSITION			
Held in trust for unemployment claims and other purposes	\$ 139,683		
Permanent endowment - nonexpendable		\$ 50,000	
Expendable scholarship funds		272,632	
Total reserved for scholarships		\$ 322,632	

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, 2017

	Private Purpose Trust Funds	
	Unemployment Compensation Trust	Scholarship Funds
OPERATING REVENUES:		
Gifts and contributions		\$ 56,096
Deductions from employees' salaries	\$ 42,097	
Interest on investments	626	19,148
Total additions	<u>42,723</u>	<u>75,244</u>
OPERATING EXPENSES:		
Scholarship payments		62,796
Unemployment insurance claims	25,689	
Total deductions	<u>25,689</u>	<u>62,796</u>
Change in net position	17,034	12,448
Net position - beginning of the year	<u>122,649</u>	<u>310,184</u>
Net position - end of the year	<u>\$ 139,683</u>	<u>\$ 322,632</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, 2017**

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, 2017**

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 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:

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, worker's 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. 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 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 November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the District's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Recent Accounting Pronouncements Not Yet Effective (Continued)

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Certain Debt Extinguishment Issues." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

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.

The carrying amount of the District's cash and cash equivalents at June 30, 2017 and 2016, was \$3,168,291 and \$2,448,076. As of June 30, 2017 and 2016, \$0 of the District's bank balance of \$4,258,678 and \$6,099,572, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2017 and 2016, 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, 2017, 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:

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4: RECEIVABLES (CONTINUED)

	Governmental Activities	Business-type Activities
State aid	\$ 1,051,976	\$ 264
Federal aid	534,905	10,608
Other	2,272,278	1,481
	<u>\$ 3,859,159</u>	<u>\$ 12,353</u>

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at June 30, 2017:

	Interfund Receivable	Interfund Payable
General Fund	\$ 862,844	
Special Revenue Fund		\$ 444,507
Capital Projects Fund		380,735
Debt Service Fund		196
Internal Service Fund		37,406
	<u>\$ 862,844</u>	<u>\$ 862,844</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, 2017, consisted of the following:

Food	\$ 7,635
Commodities	5,008
Supplies	1,571
	<u>\$ 14,214</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, 2017**

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Balance June 30, 2017
Governmental activities:			
Land	\$ 71,500		\$ 71,500
Site Improvements	3,374,053		3,374,053
Building & building improvements	29,458,378	\$ 317,133	29,775,511
Construction in progress	15,922,744	4,828,499	20,751,243
Machinery & equipment	7,771,368	1,631,292	9,402,660
Totals at historical costs	56,598,043	6,776,924	63,374,967
Less: accumulated depreciation for:			
Site Improvements	2,437,311	136,783	2,574,094
Building & building improvements	15,363,576	550,398	15,913,974
Machinery & equipment	5,323,366	456,408	5,779,774
Total accumulated depreciation	23,124,253	1,143,589	24,267,842
Total capital assets, net of depreciation	\$ 33,473,790	\$ 5,633,335	\$ 39,107,125
Business-type activities:			
Machinery & equipment	\$ 426,586	44,756	\$ 471,342
Accumulated depreciation	419,692	\$ 5,940	425,632
Total capital assets, net of depreciation	\$ 6,894	\$ 38,816	\$ 45,710

Depreciation was charged to the following governmental programs:

Instruction	\$ 147,775
Support administration	10,248
Transportation	297,606
Operation and maintenance	52,250
Unallocated	635,710
	\$ 1,143,589

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, 2017, 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, 2017, was \$10,031,000.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

B. Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2017, are as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Bonds payable	\$ 10,341,000		\$ 310,000	\$ 10,031,000	\$ 325,000
Capital leases	1,192,905		503,322	689,583	355,216
Compensated absences	926,225	\$ 86,162	45,463	966,924	
	<u>\$ 12,460,130</u>	<u>\$ 86,162</u>	<u>\$ 858,785</u>	<u>\$ 11,687,507</u>	<u>\$ 680,216</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
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	380,000	260,364	640,364
2023-2027	2,095,000	1,120,544	3,215,544
2028-2032	2,375,000	780,944	3,155,944
2033-2037	2,375,000	419,647	2,794,647
2038-2040	1,426,000	69,550	1,495,550
	<u>\$ 10,031,000</u>	<u>\$ 3,798,730</u>	<u>\$ 13,829,730</u>

D. Bonds Authorized but not Issued

As of June 30, 2017, 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, 2017**

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

E. Other (Continued)

For the year ended June 30, 2017, 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 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, 2017.

Year Ended June 30,	Principal	Interest	Total
2018	\$ 355,216	\$ 32,702	\$ 387,918
2019	207,355	16,362	223,717
2020	66,966	4,540	71,506
2021	60,043	2,136	62,179
	\$ 689,580	\$ 55,740	\$ 745,320

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, 2017**

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. TPAF and PERS provide for 7.20% of employees' annual compensation, as defined. 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 PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums.

The District's contributions to PERS for the years ending June 30, 2017, 2016, and 2015, were \$513,588, \$530,413, and \$475,438, respectively, equal to the required contributions for each year.

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$2,328,795, 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 \$852,449 during the year ended June 30, 2017, 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, 2017, 2016, and 2015, were \$18,107,609, \$17,846,642, and \$17,765,160, respectively. Covered payroll was \$3,945,064, \$3,941,737, and \$4,869,694 for PERS and \$12,019,686, \$11,739,889, and \$12,492,784 for TPAF for the same years.

For the year ended June 30, 2017, the District recognized pension expense of \$1,211,871. At June 30, 2017, 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, 2017**

NOTE 9: PENSION PLANS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 248,420	
Changes of assumptions	3,178,777	
Net difference between projected and actual earnings on pension plan investments	869,420	
Changes in proportion and differences between District contributions and proportionate share of contributions		\$ 118,438
Employer contributions subsequent to the measurement date	513,588	
	\$ 4,810,205	\$ 118,438

\$513,588 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, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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	Amount
June 30,	
2018	\$ 1,004,500
2019	1,004,500
2020	1,165,371
2021	855,300
2022	148,507
	\$ 4,178,178

Additional information – Collective balances at June 30, 2015 and 2016, are as follows:

	June 30, 2015	June 30, 2016
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 8,685,338,380
Collective deferred inflows of resources	993,410,455	870,133,595
Collective net pension liability	22,447,996,119	29,617,131,759
District's proportion	0.0616951702%	0.0578113752%

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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (Continued) - 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, 2017, 2016, and 2015, were \$10,264, \$11,443, and \$3,539.

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, 2016, there were 110,512 retirees eligible for post-retirement medical benefits and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

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

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 12: COMPENSATED ABSENCES (CONTINUED)

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, 2017, 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, 2017**

NOTE 14: RISK MANAGEMENT (CONTINUED)

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2016-2017		\$ 42,097	\$ 25,689	\$ 139,684
2015-2016		48,379	35,335	122,649
2014-2015		41,586	36,816	109,011

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, 2016 to June 30, 2017, fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 1,267,501
Transfer in	750,000
Transfer out-capital projects	(367,648)
Interest earnings	6,343
Ending balance, June 30, 2017	<u>\$ 1,656,196</u>

The June 30, 2017, LRFP balance of local support costs of uncompleted capital projects is \$10,090,081.

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

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)

order requires committed, assigned and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey 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, \$2,857,680 is restricted as excess surplus (\$1,544,558 of the total restricted amount has been appropriated and included as anticipated revenue for the year ending June 30, 2018).

ASSIGNED

General Fund - The District has appropriated and included as an anticipated revenue for the year ending June 30, 2018, \$450,000 of General Fund balance as of June 30, 2017. As of June 30, 2017, the District had \$1,093,529 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, 2017, of \$196.

UNASSIGNED

General Fund - As of June 30, 2017, a deficit of \$530,266 of fund balance was unassigned.

Special Revenue Fund - As of June 30, 2017, 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, 2017, is \$2,857,680.

NOTE 18: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$530,266 in the General Fund as of June 30, 2017, 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

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 18: DEFICIT FUND BALANCES (CONTINUED)

recording the June state aid payments, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

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 \$530,266 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, 2017, 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 49% of the District's 2016-2017 General Fund revenue, while local tax levy accounted for approximately 41%.

NOTE 20: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district Board of Education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 20: TAX ABATEMENTS (CONTINUED)

performed by the New Jersey Department of Education based upon district property value and wealth.

The Townships of Elk and Franklin did not have any tax abatements for the year end December 31, 2016.

NOTE 21: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2017 and December 1, 2017, 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, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	\$ 14,808,291		\$ 14,808,291	\$ 14,808,291	
Tuition	1,650,000		1,650,000	2,167,049	\$ 517,049
Transportation fees from other LEA's	1,000,000		1,000,000	1,217,929	217,929
Interest earned on capital reserve	200		200	6,343	6,143
Unrestricted miscellaneous	1,050,000	\$ (950,417)	99,583	126,018	26,435
Total - local sources	18,508,491	(950,417)	17,558,074	18,325,630	767,556
State sources:					
Extraordinary aid	49,980		49,980	166,931	116,951
Categorical special education aid	956,261		956,261	956,261	
Categorical security aid	231,243		231,243	231,243	
School choice aid	384,888		384,888	384,888	
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	
Professional learning community aid	14,950		14,950	14,950	
Nonpublic transportation costs				11,310	11,310
TPAF post-retirement medical (on-behalf - non-budgeted)				1,058,470	1,058,470
TPAF pension contrib. (on-behalf - non-budgeted)				1,270,325	1,270,325
TPAF long-term disability insurance (on-behalf - non-budgeted)				1,691	1,691
Reimbursed TPAF social security contrib. (non-budgeted)				852,449	852,449
Total - state sources	14,057,044		14,057,044	17,368,240	3,311,196
Federal sources:					
Medical assistance program	38,793		38,793	41,126	2,333
ARRA-Medical assistance program				3,466	3,466
Total - federal sources	38,793		38,793	44,592	5,799
Total revenues	\$ 32,604,328	\$ (950,417)	\$ 31,653,911	\$ 35,738,462	\$ 4,084,551

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	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	\$ 2,367,698	\$ (13,422)	\$ 2,354,276	\$ 2,350,580	\$ 3,696
Grades 9-12	4,927,205	(110,545)	4,816,660	4,816,381	279
Regular programs - home instruction:					
Salaries of teachers					
	30,000	33,315	63,315	61,285	2,030
Purchased professional - educational services					
	10,000	(6,680)	3,320	3,318	2
Other purchased services (400-500 series)					
	1,000	3,400	4,400	3,925	475
Regular programs - undistributed instruction:					
Other salaries for instruction					
	99,408	(31,400)	68,008	65,535	2,473
Purchased professional - educational services					
	250,250	75,167	325,417	314,191	11,226
Other purchased services (400-500 series)					
	626,440	(73,809)	552,631	542,675	9,956
General supplies					
	317,043	119,258	436,301	269,928	166,373
Textbooks					
	58,396	(44,028)	14,368	12,685	1,683
Other objects					
	5,895	(2,226)	3,669	3,121	548
Total regular programs	8,693,335	(50,970)	8,642,365	8,443,624	198,741
Special education - instruction:					
Learning and/or language disabilities					
Salaries of teachers					
	322,756	(12,000)	310,756	310,756	
Other salaries for instruction					
	19,593		19,593	19,364	229
Purchased professional - educational services					
		12,000	12,000	12,000	
Other purchased services (400-500 series)					
	28,075	(9,208)	18,867	15,122	3,745
General supplies					
	4,589	600	5,189	1,908	3,281
Total learning and/or language disabilities	375,013	(8,608)	366,405	359,150	7,255

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Behavioral disabilities:					
Salaries of teachers	111,612		111,612	111,612	
Other salaries for instruction	53,254	(3,366)	49,888	49,728	160
Purchased professional - educational services		3,366	3,366	3,366	
Other purchased services (400-500 series)	6,500		6,500	1,235	5,265
General supplies	635		635	130	505
Other objects	200		200		200
Total behavioral disabilities	172,201		172,201	166,071	6,130
Multiple disabilities:					
Salaries of teachers	89,173		89,173	89,173	
Other salaries for instruction	119,724	(22,553)	97,171	97,171	
Purchased professional - educational services	25,000	17,853	42,853	34,053	8,800
Other purchased services (400-500 series)	31,500		31,500	19,022	12,478
General supplies	1,100		1,100		1,100
Other objects	600		600	359	241
Total multiple disabilities	267,097	(4,700)	262,397	239,778	22,619
Resource room/resource center:					
Salaries of teachers	958,999		958,999	943,810	15,189
Other salaries for instruction	157,465	(16,450)	141,015	133,641	7,374
Purchased professional - educational services		16,450	16,450	15,912	538
Other purchased services (400-500 series)	13,101	(155)	12,946	4,847	8,099
General supplies	3,344	(600)	2,744	1,306	1,438
Other objects	400	155	555	555	
Total resource room/resource center	1,133,309	(600)	1,132,709	1,100,071	32,638
Home instruction:					
Salaries of teachers	6,000	(744)	5,256	3,192	2,064
Other salaries for instruction	4,000	(3,191)	809		809
Purchased professional - educational services	6,000	3,935	9,935	9,935	
Total home instruction	16,000		16,000	13,127	2,873
Total special education - instruction	1,963,620	(13,908)	1,949,712	1,878,197	71,515

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Basic skills/remedial - instruction:					
Salaries of teachers	564,287	553	564,840	564,840	
Other purchased services (400-500 series)	3,229	(553)	2,676	41	2,635
General supplies	3,760		3,760	2,194	1,566
Total basic skills/remedial - instruction	<u>571,276</u>		<u>571,276</u>	<u>567,075</u>	<u>4,201</u>
Bilingual education - instruction:					
Salaries of teachers	2,000		2,000		2,000
General supplies	500		500		500
Total bilingual education - instruction	<u>2,500</u>		<u>2,500</u>		<u>2,500</u>
School sponsored co-curricular activities - instruction:					
Salaries	98,257	13,731	111,988	111,211	777
Purchased services (300-500 series)	20,267	(10,526)	9,741	9,470	271
Supplies and materials	16,331	(3,134)	13,197	12,077	1,120
Other objects	15,000	(5,966)	9,034	8,528	506
Total school sponsored co-curricular activities - instruction	<u>149,855</u>	<u>(5,895)</u>	<u>143,960</u>	<u>141,286</u>	<u>2,674</u>
School sponsored athletic - instruction:					
Salaries	407,042	27,445	434,487	434,252	235
Purchased services (300-500 series)	98,798	(24,797)	74,001	71,274	2,727
Supplies and materials	126,821	40,068	166,889	118,938	47,951
Other objects	23,000	18,107	41,107	40,978	129
Total school sponsored athletic - instruction	<u>655,661</u>	<u>60,823</u>	<u>716,484</u>	<u>665,442</u>	<u>51,042</u>
Before/after school programs - instructional:					
Other salaries of instruction	7,000	4,230	11,230	11,230	
Total before/after school programs - instructional	<u>7,000</u>	<u>4,230</u>	<u>11,230</u>	<u>11,230</u>	
Summer school - instruction:					
Salaries of teachers	85,000	(21,130)	63,870	57,518	6,352
Other salaries for instruction	18,000	(1,740)	16,260	13,740	2,520
General supplies	2,500	(1,535)	965	689	276
Total summer school - instruction	<u>105,500</u>	<u>(24,405)</u>	<u>81,095</u>	<u>71,947</u>	<u>9,148</u>

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Alternative education program - instructional:					
Salaries of teachers	65,000	897	65,897	65,897	
Other salaries for instruction	11,200	(2,895)	8,305	6,483	1,822
Total alternative education program - instructional	76,200	(1,998)	74,202	72,380	1,822
Alternative education program - support services					
Salaries	47,000	(1,430)	45,570	44,620	950
Other salaries for instruction	500	450	950		950
Total alternative education program - support services	47,500	(980)	46,520	44,620	1,900
Total alternative education program	123,700	(2,978)	120,722	117,000	3,722
Other supplemental at-risk programs - instructional:					
Salaries of teachers	55,000	(23,700)	31,300	30,950	350
Other salaries for instruction	7,200	16,260	23,460	23,460	
General supplies	4,500	(3,744)	756	756	
Total supplemental at-risk programs - instructional	66,700	(11,184)	55,516	55,166	350
Other supplemental at-risk programs - support services:					
Salaries	8,400	26,925	35,325	35,325	
Other salaries for instruction	1,200	(1,200)			
Total supplemental at-risk programs - support services	9,600	25,725	35,325	35,325	
Total supplemental at-risk programs	76,300	14,541	90,841	90,491	350
Community services programs - operations:					
Salaries	2,000		2,000		2,000
Other salaries	37,100		37,100	11,574	25,526
Purchased services (300-500 series)	4,500		4,500	441	4,059
Total community services programs - operations	43,600		43,600	12,015	31,585
Total instruction	12,392,347	(18,562)	12,373,785	11,998,307	375,478

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	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	60,000	117,949	177,949	167,527	10,422
Tuition to county vocational - regular	251,637	8,800	260,437	244,745	15,692
Tuition to CSSD & regional day schools	570,720	285,154	855,874	843,603	12,271
Tuition to private sch. for the disabled - within state	1,417,709	(151,403)	1,266,306	1,040,458	225,848
Tuition - state facilities		33,000	33,000		33,000
Tuition - other	12,799		12,799		12,799
Total undistributed expenditures - instruction	2,312,865	293,500	2,606,365	2,296,333	310,032
Undistributed exp. - attendance and social work:					
Salaries	33,787		33,787	31,919	1,868
Other salaries	24,556	6,507	31,063	31,063	
Purchased professional and technical services	9,500	(8,507)	993		993
Other purchased services (400-500 series)	1,187	2,000	3,187	2,674	513
Supplies and materials	100		100		100
Total undistributed exp. - attendance and social work	69,130		69,130	65,656	3,474
Undistributed expenditures - health services:					
Salaries	192,466	7,309	199,775	199,368	407
Purchased professional - educational services	16,100	118	16,218	16,218	
Other purchased services (400-500 series)	1,429	(25)	1,404	974	430
Supplies and materials	6,589	(965)	5,624	4,195	1,429
Total undistributed expenditures - health services	216,584	6,437	223,021	220,755	2,266
Undistributed expenditures - speech, OT, PT and related services:					
Purchased professional - educational services	104,500	8,317	112,817	112,817	
Supplies and materials	1,000	(769)	231	231	
Other objects	100	(100)			
Total undistributed expenditures - speech, OT, PT and related services	105,600	7,448	113,048	113,048	

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed expenditures - special education - extraordinary services:					
Salaries	95,639	(8,296)	87,343	85,815	1,528
Purchased professional - educational services	34,500	24,856	59,356	59,356	
Supplies and materials	10,000	(10,000)			
Other objects	100	(100)			
Total undistributed expenditures - special education - extraordinary services	<u>140,239</u>	<u>6,460</u>	<u>146,699</u>	<u>145,171</u>	<u>1,528</u>
Undistributed expenditures - guidance:					
Salaries of other professional staff	534,327	11,050	545,377	544,962	415
Salaries of secretarial and clerical assistants	101,139	4,505	105,644	105,644	
Other purchased prof. and tech services	15,400	(50)	15,350	15,125	225
Other purchased services (400-500 series)	18,663	(9,039)	9,624	9,380	244
Supplies and materials	28,969	(12,003)	16,966	9,635	7,331
Other objects	2,495	(900)	1,595	1,322	273
Total undistributed expenditures - guidance	<u>700,993</u>	<u>(6,437)</u>	<u>694,556</u>	<u>686,068</u>	<u>8,488</u>
Undistributed expenditures - child study teams:					
Salaries of other professional staff	526,466	(30,029)	496,437	439,921	56,516
Salaries of secretarial and clerical assistants	70,836	4,950	75,786	75,756	30
Other salaries	16,000	(2,501)	13,499		13,499
Purchased professional - educational services	41,000		41,000	28,796	12,204
Other purchased prof. and tech services	45,000		45,000	3,662	41,338
Misc. purch. serv. (400-500 series other than resid. costs)	31,089		31,089	19,090	11,999
Supplies and materials	10,000	1,500	11,500	7,261	4,239
Other objects	4,000	(1,500)	2,500	2,029	471
Total undistributed expenditures - child study teams	<u>744,391</u>	<u>(27,580)</u>	<u>716,811</u>	<u>576,515</u>	<u>140,296</u>
Undistributed exp. - improvement of instr. services:					
Salaries of supervisors of instruction	639,812		639,812	632,161	7,651
Salaries of other professionals	10,000	16,510	26,510	22,855	3,655
Salaries of secretarial and clerical assistants	53,833	(3,758)	50,075	29,000	21,075
Other salaries	27,000	(12,752)	14,248		14,248
Other purchased services (400-500 series)	48,363		48,363	37,693	10,670
Supplies and materials	7,000		7,000	266	6,734
Other objects	2,500		2,500	318	2,182
Total undistributed exp. - improvement of instr. services	<u>788,508</u>		<u>788,508</u>	<u>722,293</u>	<u>66,215</u>

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	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	153,759	(1,368)	152,391	113,687	38,704
Salaries of secretarial and clerical assistants	26,339	3,014	29,353	29,353	
Other purchased services (400-500 series)	104,977	(2,907)	102,070	71,185	30,885
Supplies and materials	30,984	1,531	32,515	28,710	3,805
Other objects	750	(250)	500		500
Total undistributed exp. - educational media serv. School library	<u>316,809</u>	<u>20</u>	<u>316,829</u>	<u>242,935</u>	<u>73,894</u>
Undistributed expenditures - instructional staff:					
Training services:					
Salaries of supervisors of instruction	26,106	716	26,822	26,822	
Salaries of other professional staff	5,000		5,000	165	4,835
Purchased professional - educational service	10,000		10,000		10,000
Other purchased services (400-500 series)	8,500	(716)	7,784	4,816	2,968
Supplies and materials	4,800		4,800		4,800
Total undistributed expenditures - instructional staff Training services	<u>54,406</u>		<u>54,406</u>	<u>31,803</u>	<u>22,603</u>
Undistributed exp. - support services - general admin.:					
Salaries	223,992	23,621	247,613	240,365	7,248
Legal services	25,000	14,479	39,479	39,471	8
Audit fees	18,000	(1,300)	16,700	16,700	
Architectural/engineering services	10,000	(1,000)	9,000	8,432	568
Other purchased professional services	16,700	(14,950)	1,750	1,750	
Purchased technical services	3,000		3,000	2,635	365
Other purchased services (400-500 series)	55,244	(15)	55,229	50,154	5,075
Communications/telephone	68,500	(6,800)	61,700	47,902	13,798
BOE other purchased services	2,000		2,000	1,500	500
Supplies and materials	11,091	(6,285)	4,806	3,400	1,406
BOE in-house training/meeting supplies	1,200	(1,000)	200		200
Miscellaneous expenditures	7,000	900	7,900	7,897	3
BOE membership dues and fees	18,000	(5,000)	13,000	12,708	292
Total undistributed exp. - support serv. - gen. admin.	<u>459,727</u>	<u>2,650</u>	<u>462,377</u>	<u>432,914</u>	<u>29,463</u>

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed exp. - support serv. - school admin.:					
Salaries of principals/assistant principals	350,312	1,777	352,089	336,705	15,384
Salaries of other professional staff	132,896	1,377	134,273	133,272	1,001
Salaries of secretarial and clerical assistants	141,429	(5,025)	136,404	124,862	11,542
Purchased professional services	3,000	(900)	2,100	1,318	782
Other purchased prof. and tech services	27,000	(6,350)	20,650	15,398	5,252
Other purchased services (400-500 series)	32,342	8,100	40,442	38,610	1,832
Supplies and materials	34,445	(3,429)	31,016	23,717	7,299
Other objects	13,150	1,800	14,950	14,281	669
Total undistributed exp. - support serv. - school admin.	734,574	(2,650)	731,924	688,163	43,761
Undistributed exp. - central services:					
Salaries	127,334	4,516	131,850	129,250	2,600
Salaries of secretarial and clerical assistants	174,424	295	174,719	174,719	
Purchased technical services	32,000	(4,468)	27,532	26,450	1,082
Other purchased services (400-500 series)	18,440	(4,000)	14,440	12,563	1,877
Supplies and materials	12,108	3,657	15,765	9,282	6,483
Interest for lease purchase agreements	44,761		44,761	41,279	3,482
Miscellaneous expenditures	2,000		2,000	1,265	735
Total undistributed exp. - central services	411,067		411,067	394,808	16,259
Undistributed exp. - admin. information technology:					
Salaries	207,614		207,614	178,260	29,354
Purchased technical services	5,000		5,000		5,000
Other purchased services (400-500 series)	269,678	(99,800)	169,878	123,092	46,786
Supplies and materials	37,890	31,800	69,690	17,799	51,891
Other objects	1,100		1,100		1,100
Total undistributed exp. - admin. info. technology	521,282	(68,000)	453,282	319,151	134,131
Undistributed expenditures - operation and maintenance					
Uniforms	18,000	2,426	20,426	20,426	
Undistributed expenditures - required maintenance for school facilities:					
Cleaning, repair, and maintenance services	371,170	(21,682)	349,488	299,132	50,356
General supplies	41,340	(205)	41,135	40,682	453
Total undistributed expenditures - required maintenance for school facilities	412,510	(21,887)	390,623	339,814	50,809

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed expenditures - custodial services:					
Salaries	1,029,909	(93,326)	936,583	920,057	16,526
Other employee benefits	3,500		3,500	2,600	900
Purchased professional and technical services	12,500	(10,000)	2,500	2,005	495
Cleaning, repair, and maintenance services	98,686	56,468	155,154	76,458	78,696
Other purchased property services	39,665	40,221	79,886	23,172	56,714
Insurance	191,030	(1,500)	189,530	189,530	
Miscellaneous purchased services	3,500	4,279	7,779	7,290	489
General supplies	117,512	(15,164)	102,348	91,212	11,136
Energy - natural gas	341,442	(178,101)	163,341	155,402	7,939
Energy - electricity	533,733	65,801	599,534	599,479	55
Energy - oil	12,104		12,104	6,501	5,603
Energy - gasoline	2,833		2,833		2,833
Other objects	5,000	500	5,500	5,280	220
Total undistributed expenditures - custodial services	<u>2,391,414</u>	<u>(130,822)</u>	<u>2,260,592</u>	<u>2,078,986</u>	<u>181,606</u>
Undistributed expenditures - care and upkeep of grounds:					
Salaries	125,574	(4,000)	121,574	115,991	5,583
Cleaning, repair, and maintenance services	62,000	(3,000)	59,000	47,949	11,051
General supplies	40,053	7,575	47,628	28,511	19,117
Total undistributed exp. - care and upkeep of grounds	<u>227,627</u>	<u>575</u>	<u>228,202</u>	<u>192,451</u>	<u>35,751</u>
Undistributed expenditures - security:					
Salaries	117,748		117,748	104,403	13,345
Purchased professional and technical services	4,000		4,000		4,000
General supplies	1,000		1,000	706	294
Total undistributed expenditures - security	<u>122,748</u>		<u>122,748</u>	<u>105,109</u>	<u>17,639</u>
Total operation and maintenance of plant	<u>3,172,299</u>	<u>(149,708)</u>	<u>3,022,591</u>	<u>2,736,786</u>	<u>285,805</u>

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed exp. - student transportation services:					
Salaries of non-instructional aides	552,790	(182,000)	370,790	352,576	18,214
Salaries for pupil trans (bet. home & school) - reg.	1,195,334	(187,076)	1,008,258	929,714	78,544
Salaries for pupil trans (bet. home & school) - spec. ed.	716,408	(126,759)	589,649	549,826	39,823
Salaries for pupil trans (other than bet. home & school)	121,839	48,325	170,164	169,263	901
Sal. for pupil trans (bet home & school) - nonpublic school	113,695	(33,588)	80,107	68,636	11,471
Social security contributions	200,444	(40,208)	160,236	145,412	14,824
Health benefits	1,229,000	156,000	1,385,000	1,361,596	23,404
Other employee benefits	17,600	2,483	20,083	19,982	101
Other purchased prof. and technical service	52,000	90,000	142,000	95,248	46,752
Cleaning, repair, and maintenance services	140,332	(65,900)	74,432	28,729	45,703
Rental payments - school buses	5,000		5,000		5,000
Contr. serv. - (bet. home and school) - vendors	6,000	(2,150)	3,850	1,080	2,770
Contr. serv. - (other than bet. home and school) - vendors	16,000	9,500	25,500	24,300	1,200
Contr. serv. - (bet. home and school) - joint agrmnts.	58,000	(45,350)	12,650	12,650	
Contr. serv. - (special education) - vendors	50,000	118,500	168,500	165,335	3,165
Contr. serv. - (special ed. students) - joint agrmnts.	10,000	(10,000)			
Contr. serv. - aid in lieu of payments - nonpublic	49,000		49,000	40,664	8,336
Contr. serv. - aid in lieu of payments - choice	4,500		4,500		4,500
Misc. purchased services - transportation	135,749	15,000	150,749	129,531	21,218
Transportation supplies	561,726	(50,000)	511,726	417,536	94,190
Miscellaneous expenditures	3,100	5,000	8,100	6,156	1,944
Total undistributed exp. - student transportation serv.	5,238,517	(298,223)	4,940,294	4,518,234	422,060
Unallocated benefits - employee benefits:					
Social security contributions	259,340	56,100	315,440	299,877	15,563
Other retirement contribution - PERS	572,050	(35,892)	536,158	524,303	11,855
Unemployment compensation	75,000	(43,000)	32,000		32,000
Workmen's compensation	276,813		276,813	259,045	17,768
Health benefits	4,410,000	(357,679)	4,052,321	3,936,386	115,935
Tuition reimbursement	30,000	2,000	32,000	20,556	11,444
Other employee benefits	82,000	76,000	158,000	139,274	18,726
Total unallocated benefits	5,705,203	(302,471)	5,402,732	5,179,441	223,291

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
TPAF post-retirement medical (on-behalf - non-budgeted)				1,058,470	(1,058,470)
TPAF pension contribution (on-behalf - non-budgeted)				1,270,325	(1,270,325)
TPAF long-term disability insurance (on-behalf - non-budgeted)				1,691	(1,691)
Reimb. TPAF social security contrib. (non-budgeted)				852,449	(852,449)
Total on-behalf contributions				3,182,935	(3,182,935)
Total undistributed expenditures	21,692,194	(538,554)	21,153,640	22,553,009	(1,399,369)
Total current expense	34,084,541	(557,116)	33,527,425	34,551,316	(1,023,891)
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Undistributed	2,000	130,128	132,128	33,525	98,603
Undistributed - athletics	84,293	704	84,997	84,997	
Undistributed - child study team		27,580	27,580		27,580
Undistributed - admin information technology	22,273	75,945	98,218	30,218	68,000
Undistributed - custodial services	36,605	61,463	98,068	55,870	42,198
Undistributed - student transportation	318,076	59,296	377,372	314,369	63,003
School buses - regular	275,000	197,500	472,500	272,103	200,397
School buses - special	150,000	(10,500)	139,500	133,904	5,596
Undistributed - food service	30,303	15,000	45,303	44,756	547
Total equipment	918,550	557,116	1,475,666	969,742	505,924
Facilities acquisition and construction services:					
Construction services	1,941,897	(950,417)	991,480	964,678	26,802
Total facilities acquisition and constructions services	1,941,897	(950,417)	991,480	964,678	26,802
Total capital outlay	2,860,447	(393,301)	2,467,146	1,934,420	532,726
Total expenditures	36,944,988	(950,417)	35,994,571	36,485,736	(491,165)

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Excess (deficiency) of revenues over (under) expenditures	(4,340,660)		(4,340,660)	(747,274)	4,575,716
Other financing sources (uses):					
Operating transfer in:					
Transfer from internal service fund				86,128	(86,128)
Capital reserve to capital projects				(367,648)	
				<u>(281,520)</u>	<u>(86,128)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(4,340,660)		(4,340,660)	(1,028,794)	4,489,588
Fund balances, July 1	<u>7,887,869</u>		<u>7,887,869</u>	<u>7,887,869</u>	
Fund balances, June 30	<u>\$ 3,547,209</u>		<u>\$ 3,547,209</u>	<u>\$ 6,859,075</u>	<u>\$ 4,489,588</u>
Recapitulation:					
Restricted fund balance:					
Capital reserve account				\$ 1,656,196	
Excess surplus - designated for subsequent year's expenditures				1,544,558	
Excess surplus - current year				1,313,122	
Assigned fund balance:					
Year-end encumbrances				1,093,529	
Designated for subsequent year's expenditures				450,000	
Unassigned fund balance				<u>801,670</u>	
				6,859,075	
Reconciliation to governmental funds statements (GAAP):					
June state aid payments are not recognized on GAAP basis				<u>(1,331,936)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 5,527,139</u>	

Delsea Regional High School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 111,107	\$ 12,897	\$ 124,004	\$ 112,256	\$ 11,748
Federal sources	629,748	315,925	945,673	919,908	25,765
Total revenues	\$ 740,855	\$ 328,822	\$ 1,069,677	\$ 1,032,164	\$ 37,513
EXPENDITURES:					
Instruction:					
Salaries of teachers		\$ 100,000	\$ 100,000	\$ 100,000	
Purchased professional - technical services	\$ 1,674	(329)	1,345	1,345	
Purchased professional - educational services	34,912	4,434	39,346	35,006	\$ 4,340
Tuition	387,167	155,977	543,144	543,144	
General supplies	188,467	(139,718)	48,749	42,238	6,511
Textbooks	6,086	1,119	7,205	6,983	222
Miscellaneous expenditures	1,620	(20)	1,600	1,600	
Total instruction	619,926	121,463	741,389	730,316	11,073
Salaries	36,799	89,702	126,501	113,710	12,791
Personal services - employee benefits	2,816	34,189	37,005	36,314	691
Purchased professional - technical services		69,191	69,191	63,776	5,415
Purchased professional - educational services	8,645	10,863	19,508	19,508	
Other purchased services (400-500 series)	29,794	6,412	36,206	31,407	4,799
Supplies & materials	42,875	(8,334)	34,541	31,797	2,744
Total support services	120,929	202,023	322,952	296,512	26,440
Facilities acquisition and construction services:					
Instructional equipment		5,336	5,336	5,336	
Total expenditures	\$ 740,855	\$ 328,822	\$ 1,069,677	\$ 1,032,164	\$ 37,513

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, 2017

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.	\$ 35,738,462	\$ 1,032,164
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in the encumbrances are recognized as expenditures, and the related revenue is recognized.		(24,840)
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).	1,349,813	
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).	(1,331,936)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	\$ 35,756,339	\$ 1,007,324
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 36,485,736	\$ 1,032,164
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(24,840)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds	\$ 36,485,736	\$ 1,007,324

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
 Last Three Fiscal Years

	Fiscal Year Ended		
	June 30, 2015	June 30, 2016	June 30, 2017
District's proportion of the net pension liability (asset)	0.0576717999%	0.0616951702%	0.5781137520%
District's proportionate share of the net pension liability (asset)	\$ 10,797,738	\$ 13,849,329	\$ 17,122,071
District's covered-employee payroll	4,815,991	3,941,737	3,945,064
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	224.21%	351.35%	434.01%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.13%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016

DELSEA REGIONAL HIGH SCHOOL
 Schedule of District Contributions - PERS
 Last Three Fiscal Years

	Fiscal Year Ended		
	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 475,438	\$ 530,413	\$ 513,588
Contributions in relation to the contractually required contribution	<u>475,438</u>	<u>530,413</u>	<u>513,588</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 4,815,991	\$ 3,941,737	\$ 3,945,064
Contributions as a percentage of covered-employee payroll	9.87%	13.46%	13.02%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016

DELSEA REGIONAL HIGH SCHOOL
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
 Last Three Fiscal Years

	Fiscal Year Ended		
	June 30, 2015	June 30, 2016	June 30, 2017
District's proportion of the net pension liability (asset)	0.1082656023%	0.1134466292%	0.1156327362%
District's proportionate share of the net pension liability (asset)	\$ 57,864,441	\$ 71,703,114	\$ 90,964,073
District's covered-employee payroll	12,181,522	11,739,889	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%	774.83%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016

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 reason, the District did not recognize any portion of the 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, 2017**

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 total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment rate of return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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's 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, 2017

	Total Brought Forward (Ex. E-1a)	Title I	Title I Carryover	Title II Part A	Title II Carryover	Totals FY 2016
REVENUES:						
State sources	\$ 112,256					\$ 112,256
Federal sources	691,672	\$ 175,619	\$ 9,444	\$ 36,801	\$ 6,372	919,908
Total revenues	\$ 803,928	\$ 175,619	\$ 9,444	\$ 36,801	\$ 6,372	\$ 1,032,164
EXPENDITURES:						
Instruction:						
Salaries of teachers		\$ 100,000				\$ 100,000
Purchased professional - technical services	\$ 1,345					1,345
Purchased professional - educational services	35,006					35,006
Tuition	543,144					543,144
General supplies	39,132	3,106				42,238
Textbooks	6,983					6,983
Miscellaneous expenditures		1,600				1,600
Total instruction	625,610	104,706				730,316
Support services:						
Salaries	46,655	37,747	\$ 8,773	\$ 16,069	\$ 4,466	113,710
Personal services - employee benefits	3,186	30,607	671	1,229	621	36,314
Purchased professional - technical services	62,776			1,000		63,776
Purchased professional - educational services	19,508					19,508
Other purchased services (400-500 series)	11,394	2,025		17,663	325	31,407
Supplies & materials	29,463	534		840	960	31,797
Instructional equipment	5,336					5,336
Total support services	178,318	70,913	9,444	36,801	6,372	301,848
Total expenditures	\$ 803,928	\$ 175,619	\$ 9,444	\$ 36,801	\$ 6,372	\$ 1,032,164

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Total Brought Forward (Ex. E-1b)	Perkins Grant	IDEA Basic	IDEA Basic Carryover	NJ Achievement Coach	Total Carried Forward
REVENUES:						
State sources	\$ 62,315				\$ 49,941	\$ 112,256
Federal sources		\$ 58,079	\$ 605,920	\$ 27,673		691,672
Total revenues	\$ 62,315	\$ 58,079	\$ 605,920	\$ 27,673	\$ 49,941	\$ 803,928
EXPENDITURES:						
Instruction:						
Purchased professional - technical services					\$ 1,345	\$ 1,345
Purchased professional - educational services	\$ 34,576	\$ 430				35,006
Tuition			\$ 543,144			543,144
Textbooks	6,983					6,983
General supplies		18,517		\$ 20,615		39,132
Total instruction	41,559	18,947	543,144	20,615	1,345	625,610
Support services:						
Salaries	5,000	3,655			38,000	46,655
Personal services - employee benefits		284			2,902	3,186
Purchased professional - technical services			62,776			62,776
Purchased professional - educational services	11,250	1,200		7,058		19,508
Other purchased services (400-500 series)	4,506	5,388			1,500	11,394
General supplies		23,269			6,194	29,463
Instructional equipment		5,336				5,336
Total support services	20,756	39,132	62,776	7,058	48,596	178,318
Total expenditures	\$ 62,315	\$ 58,079	\$ 605,920	\$ 27,673	\$ 49,941	\$ 803,928

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Total Brought Forward (Ex. E-1c)	Non-Public Technology Aid	Non-Public Nursing Aid	Non-Public Corrective Speech	Municipal Alliance	Total Carried Forward
REVENUES:						
State sources	\$ 42,114	\$ 2,626	\$ 11,250	\$ 1,325	\$ 5,000	\$ 62,315
Total revenues	<u>\$ 42,114</u>	<u>\$ 2,626</u>	<u>\$ 11,250</u>	<u>\$ 1,325</u>	<u>\$ 5,000</u>	<u>\$ 62,315</u>
EXPENDITURES:						
Instruction:						
Purchased professional - educational services	\$ 33,251			\$ 1,325		\$ 34,576
Textbooks	6,983					6,983
Total instruction	<u>40,234</u>			<u>1,325</u>		<u>41,559</u>
Support services:						
Salaries					\$ 5,000	5,000
Purchased professional - educational services			\$ 11,250			11,250
Other purchased services (400-500 series)	1,880	\$ 2,626				4,506
Total support services	<u>1,880</u>	<u>2,626</u>	<u>11,250</u>		<u>5,000</u>	<u>20,756</u>
Total expenditures	<u>\$ 42,114</u>	<u>\$ 2,626</u>	<u>\$ 11,250</u>	<u>\$ 1,325</u>	<u>\$ 5,000</u>	<u>\$ 62,315</u>

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	Auxiliary Services		Handicapped Services		Non-Public Textbook Aid	Total Carried Forward
	Home Instruction	Transportation	Examination & Classification	Supplemental Instruction		
REVENUES:						
State sources	\$ 9,495	\$ 1,880	\$ 12,613	\$ 11,143	\$ 6,983	\$ 42,114
Total revenues	<u>\$ 9,495</u>	<u>\$ 1,880</u>	<u>\$ 12,613</u>	<u>\$ 11,143</u>	<u>\$ 6,983</u>	<u>\$ 42,114</u>
EXPENDITURES:						
Instruction:						
Purchased professional - educational services	\$ 9,495		\$ 12,613	\$ 11,143		\$ 33,251
Textbooks					\$ 6,983	6,983
Total instruction	<u>9,495</u>		<u>12,613</u>	<u>11,143</u>	<u>6,983</u>	<u>40,234</u>
Support services:						
Other purchased services (400-500 series)		\$ 1,880				1,880
Total support services		<u>1,880</u>				<u>1,880</u>
Total expenditures	<u>\$ 9,495</u>	<u>\$ 1,880</u>	<u>\$ 12,613</u>	<u>\$ 11,143</u>	<u>\$ 6,983</u>	<u>\$ 42,114</u>

CAPITAL PROJECTS FUND

DELSEA REGIONAL HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2017

Project Title/Issue	Approval Date	Revised Budgetary Appropriation	GAAP		Unexpended Appropriations June 30, 2017
			Prior Year	Expenditures to Date Current Year	
Middle School Special Education Classrooms (SCSE) Wing Addition	11/05/14	\$ 1,713,213	\$ 1,698,676	\$ 6,701	\$ 7,836
Middle School Roof Replacement, HVAC System and Electrical System Upgrades	11/05/14	7,891,473	7,535,702	6,476	349,295
High School Roof Replacement, HVAC System and Electrical System Upgrades	11/05/14	11,544,837	6,688,367	4,815,322	41,148
		<u>\$ 21,149,523</u>	<u>\$ 15,922,745</u>	<u>\$ 4,828,499</u>	<u>\$ 398,279</u>

DELSEA REGIONAL HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budgetary Basis
 For the Year Ended June 30, 2017

Revenues and other financing sources	
Transfer from Capital Reserve	\$ 367,648
Total Revenues and other financing sources	367,648
Expenditures and other financing uses	
Legal services	102
Engineer/architect	44,552
Other professional/technical services	67,638
Construction services	4,709,506
Other objects	6,701
Total expenditures	4,828,499
Excess (deficiency) of revenues over (under) expenditures	(4,460,851)
Fund balance - beginning	4,909,365
Fund balance - ending	\$ 448,514

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, 2017

	Prior Periods	Current Year	Transfer of Unexpended Bond Proceeds	Totals	Revised Authorized Cost
Revenues and other financing sources					
Bond proceeds	\$ 1,399,486		\$ (30,537)	\$ 1,368,949	\$ 1,368,949
State Sources: SDA Grant	344,264			344,264	344,264
Total revenues	<u>1,743,750</u>		<u>(30,537)</u>	<u>1,713,213</u>	<u>1,713,213</u>
Expenditures and other financing uses					
Legal services	\$ 289			289	16,000
Audit services					16,000
Engineer/architect	151,845			151,845	160,000
Other professional/technical services	16,145			16,145	16,000
Construction services	1,403,080			1,403,080	1,469,463
Supplies					8,250
Other objects	127,317	\$ 6,701		134,018	27,500
Total expenditures	<u>1,698,676</u>	<u>6,701</u>		<u>1,705,377</u>	<u>1,713,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 45,074</u>	<u>\$ (6,701)</u>	<u>\$ (30,537)</u>	<u>\$ 7,836</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				
Transfer of bond proceeds	(30,537)				
Revised authorized cost	1,713,213				
Percentage increase over original authorized cost	0%				
Percentage completion	95%				
Original target completion date	August 2016				
Revised target completion date	August 2017				

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, 2017

	Prior Periods	Current Year	Transfer of Unexpended Bond Proceeds	Totals	Revised Authorized Cost
Revenues and other financing sources					
Bond proceeds	\$ 3,962,459		\$ (324,777)	\$ 3,637,682	\$ 3,637,682
State Sources: SDA Grant	4,253,791			4,253,791	4,253,791
Total revenues	8,216,250		(324,777)	7,891,473	7,891,473
Expenditures and other financing uses					
Legal services	24,780			24,780	86,000
Audit services	3,000			3,000	16,000
Engineer/architect	687,245			687,245	600,000
Other professional/technical services	75,004	\$ 2,976		77,980	90,000
Construction services	6,737,391	3,500		6,740,891	7,005,223
Supplies	845			845	64,250
Other objects	7,437			7,437	30,000
Total expenditures	7,535,702	6,476		7,542,178	7,891,473
Excess (deficiency) of revenues over (under) expenditures	\$ 680,548	\$ (6,476)	\$ (324,777)	\$ 349,295	
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				
Transfer of bond funds	(324,777)				
Revised authorized cost	7,891,473				
Percentage increase over original authorized cost	0%				
Percentage completion	95%				
Original target completion date	August 2015				
Revised target completion date	August 2017				

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, 2017

	Prior Periods	Current Year	Transfer of Unexpended Bond Proceeds	Totals	Revised Authorized Cost
Revenues and other financing sources					
Bond proceeds	\$ 5,219,076		\$ 355,314	\$ 5,574,390	\$ 5,574,390
State Sources: SDA Grant	5,602,799			5,602,799	5,602,799
Transfer from Capital Reserves		\$ 367,648		367,648	367,648
Total revenues	10,821,875	367,648	355,314	11,544,837	11,544,837
Expenditures and other financing uses					
Legal services	6,954	102		7,056	98,000
Audit services					168,000
Engineer/architect	672,966	44,552		717,518	790,000
Other professional/technical services		64,662		64,662	94,000
Construction services	6,008,447	4,706,006		10,714,453	10,288,962
Supplies					70,000
Other objects					35,875
Total expenditures	6,688,367	4,815,322		11,503,689	11,544,837
Excess (deficiency) of revenues over (under) expenditures	\$ 4,133,508	\$ (4,447,674)	\$ 355,314	\$ 41,148	
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	796,248				
Revised authorized cost	11,618,123				
Percentage increase over original authorized cost	7%				
Percentage completion	85%				
Original target completion date	August 2016				
Revised target completion date	August 2017				

PROPRIETARY FUNDS

Delsea Regional High School District
Combining Schedule of Net Position
Enterprise Fund
June 30, 2017

	Enterprise Fund <hr/> Food Service <hr/>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 122,554
Accounts receivable	
State	264
Federal	10,608
Other	1,481
Inventories	14,214
Total current assets	<hr/> 149,121 <hr/>
Noncurrent assets:	
Furniture, machinery & equipment	471,342
Less: accumulated depreciation	<hr/> (425,632) <hr/>
Total noncurrent assets	<hr/> 45,710 <hr/>
Total assets	<hr/> 194,831 <hr/>
LIABILITIES	
Current liabilities:	
Deposits payable	8,209
Deferred revenue	5,008
Total current liabilities	<hr/> 13,217 <hr/>
NET POSITION	
Invested in capital assets net of related debt	45,710
Unrestricted	135,904
Total net position	<hr/> <hr/> \$ 181,614 <hr/> <hr/>

EXHIBIT G-2

Delsea Regional High School District
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Fund
For the Year Ended June 30, 2017

	Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 178,188
Daily sales - non-reimbursable programs	191,332
Special functions	36,754
	406,274
Total operating revenues	406,274
Operating expenses:	
Salaries	241,370
Employee benefits	66,856
Purchased property service	471
Other purchased services	56,426
General supplies	25,180
Cost of sales	285,486
Miscellaneous	120
Depreciation	5,940
	681,849
Total operating expenses	681,849
Operating income (loss)	(275,575)
Non-operating revenues (expenses):	
State sources:	
State school lunch program	5,427
Federal sources:	
National school lunch program	182,060
National school breakfast program	27,328
Food distribution program	43,897
Interest and investment revenue	139
	258,851
Total non-operating revenues (expenses)	258,851
Income (loss) before operating transfers	(16,724)
Other financing sources (uses)	
Capital asset contributions	44,756
	44,756
Net Income (loss)	28,032
Total net position - beginning	153,582
Total net position - ending	\$ 181,614

Delsea Regional High School District
Combining Schedule of Cash Flows
Enterprise Fund
For the Year Ended June 30, 2017

	Enterprise Funds <u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 417,821
Payments to employees	(241,370)
Payments for employee benefits	(66,856)
Payments to suppliers	(328,214)
	<u>(218,619)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State reimbursements	30,793
Federal reimbursements	200,386
Interfund accounts payable	(16,595)
	<u>214,584</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and dividends	139
	<u>(3,896)</u>
Balances - beginning of year	126,450
Balances - end of year	<u>\$ 122,554</u>
Reconciliation of operating income (loss) to net cash provided	
(used) by operating activities:	
Operating income (loss)	\$ (275,575)
Adjustments to reconcile operating income (loss) to net cash provided by	
(used for) operating activities:	
Depreciation	5,940
Food distribution program	43,897
(Increase) decrease in inventories	(5,489)
(Increase) decrease in other receivables	8,106
Increase (decrease) in deposits payable	4,502
	<u>56,956</u>
Total adjustments	<u>56,956</u>
Net cash provided by (used for) operating activities	<u>\$ (218,619)</u>

Delsea Regional High School District
Combining Schedule of Net Position
Internal Service Fund
June 30, 2017

	Internal Service Fund
ASSETS	
Current assets:	
Accounts receivable:	
Intergovernmental	\$ 37,660
Total assets	37,660
LIABILITIES	
Current liabilities:	
Interfund payable	37,406
Total current liabilities	37,406
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, 2017

	Internal Service Fund
Operating revenues:	
Charges for services	
Service provided to other LEA's	\$ 737,375
Operating expenses:	
Salaries	364,855
Employee benefits	156,926
Other professional/technical services	6,614
Cleaning, repair, and maintenance	2,008
Miscellaneous transportation services	11,249
Contracted services (aid in lieu payments)	30,498
General supplies	71,255
Communications/telephone	4,501
Energy	1,368
Travel	1,400
Miscellaneous	573
Total operating expenses	651,247
Operating income (loss)	86,128
Transfers in (out)	(86,128)
Change in net position	
Total net position - beginning	254
Total net position - ending	\$ 254

Delsea Regional High School District
Combining Schedule of Cash Flows
Internal Service Fund
For the Year Ended June 30, 2017

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 737,375
Payments to employees	(364,855)
Payments for employee benefits	(156,926)
Payments to suppliers	(129,466)
	<u>86,128</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating subsidies and transfers to general fund	(86,128)
Net cash provided by (used for) non-capital financing activities	<u>(86,128)</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)	86,128
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in accounts receivable, net	92,112
Increase (decrease) in accounts payable	(1,002)
Increase (decrease) in interfund payable	(91,110)
Total adjustments	<u>0</u>
Net cash provided by (used for) operating activities	<u><u>\$ 86,128</u></u>

FIDUCIARY FUNDS

Delsea Regional High School District
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2017

	Private Purpose Trust		Agency		Totals
	Unemployment Compensation	Scholarship	Student Activity	Payroll	
ASSETS					
Cash and cash equivalents	\$ 139,683	\$ 322,632	\$ 220,774	\$ 8,628	\$ 691,717
Accounts receivable			255		255
Total assets	<u>\$ 139,683</u>	<u>\$ 322,632</u>	<u>\$ 221,029</u>	<u>\$ 8,628</u>	<u>\$ 691,972</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payroll deductions & withholdings				\$ 8,628	\$ 8,628
Due to student groups			<u>\$ 221,029</u>		<u>221,029</u>
Total liabilities			<u>\$ 221,029</u>	<u>\$ 8,628</u>	<u>229,657</u>
Net Position:					
Held in trust for unemployment claims and other purposes	<u>\$ 139,683</u>				<u>139,683</u>
Permanent endowment - nonexpendable		\$ 50,000			50,000
Expendable scholarship funds		<u>272,632</u>			<u>272,632</u>
Total reserved for scholarships		<u>\$ 322,632</u>			<u>322,632</u>
Total net position					<u>462,315</u>
Total liabilities and net position					<u>\$ 691,972</u>

Delsea Regional High School District
Combining Statement of Changes in
Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Scholarship	New Jersey Unemployment Compensation	Total
OPERATING REVENUES:			
Gifts and contributions	\$ 56,096		\$ 56,096
Deductions from employees' salaries		\$ 42,097	42,097
Interest on investments	19,148	626	19,774
Total additions	75,244	42,723	117,967
OPERATING EXPENSES:			
Scholarship payments	62,796		62,796
Unemployment compensation insurance claims		25,689	25,689
Total deductions	62,796	25,689	88,485
Changes in net position	12,448	17,034	29,482
Net position, July 1	310,184	122,649	432,833
Net position, June 30	\$ 322,632	\$ 139,683	\$ 462,315

EXHIBIT H-3

Delsea Regional High School District
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	Balance June 30, 2016	Cash Receipts	Cash Disbursements	Balance June 30, 2017
SCHOOLS:				
Delsea High School	\$ 163,688	\$ 687,795	\$ 665,673	\$ 185,810
Delsea Middle School	32,263	48,060	45,104	35,219
Total all schools	\$ 195,951	\$ 735,855	\$ 710,777	\$ 221,029

EXHIBIT H-4

Delsea Regional High School District
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS				
Cash and cash equivalents	\$ 6,757	\$ 20,136,189	\$ 20,134,318	\$ 8,628
LIABILITIES				
Net payroll		\$ 10,844,722	\$ 10,844,722	
Payroll deductions and withholdings	\$ 6,757	9,291,467	9,289,596	\$ 8,628
Total liabilities	\$ 6,757	\$ 20,136,189	\$ 20,134,318	\$ 8,628

LONG-TERM DEBT

Delsea Regional High School District
 Schedule of Serial Bonds
 Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2016	Retired	Balance June 30, 2017
			Date	Amount				
Improvements and renovations to the Middle School and High School	2/15/2015	\$ 10,581,000	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%			
					\$ 10,341,000	\$ 310,000	\$ 10,031,000	
					<u>\$ 10,341,000</u>	<u>\$ 310,000</u>	<u>\$ 10,031,000</u>	

DELSEA REGIONAL HIGH SCHOOL DISTRICT
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2017

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2016	Retired	Balance June 30, 2017
			Principle	Interest				
Computer Equipment	9/1/12	5 Years	\$ 54,707	\$ 5,743	5.26%	\$ 11,486	\$ 11,486	
Computer Equipment	8/1/13	4 Years	214,189	18,472	4.29%	56,834	56,834	
Phone Lease	9/1/13	5 Years	126,465	13,076	4.08%	57,779	26,034	\$ 31,745
Networking Equipment	6/27/14	3 Years	15,376	898	3.53%	5,125	5,125	
Computer Equipment	8/14/13	4 Years	61,164	4,834	5.32%	15,667	15,667	
Computer Equipment	5/28/14	4 Years	139,485		0%	69,743	34,871	34,872
Wireless Upgrade	6/4/15	3 Years	14,545		0%	9,697	4,848	4,849
Fortinet Lease	5/1/15	3 Years	46,895	2,851	6.21%	30,313	14,700	15,613
Computer Equipment	6/4/15	3 Years	232,878	13,600	6.00%	158,665	77,614	81,051
Computer Equipment	6/4/15	4 Years	46,425	2,748	3.97%	34,132	10,937	23,195
Computer Equipment	6/4/15	5 Years	43,332	3,293	3.80%	34,007	8,032	25,975
Computer Equipment	9/15/15	5 Years	43,332	2,281	3.80%	34,007	34,007	
Fortinet Lease	6/15/16	3 Years	80,460	6,461	8.26%	80,460	28,974	51,486
Fiber Backbone	6/13/16	3 Years	36,846	2,959	8.26%	36,846	13,268	23,578
Virtual Appliance	5/23/16	3 Years	47,653		0%	47,653	21,602	26,051
Chromebooks	6/6/16	3 Years	199,262	9,515	4.85%	199,263	69,593	129,670
Computer Equipment	6/6/16	5 Years	290,259	20,637	3.56%	290,260	62,180	228,080
Computer Equipment	6/13/16	3 Years	6,993	562	8.26%	6,993	2,518	4,475
Fortinet Lease	6/15/16	3 Years	13,975	1,122	8.26%	13,975	5,032	8,943
						\$ 1,192,905	\$ 503,322	\$ 689,583

Delsea Regional High School District
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 617,314		\$ 617,314	\$ 617,314	
Total local sources	617,314		617,314	617,314	
Total revenues	617,314		617,314	617,314	
EXPENDITURES:					
Regular debt service:					
Interest	307,314		307,314	307,314	
Redemption of principal	310,000		310,000	310,000	
Total expenditures	617,314		617,314	617,314	
Excess (deficiency) of revenues over (under) expenditures					
Fund balance, July 1	(196)		(196)	(196)	
Fund balance, June 30	\$ (196)		\$ (196)	\$ (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.	119-124
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	125-128
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.	129-132
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.	133-134
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.	135-139

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Invested in capital assets, net of related debt	\$ 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	\$ 28,386,542
Restricted	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	6,505,723
Unrestricted	(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)	(14,053,996)
Total governmental activities net position	<u>\$ 13,577,058</u>	<u>\$ 14,037,550</u>	<u>\$ 13,498,646</u>	<u>\$ 15,189,979</u>	<u>\$ 17,568,574</u>	<u>\$ 18,287,729</u>	<u>\$ 20,338,888</u>	<u>\$ 22,058,039</u>	<u>\$ 21,649,926</u>	<u>\$ 20,838,269</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 27,046	\$ 17,321	\$ 15,210	\$ 13,098	\$ 11,304	\$ 13,051	\$ 10,835	\$ 8,824	\$ 6,894	\$ 45,710
Restricted				11,751						
Unrestricted	28,146	25,520	40,939	83,695	80,572	111,181	126,751	141,157	146,688	135,904
Total business-type activities net position	<u>\$ 55,192</u>	<u>\$ 42,841</u>	<u>\$ 56,149</u>	<u>\$ 108,544</u>	<u>\$ 91,876</u>	<u>\$ 124,232</u>	<u>\$ 137,586</u>	<u>\$ 149,981</u>	<u>\$ 153,582</u>	<u>\$ 181,614</u>
District-wide:										
Invested in capital assets, net of related debt	\$ 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	\$ 28,432,252
Restricted	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	6,505,723
Unrestricted	(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)	(13,918,092)
Total District net position	<u>\$ 13,632,250</u>	<u>\$ 14,080,391</u>	<u>\$ 13,554,795</u>	<u>\$ 15,286,772</u>	<u>\$ 17,660,450</u>	<u>\$ 18,411,961</u>	<u>\$ 20,476,474</u>	<u>\$ 22,208,020</u>	<u>\$ 21,803,508</u>	<u>\$ 21,019,883</u>

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EXPENSES:										
Governmental activities:										
Instruction:										
Regular	\$ 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	\$ 8,623,669
Special education	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	2,579,859
Other special instruction	424,142	554,313	707,509	262,113	255,045	308,085	256,675	303,388	369,628	567,685
Other instruction	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	1,109,757
Non-public school programs	71,026	67,055	49,250	1,293	1,293					
Support Services:										
Tuition	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	2,296,333
Student & instruction related services	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	3,090,711
School administrative services	1,504,334	1,433,770	1,424,900	1,131,314	828,329	901,045	513,054	532,837	491,292	512,785
General and business administrative services	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	1,033,505
Plant operations and maintenance	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	2,820,985
Pupil transportation	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	5,240,580
Employee benefits				6,158,013	6,803,880	7,480,309	6,560,993	7,172,701	8,411,483	10,113,699
Special schools	91,700	111,217	20,007							
Interest on long-term debt	312,367	273,834	232,132	196,906	139,821	92,786	49,490	124,859	307,312	304,731
Capital outlay				3,122	26,167	309,595	1,376,070	270,332	726,934	
Unallocated depreciation	258,991	258,942	243,741	738,107	717,965	682,353	672,751	660,031	658,822	635,710
Total governmental activities expenses	<u>29,863,570</u>	<u>29,151,130</u>	<u>30,946,667</u>	<u>29,149,297</u>	<u>30,077,562</u>	<u>32,778,979</u>	<u>33,821,294</u>	<u>34,484,120</u>	<u>36,977,407</u>	<u>38,930,009</u>
Business-type activities:										
Food service	830,148	828,719	834,244	772,112	802,569	738,577	711,371	690,145	664,646	681,849
Total District expenses	<u>\$ 30,693,718</u>	<u>\$ 29,979,849</u>	<u>\$ 31,780,911</u>	<u>\$ 29,921,409</u>	<u>\$ 30,880,131</u>	<u>\$ 33,517,556</u>	<u>\$ 34,532,665</u>	<u>\$ 35,174,265</u>	<u>\$ 37,642,053</u>	<u>\$ 39,611,858</u>
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	\$ 124,191
General and business administration	\$ 111,961	\$ 146,375	\$ 209,600	160,748	100,538	100,000	114,800	114,800	106,980	161,761
Plant operation and maintenance		20,253	38,955	31,727	37,846	40,238	35,731	25,086	41,892	10,781
Pupil transportation	399,581	428,349	367,677	323,729	427,919	540,490	584,067	456,046	299,164	440,642
Employee benefits									178,165	
Special schools	18,287	15,404	12,404							
Operating grants and contributions	1,496,231	1,145,479	1,291,463	958,299	828,905	748,687	760,227	1,036,408	954,183	1,007,324
Total governmental activities program revenues	<u>1,914,099</u>	<u>1,755,860</u>	<u>1,920,099</u>	<u>1,474,503</u>	<u>1,513,255</u>	<u>1,572,606</u>	<u>1,640,599</u>	<u>1,756,531</u>	<u>1,699,847</u>	<u>1,744,699</u>

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services:										
Food service	603,236	580,557	558,036	534,661	473,176	450,963	415,734	414,229	396,911	406,274
Operating grants and contributions	206,475	235,591	289,338	289,672	312,601	319,842	308,891	288,234	271,204	258,712
Total business type activities program revenues	809,711	816,148	847,374	824,333	785,777	770,805	724,625	702,463	668,115	664,986
Total district program revenues	\$ 2,723,810	\$ 2,572,008	\$ 2,767,473	\$ 2,298,836	\$ 2,299,032	\$ 2,343,411	\$ 2,365,224	\$ 2,458,994	\$ 2,367,962	\$ 2,409,685
NET (EXPENSE)/REVENUE:										
Governmental activities	\$ (27,949,471)	\$ (27,395,270)	\$ (29,026,568)	\$ (27,674,794)	\$ (28,564,307)	\$ (31,206,373)	\$ (32,180,695)	\$ (32,727,589)	\$ (35,277,560)	\$ (37,185,310)
Business-type activities	(20,437)	(12,571)	13,130	52,221	(16,792)	32,228	13,254	12,318	3,469	(16,863)
Total district-wide net expense	\$ (27,969,908)	\$ (27,407,841)	\$ (29,013,438)	\$ (27,622,573)	\$ (28,581,099)	\$ (31,174,145)	\$ (32,167,441)	\$ (32,715,271)	\$ (35,274,091)	\$ (37,202,173)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 14,808,291
Taxes levied for debt service	633,818	617,817	636,554	736,294	757,823	733,390	708,761	400,641	531,800	617,314
Federal and state aid not restricted	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	17,430,709
Federal and state aid restricted								10,200,875		
Tuition	117,871	152,442	409,136	508,102	983,497	1,121,220	1,698,159	1,858,599	1,779,475	2,167,049
Transportation fees from other LEA's within the state	614,878	749,965	807,122	818,988	1,001,273	1,176,681	1,345,317	1,217,727	842,823	1,217,929
Investment earnings	54,704	26,017	17,628	8,431	10,458	13,806	17,342	3,400	3,732	6,343
Miscellaneous income	165,664	132,672	73,759	71,226	116,967	59,508	60,764	86,774	158,351	126,018
Extraordinary items						(86,893)	(3,208)	(28,390)		
Total governmental activities	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	36,373,653
Business-type activities:										
Investment earnings	228	220	178	174	124	128	100	77	132	139
Capital asset contributions										44,756
Total business-type activities	228	220	178	174	124	128	100	77	132	44,895
Total district-wide	\$ 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	\$ 36,418,548
CHANGES IN NET ASSETS:										
Governmental activities	\$ 403,912	\$ 460,492	\$ (538,904)	\$ 1,627,961	\$ 2,378,595	\$ 719,353	\$ 1,631,705	\$ 11,759,322	\$ (408,113)	\$ (811,657)
Business-type activities	(20,209)	(12,351)	13,308	52,395	(16,668)	32,356	13,354	12,395	3,601	28,032
Total district	\$ 383,703	\$ 448,141	\$ (525,596)	\$ 1,680,356	\$ 2,361,927	\$ 751,709	\$ 1,645,059	\$ 11,771,717	\$ (404,512)	\$ (783,625)

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Restricted				\$ 1,559,897	\$ 3,218,851	\$ 3,342,876	\$ 4,686,194	\$ 5,655,748	\$ 4,745,633	\$ 4,513,876
Assigned				543,935	751,301	926,400	881,383	1,440,002	2,407,087	1,543,529
Unrestricted				(590,124)	(552,322)	(648,380)	(683,408)	(663,106)	(614,664)	(530,266)
Reserved	\$ 1,121,910	\$ 2,095,666	\$ 1,332,412							
Unreserved	363,411	(360,151)	(734,300)							
Total general fund	<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>	<u>\$ 5,527,139</u>
All other governmental funds										
Assigned										
Capital projects								\$ 15,857,379	\$ 4,909,365	\$ 448,514
Debt service fund				\$ 197	\$ 198	\$ 198	\$ 1	(196)	(196)	(196)
Unreserved, reported in:										
Special revenue fund	\$ (3,772)									
Debt service fund	1,517	\$ 389	\$ 520							
Total all other governmental funds	<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>	<u>\$ 448,318</u>

Source: District records

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES:										
Tax levy	\$ 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	\$ 15,425,605
Tuition charges	117,871	152,442	409,136	508,102	983,497	1,121,220	1,698,159	1,858,599	1,779,475	2,167,049
Transportation fees		749,965	807,122	818,988	1,001,273	1,176,681	1,345,317	1,217,727	842,823	1,217,929
Interest earnings		26,017	17,628	8,431	10,458	13,806	3,095	3,400	3,732	6,343
Miscellaneous	859,233	173,406	96,556	84,831	125,015	59,508	93,018	103,374	158,745	126,018
State sources	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	17,498,373
Federal sources	1,039,817	1,015,942	3,400,965	920,923	1,245,621	743,070	725,330	984,090	930,022	939,660
Total revenue	<u>29,867,901</u>	<u>29,016,645</u>	<u>29,791,531</u>	<u>30,261,054</u>	<u>31,771,807</u>	<u>32,761,306</u>	<u>34,575,835</u>	<u>45,512,892</u>	<u>35,826,203</u>	<u>37,380,977</u>
EXPENDITURES:										
Instruction:										
Regular Instruction	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	8,443,624
Special education instruction	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	2,587,899
Other special instruction	324,358	427,948	545,100	261,873	243,915	308,646	256,675	303,388	369,628	567,075
Other instruction	747,711	760,080	1,013,212	824,501	1,000,990	1,071,493	1,082,151	1,050,974	1,120,825	1,109,411
Nonpublic school programs		70,037	66,232	47,618						
Community service	36,329	35,556	38,995							
Support services:										
Tuition	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	2,296,333
Student & instruction related services	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	3,101,866
General administrative services	455,292	474,542	495,837	446,590	455,183	428,394	472,086	431,458	423,852	432,914
School administrative services	1,011,501	1,051,191	1,059,298	900,355	785,768	782,903	688,985	704,002	697,019	688,163
Central services	318,559	324,106	335,890	358,348	310,176	328,169	333,270	325,116	378,066	394,808
Admin. information technology	118,639	118,282	132,337	136,869	137,650	170,445	238,996	325,904	378,855	319,151
Plant operations and maintenance	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	2,736,786
Pupil transportation	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	4,518,234
Employee benefits	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	8,362,376
Special schools	74,921	88,913	16,895							
Capital outlay	225,482	205,749	387,329	499,390	53,359	725,868	1,890,873	5,817,016	12,915,596	6,762,919
Debt service:										
Principal	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	310,000
Interest and other charges	324,652	286,253	245,558	202,850	158,127	111,108	64,073	21,617	291,800	307,314
Total expenditures	<u>29,457,653</u>	<u>28,808,294</u>	<u>30,969,697</u>	<u>29,368,873</u>	<u>29,921,158</u>	<u>32,904,863</u>	<u>34,271,720</u>	<u>39,146,006</u>	<u>47,479,271</u>	<u>42,938,873</u>
Excess (deficiency) of revenues over (under) expenditures	<u>410,248</u>	<u>208,351</u>	<u>(1,178,166)</u>	<u>892,181</u>	<u>1,850,649</u>	<u>(143,557)</u>	<u>304,115</u>	<u>6,366,886</u>	<u>(11,653,068)</u>	<u>(5,557,896)</u>
OTHER FINANCING SOURCES (USES):										
Capital leases (non-budgeted)										
Transfers in	8,983	44,487	40,894	23,092	25,136	55,709	100,544	73,695	83,243	86,128
Bond proceeds								10,581,000		
Transfers out						(40,708)				
Total other financing sources (uses)	<u>8,983</u>	<u>44,487</u>	<u>40,894</u>	<u>23,092</u>	<u>53,476</u>	<u>346,623</u>	<u>958,961</u>	<u>11,038,771</u>	<u>810,466</u>	<u>86,128</u>
Net change in fund balances	<u>\$ 419,231</u>	<u>\$ 252,838</u>	<u>\$ (1,137,272)</u>	<u>\$ 915,273</u>	<u>\$ 1,904,125</u>	<u>\$ 203,066</u>	<u>\$ 1,263,076</u>	<u>\$ 17,405,657</u>	<u>\$ (10,842,602)</u>	<u>\$ (5,471,768)</u>
Debt service as a percentage of noncapital expenditures	4.9%	4.9%	4.7%	4.9%	4.9%	4.4%	4.2%	2.3%	1.5%	1.7%
Source: District records										

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Interest on investments	\$ 53,981	\$ 25,209	\$ 12,687			\$ 10,444	\$ 14,247	\$ 36,678	\$ 46,994	\$ 17,134
Athletic events	14,670	15,465	14,530	\$ 13,451	\$ 11,707	20,672	22,264	19,996	17,772	18,999
Sale of assets	2,059	1,224	7,264	9,782	730					
Rentals	7,027	4,720	10,568	4,506	7,239	7,036	8,711	13,928	2,189	4,744
Refunds	6,206	10,303	5,721	19,977	45,056	14,774	29,125	9,331	9,516	34,043
Prior year purchase order adjustment	563	6,968	331	1,601		2,807				
Fines	6,303	6,223	3,729	1,125	861	266	571	900	58	310
Community school	18,287	15,404	12,404							
Contributions/donations		1,000								
Educational fee				9,000						
Insurance dividend	50,533	44,330	17,449	11,680	37,874					
Miscellaneous	84,726	42,439	13,972	104	13,500	13,953	93	5,941	31,588	50,788
	<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>	<u>\$ 126,018</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
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
2017	33,979,400	1,047,692,500	48,604,500	6,071,800	95,784,400		2,127,000	1,234,259,600	2,819,379	1,237,078,979	1,306,330,003	0.979

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
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
2017	19,532,500	284,780,900	23,915,600	4,314,500	30,934,200	1,189,200		364,666,900	1,007,309	365,674,209	382,130,867	0.949

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	
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
2017	0.940	0.039	0.979	0.671	0.87	0.706	3.226

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	
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
2017	0.911	0.038	0.949	0.876	0.826	0.753	3.404

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	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
RT Enterprises, LLC	6,740,800	0.54%		
R. Leo & Sons, LLC	3,586,300	0.29%		
State of NJ, DEP C/O White Oaks CC	3,200,000	0.26%		
Verizon New Jersey	2,819,379	0.23%		
Wawa, Inc.	2,770,800	0.22%		
Amazing Grace Community Church	2,562,000	0.21%		
PDM, LLC (CVS)	2,500,000	0.20%		
New Greenways, LLC	2,158,300	0.17%		
Graiff Brothers Properties LLC	2,068,400	0.17%		
Rosemar Properties, V.L.L.C.	1,800,000	0.15%		
New Jersey Bell Telephone Co.				
New Holland Floral Inc.				
Motorola Inc.				
Meredith Farms				
Individual Taxpayer 1				
Individual Taxpayer 2				
Niagara Chemical Co., FMC Corp.				
Total	30,205,979	2.44%	N/A	0.00%

ELK TOWNSHIP

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer 1	6,044,900	1.65%	1,668,300	0.43%
Laux Lakeview Park, Inc.	4,142,000	1.13%	4,636,900	1.20%
Aura Investors LLC	2,646,700	0.72%		
SCP 2007-C-27, LLC (CVS Caremark)	2,449,900	0.67%		
Silvergate Associates			2,094,500	0.54%
Aura Development Group	1,926,000	0.53%		
Clayton Associates	1,189,200	0.33%	1,242,800	0.32%
C & C Development Co. LLC	1,128,400	0.31%		
Verizon New Jersey			1,310,507	0.34%
Copart of Connecticut Inc.	1,102,000	0.30%		
Aura Homebuilders LLC	1,094,900	0.30%		
Western Oilfields Supply Co.	1,052,200	0.29%	1,161,400	0.30%
Individual Taxpayer 2			1,632,300	0.42%
Individual Taxpayer 3			1,306,600	0.34%
Individual Taxpayer 4			1,269,100	0.33%
Individual Taxpayer 5			1,173,600	0.30%
Total	22,776,200	6.23%	17,496,007	4.53%

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	
2008	\$ 10,875,617	\$ 10,875,617	100.00%	
2009	10,875,617	10,875,617	100.00%	
2010	11,209,288	11,209,288	100.00%	
2011	11,772,858	11,772,858	100.00%	
2012	12,639,762	12,639,762	100.00%	
2013	12,559,259	12,559,259	100.00%	
2014	13,325,154	13,325,154	100.00%	
2015	13,982,918	13,982,918	100.00%	
2016	14,275,025	14,275,025	100.00%	
2017	15,425,605	15,425,605	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			
2008	\$ 5,000,000	\$ 3,156,694		\$ 8,156,694	0.41%	383
2009	4,400,000	2,631,236		7,031,236	0.48%	329
2010	3,720,000	2,105,539		5,825,539	0.57%	277
2011	3,040,000	1,579,583		4,619,583	0.71%	220
2012	2,275,000	1,053,355	\$ 22,117	3,350,472	0.38%	160
2013	1,510,000	526,831	242,898	2,279,729	0.24%	109
2014	745,000		809,582	1,554,582	0.16%	75
2015	10,581,000		884,488	11,465,488	1.13%	551
2016	10,341,000		1,192,905	11,533,905	1.14%	557
2017	10,031,000		689,583	10,720,583	1.06%	518

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			
2008	\$ 5,000,000		\$ 5,000,000	0.49%	235
2009	4,400,000		4,400,000	0.43%	206
2010	3,720,000		3,720,000	0.37%	177
2011	3,040,000		3,040,000	0.31%	145
2012	2,275,000		2,275,000	0.25%	109
2013	1,510,000		1,510,000	0.19%	72
2014	745,000		745,000	0.05%	36
2015	10,581,000		10,581,000	0.67%	508
2016	10,341,000		10,341,000	0.65%	500
2017	10,031,000		10,031,000	0.63%	485

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, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Franklin Township	\$ 8,794,750	100.00%	\$ 8,794,750
Elk Township	2,435,250	100.00%	2,435,250
Township of Franklin School District	1,942,000	100.00%	1,942,000
Township of Elk School District	935,000	100.00%	935,000
Gloucester County	228,443,500	6.49%	<u>14,833,525</u>
Subtotal, overlapping debt			28,940,525
Delsea Regional High School District direct debt			<u>10,031,000</u>
Total direct and overlapping debt			<u><u>\$ 38,971,525</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
2016	\$ 369,269,957	\$ 1,296,178,895	\$ 1,665,448,852
2015	363,006,739	1,290,258,525	1,653,265,264
2014	358,196,555	1,290,644,407	1,648,840,962
	<u>\$ 1,090,473,251</u>	<u>\$ 3,877,081,827</u>	<u>\$ 4,967,555,078</u>
Average equalized valuation of taxable property	\$ 363,491,084	\$ 1,292,360,609	\$ 1,655,851,693
Debt limit (3% of average equalized valuation)			a 49,675,551
Net bonded school debt			10,031,000
Legal debt margin			<u>\$ 39,644,551</u>

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 49,675,551
Total net debt applicable to limit	<u>8,156,694</u>	<u>7,031,236</u>	<u>5,825,539</u>	<u>4,619,583</u>	<u>3,328,355</u>	<u>2,036,831</u>	<u>745,000</u>	<u>10,581,000</u>	<u>10,341,000</u>	<u>10,031,000</u>
Legal debt margin	<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>	<u>\$ 39,644,551</u>
Total net debt applicable to the limit as a percentage of debt limit	17.18%	13.25%	10.44%	8.23%	6.07%	3.86%	1.47%	21.30%	20.92%	20.19%

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
2008	17,319	\$ 715,378,614	\$ 41,306	12.0%
2009	17,368	711,931,688	40,991	12.7%
2010	16,825	687,616,488	41,512	12.4%
2011	16,781	695,908,395	43,235	12.7%
2012	16,724	742,411,808	44,392	9.5%
2013	16,676	750,603,436	45,011	9.5%
2014	16,671	776,918,613	46,603	9.0%
2015	16,669	813,430,531	48,799	7.8%
2016	16,568	808,501,832 *	48,799 *	6.7%
2017	16,568 *	808,501,832 *	48,799 *	N/A

ELK TOWNSHIP

Fiscal Year Ended June 30,	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2008	3,974	\$ 164,150,044	\$ 41,306	9.0%
2009	4,005	164,168,955	40,991	9.5%
2010	4,216	160,400,250	41,512	9.3%
2011	4,208	174,442,140	43,235	9.5%
2012	4,189	185,958,088	44,392	14.9%
2013	4,174	187,875,914	45,011	14.9%
2014	4,167	194,194,701	46,603	7.8%
2015	4,156	202,808,644	48,799	6.6%
2016	4,130	201,539,870 *	48,799 *	4.6%
2017	4,130 *	201,539,870 *	48,799 *	N/A

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	2017			2008	
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Percentage of Total Employment
Inspira Health	1,825	1	1.22%	N/A	N/A
Kennedy Memorial Hospital	1,675	2	1.12%	N/A	N/A
Washington Township School District	1,607	3	1.07%	N/A	N/A
Rowan University	1,483	4	0.99%	N/A	N/A
County of Gloucester	1,384	5	0.92%	N/A	N/A
Missa Bay, LLC	950	6	0.63%	N/A	N/A
Monroe Township School District	804	7	0.54%	N/A	N/A
U.S. Foodservices	725	8	0.48%	N/A	N/A
Exxon Mobil Research & Engineering	540	9	0.36%		
LaBrea Bakery	525	10	0.35%	N/A	N/A
	<u>11,518</u>				

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular	108	107	107	107	108	109	108	105	106	108
Special education	36	36	40	41	40	42	43	46	45	42
Other special instruction	5	5	5	4	3	1	1	1	1	1
Support services:										
Student & instruction related services	36	36	34	34	33	37	38	33	30	31
General administrative services	3	3	3	3	3	3	3	4	5	5
School administrative services	12	12	12	13	9	8	10	10	8	9
Central services	5	5	5	5	5	5	5	5	5	5
Administrative information technology	3	3	3	3	2	3	4	4	5	5
Plant operations and maintenance	29	29	31	32	27	27	25	22	24	25
Pupil transportation	61	61	67	67	65	78	80	86	87	88
Total	<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>	<u>319</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
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%
2017	1,615.0	35,558,640	22,018	3.52%	151	10.1:1	10.8:1	1,600	1,506	-0.50%	94.1%

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	101,650	101,650
Capacity (students)	724	724	724	724	724	724	724	724	724	724
Enrollment	622	628	570	547	539	600	613	538	478	485
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	1,185	1,168	1,182	1,196	1,173	1,153	1,141	1,158	1,122	1,130
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, 2017										
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

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Totals
UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES 11-000-261-XXX												
School facilities:	Project numbers:											
Delsea High School	N/A	\$ 242,691	\$ 119,613	\$ 194,986	\$ 95,152	\$ 137,006	\$ 128,057	\$ 90,504	\$ 251,646	\$ 161,178	\$ 160,195	\$ 1,581,028
Delsea Middle School	N/A	75,491	55,054	57,868	33,108	59,060	80,715	82,390	112,694	41,544	113,978	711,902
Total school facilities		318,182	174,667	252,854	128,260	196,066	208,772	172,894	364,340	202,722	274,173	2,292,930
Other facilities:												
Wastewater treatment plant	N/A	38,982	40,573	38,464	26,391	58,105	160,240	63,446	75,337	59,982	65,641	627,161
Grand total		\$ 357,164	\$ 215,240	\$ 291,318	\$ 154,651	\$ 254,171	\$ 369,012	\$ 236,340	\$ 439,677	\$ 262,704	\$ 339,814	\$ 2,920,091

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
Deanna L. Roller, CPA, RMA

EXHIBIT 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 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, 2017, 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 December 1, 2017.

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 first paragraph of this section and was not designed to identify all deficiencies that might be material weaknesses or significant deficiencies. 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 no instances 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.

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

December 1, 2017

PETRONI & ASSOCIATES LLC

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102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
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EXHIBIT 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**

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, 2017. 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, 2017.

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, 2017, and have issued our report thereon dated December 1 2017, 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

December 1, 2017

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, 2016	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	1705NJSMAP	N/A	\$ 41,126	7/1/16	6/30/17			\$ 41,126	\$ (41,126)						\$ 41,126
ARRA - Medical Assistance Program (SEMI)	93.778	1705NJSMAP	N/A	3,466	7/1/16	6/30/17			3,466	(3,466)						3,466
Medical Assistance Program (SEMI)	93.778	1605NJSMAP	N/A	44,779	7/1/15	6/30/16	\$ (2,941)		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							(4,114)		47,533	(44,592)			(1,173)			104,816
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
Title I, Part A	84.010	S010A160030	NCLB494017	194,859	7/1/16	6/30/17			113,811	(185,063)			(71,252)			185,063
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	(8,855)		8,855							154,517
IDEA Part B, Basic Regular	84.027	H027A160100	FT494017	608,921	7/1/16	6/30/17			196,234	(605,920)			(409,686)			605,920
IDEA Part B, Basic Regular	84.027	H027A150100	FT494016	644,265	7/1/15	6/30/16	(604,638)		629,831	(27,673)	\$ 29,974		(86)	\$ 27,580		632,311
IDEA Part B, Basic Regular Carryover	84.027	H027A150100	FT494016	626,129	7/1/15	6/30/16	(23,661)		23,661							625,530
IDEA Part B, Basic Regular Carryover	84.027	H027A150100	FT494015	54,558	7/1/14	6/30/15	(2,432)		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	S367A160029	NCLB494017	51,061	7/1/16	6/30/17				(43,173)			(43,173)			36,801
Title II Part A	84.367	S367A150029	NCLB494016	44,310	7/1/15	6/30/16	(41,631)		25,769				(15,862)			41,631
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	(331)						(331)			506
Perkins	84.048	V048A160030	N/A	58,079	7/1/16	6/30/17			42,576	(58,079)			(15,503)			58,079
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	57,229	7/1/13	6/30/14	(4,333)				700		(3,633)			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							(915,890)		1,273,022	(919,908)	30,674		(559,745)		27,643	3,482,834
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.550	N/A	N/A	43,897	7/1/16	6/30/17			43,897	(38,889)			\$ 5,008			38,889
Food Distribution Program	10.550	N/A	N/A	55,597	7/1/15	6/30/16	5,108			(5,108)						55,597
School Breakfast Program	10.553	17161NJ304N1099	N/A	28,467	7/1/16	6/30/17			25,631	(27,328)			(1,697)			27,328
School Breakfast Program	10.553	16161NJ304N1099	N/A	28,467	7/1/15	6/30/16	(1,773)		1,773							28,467
National School Lunch Program	10.555	17161NJ304N1099	N/A	182,060	7/1/16	6/30/17			173,149	(182,060)			(8,911)			182,060
National School Lunch Program	10.555	16161NJ304N1099	N/A	182,244	7/1/15	6/30/16	(8,715)		8,715							182,244
Total Enterprise Fund							(5,380)		253,165	(253,385)			(10,608)	5,008		475,696
Total Federal Financial Awards							\$ (925,384)		\$ 1,573,720	\$ (1,217,885)			\$ (571,526)	\$ 5,008	\$ 27,643	\$ 4,063,346

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, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2017			MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor					Accounts Receivable	Deferred Revenue/	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Extraordinary Aid	17-100-034-5120-473	\$ 166,931	7/1/16	6/30/17					\$ (166,931)			\$ (166,931)			\$ 166,931
Extraordinary Aid	16-100-034-5120-473	152,857	7/1/15	6/30/16	\$ (152,857)		\$ 152,857								152,857
State Aid Public:															
Special Education Aid	17-495-034-5120-089	956,261	7/1/16	6/30/17			956,261	(956,261)						\$ 135,494	956,261
Equalization Aid	17-495-034-5120-078	12,086,304	7/1/16	6/30/17			12,086,304	(12,086,304)						1,059,780	12,086,304
Security Aid	17-495-034-5120-084	231,243	7/1/16	6/30/17			231,243	(231,243)						32,765	231,243
School Choice Aid	17-495-034-5120-068	384,888	7/1/16	6/30/17			384,888	(384,888)						54,535	384,888
Per Pupil Growth Aid	17-495-034-5120-097	16,350	7/1/16	6/30/17			16,350	(16,350)						2,317	16,350
PARCC Readiness Aid	17-495-034-5120-098	16,350	7/1/16	6/30/17			16,350	(16,350)						2,317	16,350
Professional Learning Community Aid	17-495-034-5120-101	14,950	7/1/16	6/30/17			14,950	(14,950)						2,119	14,950
Transportation Aid	17-495-034-5120-014	300,718	7/1/16	6/30/17			300,718	(300,718)						42,609	300,718
Reimbursement of Nonpublic Transportation	N/A	11,310	7/1/16	6/30/17								(11,310)			11,310
Reimbursement of Nonpublic Transportation	N/A	13,155	7/1/15	6/30/16	(13,155)		13,155								13,155
On-behalf TPAF Pension Contribution	17-495-034-5094-006	1,270,325	7/1/16	6/30/17			1,270,325	(1,270,325)							1,270,325
On-behalf TPAF Post-retirement Medical	17-495-034-5094-001	1,058,470	7/1/16	6/30/17			1,058,470	(1,058,470)							1,058,470
On-behalf TPAF Long Term Disability Insurance	17-495-034-5094-004	1,691	7/1/16	6/30/17			1,691	(1,691)							1,691
Reimbursed TPAF Social Security	17-495-034-5094-003	852,449	7/1/16	6/30/17			810,422	(852,449)				(42,027)			852,449
Reimbursed TPAF Social Security	16-495-034-5094-003	840,209	7/1/15	6/30/16	(41,051)		41,051								840,209
Total General Fund					(207,063)		17,355,035	(17,368,240)				(220,268)		1,331,936	18,374,461
Special Revenue Fund:															
NJ Non-Public Aid															
Textbook Aid	17-100-034-5120-064	7,205	7/1/16	6/30/17			7,205	(6,983)						\$ 222	6,983
Security Aid	17-100-034-5120-509	6,250	7/1/16	6/30/17			6,250					\$ 6,250			
Auxiliary Services:															
Transportation	17-100-034-5120-067	1,958	7/1/16	6/30/17			1,958	(1,880)						78	1,880
Transportation	16-100-034-5120-067	1,678	7/1/15	6/30/16	7				\$ (7)						1,112
Home Instruction	17-100-034-5120-067	9,853	7/1/16	6/30/17			9,853	(9,495)						358	9,495
Home Instruction	16-100-034-5120-067	6,768	7/1/15	6/30/16	846						(846)				5,922
Home Instruction	14-100-034-5120-067	919	7/1/13	6/30/14	(919)							(919)			919
Handicapped Services:															
Corrective Speech	17-100-034-5120-066	3,534	7/1/16	6/30/17			3,534	(1,325)						2,209	1,325
Corrective Speech	16-100-034-5120-066	2,508	7/1/15	6/30/16		\$ 334				(334)					2,174
Examination and Classification	17-100-034-5120-066	12,974	7/1/16	6/30/17			12,974	(12,613)						361	12,613
Examination and Classification	16-100-034-5120-066	23,180	7/1/15	6/30/16		1,190				(1,190)					21,990
Supplementary Instruction	17-100-034-5120-066	12,555	7/1/16	6/30/17			12,555	(11,143)						1,412	11,143
Supplementary Instruction	16-100-034-5120-066	12,327	7/1/15	6/30/16		150				(150)					12,177
Nursing Services Aid	17-100-034-5120-070	11,250	7/1/16	6/30/17			11,250	(11,250)							11,250
Technology Aid	17-100-034-5120-373	3,250	7/1/16	6/30/17			3,250	(2,626)						624	2,626
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	(1,040)							(1,040)			5,999
Achievement Coach	N/A	50,000	7/1/16	6/30/17			50,000	(49,941)					59		49,941
Department of Community Affairs															
Passed-through County of Gloucester															
Special Revenue Fund:															
Municipal Alliance	N/A	7,182	7/1/16	6/30/17			7,182	(4,882)				2,300			4,882
Municipal Alliance	N/A	4,918	7/1/15	6/30/16	500		118	(118)				500			4,918
Total Special Revenue Fund					(1,106)	1,674	126,129	(112,256)	(2,527)	(2,459)	9,109	5,264		168,349	

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, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2017			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)		6,210,994	(1,760,767)			(829,250)				9,460,345
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	17-100-010-3350-023	5,427	7/1/16	6/30/17			5,163	(5,427)			(264)				5,427
National School Lunch Program (State Share)	16-100-010-3350-023	5,401	7/1/15	6/30/16	(253)		253								5,401
Total Enterprise Fund					(253)		5,416	(5,427)			(264)				10,828
Total State Financial Assistance					<u>\$ (208,422)</u>	<u>\$ 1,674</u>	<u>\$ 17,486,580</u>	<u>\$ (19,246,690)</u>	<u>\$ (2,527)</u>	<u>\$ (1,052,241)</u>		<u>\$ 5,264</u>	<u>\$ 1,331,936</u>	<u>\$ 18,553,638</u>	
Less: On-Behalf TPAF Pension System Contributions															
Total for State Financial Assistance - Major Program Determination															

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, 2017

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 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, 2017

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$17,877) for the General Fund and (\$24,840) 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	\$ 44,592	\$ 17,386,117	\$ 17,430,709
Special Revenue Fund	895,068	112,256	1,007,324
Food Service Fund	253,285	5,427	258,712
	<u>\$ 1,192,945</u>	<u>\$ 17,503,800</u>	<u>\$ 18,696,745</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, 2017, Delsea Regional High School District has food commodities totaling \$5,008 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, 2017. 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, 2017.

NOTE 7: INDIRECT COST RATE

The Delsea Regional High School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2017

**NOTE 8: ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT
MAJOR PROGRAM DETERMINATION**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are excluded from State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of State Financial assistance reported in the District's financial statements and the amounts subject to State single audit and major program determination.

NOTE 9: ADJUSTMENTS

The amounts in the adjustment column is due to encumbrances from prior year being canceled.

DELSEA REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 X No
- 2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to basic financial statements noted? Yes X No

Federal Awards:

Internal control over major programs:

- 1. Material weakness(es) identified? Yes X No
- 2. 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 2 CFR 200 Section .516(a)? Yes X 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? X Yes No

DELSEA REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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? X Yes No

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB’s Circular 15-08? Yes X 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
495-034-5120-101

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
Professional Learning Community Aid

DELSEA REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

No matters were reported.

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

FEDERAL AWARDS

No matters were reported.

STATE FINANCIAL ASSISTANCE

No matters were reported.

DELSEA REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Finding 2016-001: District work papers do not agree with totals on the Application for State School Aid.

Current Status: Corrective action was taken.