

**Delsea Regional High School Board of Education
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018**

**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, 2018**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2018

Prepared by:

**Delsea Regional High School
Board of Education Administration**

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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*
Jackie Scerbo, *Supervisor of Special Services/CST* • Paul Berardelli, *HS Principal* • Jill Bryfogle, *MS Principal*

January 23, 2019

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, 2018, 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 designated 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 1986, 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.

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 2017-18 fiscal year with an average daily enrollment of 1,612 students, which is 12 students more than the previous year's enrollment.

The teaching staff consists of approximately 144 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 and recently was awarded the distinction of being a Future Ready School NJ.

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.

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 and Math 180 to address targeted math needs.

The District has made available to students a number of intervention groups to provide for the varied needs of our diversified population. Natural Helpers is a group whose purpose is to help students develop the capacity to intervene effectively with troubled friends. Peer Mediation is available for students to meet with a student mediator for the purpose of resolving conflicts. The

9th Grade Transition Program consists of a select group of upperclassmen who are trained to work with incoming freshmen providing academic, emotional, and social assistance. Additional intervention groups are: Affected Others Educational Support Group, Students United for Respect and Equality, Achieving Sex Equality Through Students, Drug Information Support Group, Recovering Support Group, Pupil Assistance Committee, Concerned Persons Group, Chemical Dependency Support Group, the SURE club, and Student Voice Committee.

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 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, online course offerings, 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 have increased 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. The Math 180 program addresses the needs of struggling students while building confidence in math and accelerating their progress to algebra. 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 was used in the middle school and 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 has also started a multi-year commitment to equity and access that includes PD for administrators, staff, teachers, and students. 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at year end.

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

Management's Discussion and Analysis

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

Cash Management

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

Risk Management

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

Independent Audit

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

Significant Awards – Educational

Delsea Regional Middle School is home to the New Jersey State Teacher of the Year for the 2013/2014 school year. Delsea Regional High School is home to the New Jersey State Counselor of the year for the 2017-2018 school year.

The Delsea Regional music department won a NAMM Music Award for Best Music Community in 2012-2013, 2013-2014, 2015-2016, 2016-2017, and 2017-2018.

Delsea Regional Middle and High Schools were awarded the Future Ready NJ Schools Bronze Status for their commitment to technology.

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, D.C.

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 the 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.

Delsea also participated in the NJ Principal Evaluation pilot during the 2017-2018 school year, helping to guide the Department of Education in the development of an administrative evaluation system.

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,

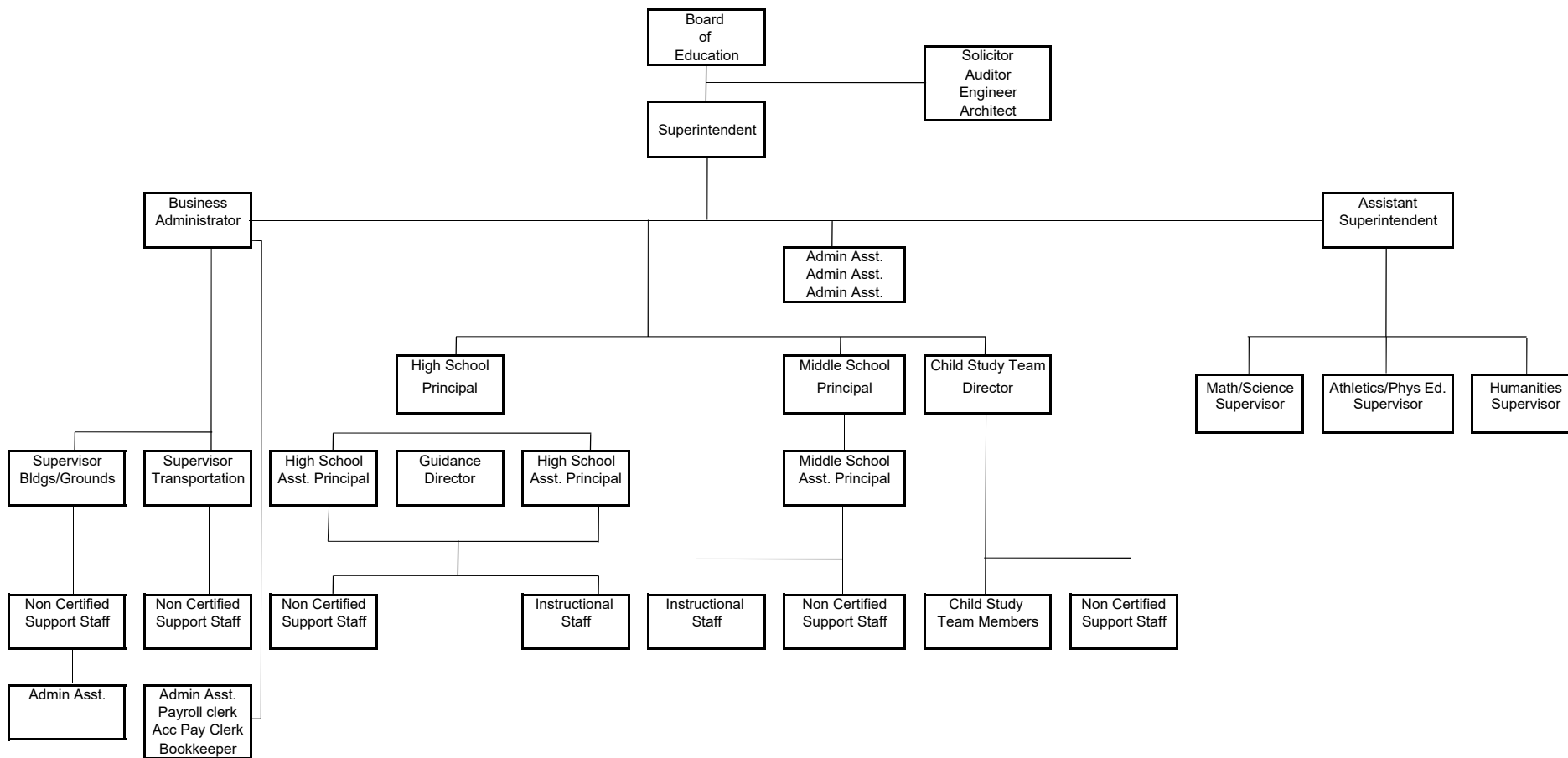
Dr. Piera Gravenor

Dr. Piera Gravenor
Superintendent

Joseph M. Collins, CPA

Joseph M. Collins, CPA
Business Administrator/Board Secretary

**DELSEA REGIONAL SCHOOL DISTRICT
ORGANIZATIONAL CHART**



DELSEA REGIONAL HIGH SCHOOL DISTRICT

FRANKLINVILLE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2018

Members of the Board of Education	Term Expires
Gregory Coffin, President	2019
David J. Piccirillo, Vice President	2019
William DiMatteo	2019
Kathie P. Catucci	2020
James Kelly	2020
Harry Kennedy	2020
Nicholas Christian	2018
Garry Lightfoot	2018
Thomas Tobin	2018

Other Officials

Dr. Piera Gravenor, Superintendent

Joseph M. Collins, CPA, Business Administrator/Board Secretary

Angela M. Gregory, Treasurer

Frank P. Cavallo, Jr. Esq., Solicitor

DELSEA REGIONAL HIGH SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

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OFFICIAL DEPOSITORY

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

FINANCIAL SECTION

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Certified Public Accountants • Registered Municipal Accountants
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CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Kevin A. Bergeron, CPA
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, 2018, 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, 2018, 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.

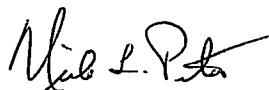
The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, 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 January 23, 2019, 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

January 23, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018
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, 2018. 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 2018 are as follows:

- In total, net position decreased \$4,951,310 from \$(61,944,696) as restated, to \$66,896,006, resulting in an 8 percent decrease from fiscal year 2017. This was mainly due to recording of OPEB liability.
- General revenues (see exhibit A-2) accounted for \$37,575,436 in revenue or 96 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$2,485,112 or 6 percent of total revenues of \$40,060,548.
- The District had (see exhibit A-2) \$45,028,409 in expenses; only \$2,485,112 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$37,575,436 were adequate to provide for these programs.
- Among Governmental Funds, (see exhibit B-2) the General Fund had \$37,286,319 in revenues and \$37,910,808 in expenditures. The fund balance for the General Fund increased \$113,840 from fiscal year 2017.

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 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

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018
Unaudited

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

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 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.

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018
Unaudited

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 2018 and 2017.

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018
Unaudited

The District as a Whole (Continued)

Table I - Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current & other assets	\$ 5,783,281	\$ 6,250,839	\$ 133,902	\$ 149,121	\$ 5,917,183	\$ 6,399,960
Capital assets	38,912,956	39,107,125	42,128	45,710	38,955,084	39,152,835
Total assets	<u>44,696,237</u>	<u>45,357,964</u>	<u>176,030</u>	<u>194,831</u>	<u>44,872,267</u>	<u>45,552,795</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to OPEB	93,169				93,169	
Deferred outflows related to pension	837,099	4,810,205			837,099	4,810,205
	<u>930,268</u>				<u>930,268</u>	
LIABILITIES						
Long-term liabilities	100,884,290	28,129,362			100,884,290	28,129,362
Other liabilities	958,337	1,082,100	10,845	13,217	969,182	1,095,317
Total liabilities	<u>101,842,627</u>	<u>29,211,462</u>	<u>10,845</u>	<u>13,217</u>	<u>101,853,472</u>	<u>29,224,679</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to OPEB	9,093,684				9,093,684	
Deferred inflows related to pension	1,586,200	118,438			1,586,200	118,438
	<u>10,679,884</u>				<u>10,679,884</u>	
NET POSITION						
Invested in capital assets, net of debt	28,304,260	28,386,542	42,128	45,710	28,346,388	28,432,252
Restricted	6,122,634	6,622,674			6,122,634	6,622,674
Unrestricted	(101,322,900)	(14,170,947)	123,057	135,904	(101,199,843)	(14,035,043)
Total net position	<u>\$ (66,896,006)</u>	<u>\$ 20,838,269</u>	<u>\$ 165,185</u>	<u>\$ 181,614</u>	<u>\$ (66,730,821)</u>	<u>\$ 21,019,883</u>

The District's combined net position was \$(66,730,821) on June 30, 2018. This was a decrease of 9 percent from the prior year.

Total assets decreased \$680,528. There was a decrease in current and other assets of \$482,777 and a decrease in capital assets of \$197,751. The decreases are due primarily to receivables.

Total liabilities increased \$77,628,793 due primarily to a increase in OPEB liability.

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018
Unaudited

The District as a Whole (Continued)

Table 2 shows changes in net position for fiscal year 2018 compared to fiscal year 2017.

Table 2- Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 840,273	\$ 737,375	\$ 414,213	\$ 406,274	\$ 1,254,486	\$ 1,143,649
Operating grants & contributions	954,743	1,007,324	275,883	258,712	1,230,626	1,266,036
General revenues:						
Property taxes	15,730,421	15,425,605			15,730,421	15,425,605
Federal & state aid	17,978,575	17,430,709			17,978,575	17,430,709
Other	3,866,440	3,517,339	122	44,895	3,866,562	3,562,234
Total revenues	39,370,452	38,118,352	690,218	709,881	40,060,670	38,828,233
Expenses:						
Instruction	13,115,510	12,880,970			13,115,510	12,880,970
Support services	29,251,280	25,108,598			29,251,280	25,108,598
Interest on debt	298,255	304,731			298,255	304,731
Unallocated depreciation	871,339	635,710			871,339	635,710
Capital outlay	785,379					
Food service			706,647	681,849	706,647	681,849
Total Expenses	44,321,763	38,930,009	706,647	681,849	44,243,031	39,611,858
Change in net position	\$ (4,951,311)	\$ (811,657)	\$ (16,429)	\$ 28,032	\$ (4,182,361)	\$ (783,625)

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

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

There was an increase in property taxes of \$304,816. 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 \$39,370,452 for the year ended June 30, 2018. Federal, state, and local grants/aid accounted for 46 percent of revenue, property taxes made up 40 percent of revenues for Governmental Activities and charges for services made up 2 percent. The total cost of all program and services was \$44,321,763. Instruction and instruction related activities account for 32 percent of District expenses, plant operations and maintenance account for 7 percent, pupil transportation 13 percent, school and other administrative services 4 percent, and employee benefits 25 percent.

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018
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 \$44,321,763 total cost of services for fiscal year, \$42,526,747 is for activities which are not self-supporting and are supported by tax revenue and unrestricted State aid.

Table 3 - Governmental Activities

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction:	\$ 13,115,510	\$ 12,423,173	\$ 12,880,970	\$ 12,171,268
Support services:				
Tuition	2,916,971	2,916,971	2,296,333	2,296,333
Student & instructional related services	3,043,773	2,807,663	3,090,711	2,793,089
School administrative services	578,927	454,736	512,785	388,594
General & business administrative services	1,097,037	954,028	1,033,505	871,744
Plant operations & maintenance	2,959,811	2,934,306	2,820,985	2,810,204
Pupil transportation	5,419,578	5,044,032	5,240,580	4,799,938
Employee benefits	13,235,183	13,063,161	10,113,699	10,113,699
Interest on long-term debt	298,255	298,255	304,731	304,731
Capital outlay	785,379	759,083		
Depreciation	871,339	871,339	635,710	635,710
Total expenses	<u>\$ 44,321,763</u>	<u>\$ 42,526,747</u>	<u>\$ 38,930,009</u>	<u>\$ 37,185,310</u>

Business-type Activities

Business-type Activities include the food service operation. This program had program revenues of \$690,096 and expenses of \$706,647 for fiscal year 2018. The District received 40% of its program revenues from grants from the federal and state reimbursable lunch programs. Revenues from federal and state grant programs are driven by participation. The decrease in net position of \$16,429 for fiscal year 2018 was mainly caused by a decrease 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 38,867,026 and expenditures were \$39,606,232. The net decrease in fund balance for the year was most significant in the capital projects fund, a decrease of \$428,513. The decrease was mainly caused by expenditures for capital projects.

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, 2018
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 \$37,257,606, which includes \$3,666,656 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 \$1,436,137 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 \$37,910,808. Expenditures were \$1,498,749 less than the final budget amount of \$35,742,901 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 2018, the District had \$38,955,084 invested in land, buildings, and furniture and equipment. Table 4 shows fiscal year 2018 balances compared to 2017.

Overall capital assets decreased \$194,169 from fiscal year 2017 to fiscal year 2018. The decrease in capital assets is due primarily to depreciation. Total capital asset additions for fiscal year 2018 were \$1,254,068.

Table 4 - Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 71,500	\$ 71,500			\$ 71,500	\$ 71,500
Site improvements	717,873	799,959			717,873	799,959
Construction in progress		20,751,243				20,751,243
Buildings & improvements	34,272,092	13,861,537			34,272,092	13,861,537
Machinery & equipment	3,851,491	3,622,886	\$ 42,128	\$ 45,710	3,893,619	3,668,596
Total	\$ 38,912,956	\$ 39,107,125	\$ 42,128	\$ 45,710	\$ 38,955,084	\$ 39,152,835

Debt Administration

At June 30, 2018, the District had \$11,573,878 of outstanding debt. Of this amount, \$9,706,000 is for serial bonds for school construction/renovation, \$902,696 for capital leases, and \$965,182 is for compensated absences. The District continues to pay down its debt, decreasing bonds and loans \$325,000 in fiscal year 2018.

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018
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 being reduced over the next several 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, 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, Elk Township, for the provision of all administrative services including superintendent, business administrator, Director of Curriculum, Director of Child Study Team, facilities manager, transportation, technology, and purchasing services. This decision has essentially made Elk and Delsea a de facto Pre-K through 12 district with the ultimate beneficiaries being the students and taxpayers.

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

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

Delsea Regional High School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018
Unaudited

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Joseph M. Collins, CPA, 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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 160,296	\$ 68,649	\$ 228,945
Receivables, net	3,783,892	51,180	3,835,072
Inventory		14,073	14,073
Restricted assets:			
Restricted cash and cash equivalents:	20,001		20,001
Capital reserve account	1,819,093		1,819,093
Capital assets:			
Non-depreciable assets	71,500		71,500
Assets net of depreciation	38,841,456	42,128	38,883,584
Total assets	<u>44,696,238</u>	<u>176,030</u>	<u>44,872,268</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	93,169		93,169
Deferred outflows related to pension	837,099		837,099
	<u>930,268</u>		<u>930,268</u>
LIABILITIES			
Accounts payable	92,991		92,991
Deposits payable		5,731	5,731
Payable to state government	17,678		17,678
Deferred revenue	11,379	5,114	16,493
Accrued interest payable	124,047		124,047
Noncurrent liabilities:			
Due within one year	712,243		712,243
Due beyond one year	10,861,635		10,861,635
Net OPEB liability	76,891,796		76,891,796
Net pension liability	13,130,859		13,130,859
Total liabilities	<u>101,842,628</u>	<u>10,845</u>	<u>101,853,473</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	9,093,684		9,093,684
Deferred inflows related to pension	1,586,200		1,586,200
	<u>10,679,884</u>		<u>10,679,884</u>
NET POSITION			
Invested in capital assets, net of related debt	28,304,260	42,128	28,346,388
Restricted for:			
Capital projects	20,001		20,001
Other purposes	6,102,633		6,102,633
Unrestricted	(101,322,900)	123,057	(101,199,843)
Total net position	<u>\$ (66,896,006)</u>	<u>\$ 165,185</u>	<u>\$ (66,730,821)</u>

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Activities
For the Year Ended June 30, 2018

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	\$ 8,889,722				\$ (8,889,722)		\$ (8,889,722)
Special education	2,526,822			\$ 692,337	(1,834,485)		(1,834,485)
Other special instruction	486,454				(486,454)		(486,454)
Other instruction	1,212,512				(1,212,512)		(1,212,512)
Support services:							
Tuition	2,916,971				(2,916,971)		(2,916,971)
Student & instruction related services	3,043,773			236,110	(2,807,663)		(2,807,663)
School administrative services	578,927	\$ 124,191			(454,736)		(454,736)
Other administrative services	1,097,037	143,009			(954,028)		(954,028)
Plant operations and maintenance	2,959,811	25,505			(2,934,306)		(2,934,306)
Pupil transportation	5,419,578	375,546			(5,044,032)		(5,044,032)
Employee benefits	13,235,183	172,022			(13,063,161)		(13,063,161)
Interest on long-term debt	298,254				(298,254)		(298,254)
Capital outlay	785,379			26,296	(759,083)		(759,083)
Unallocated depreciation	871,339				(871,339)		(871,339)
Total governmental activities	<u>44,321,762</u>	<u>840,273</u>		<u>954,743</u>	<u>(42,526,746)</u>		<u>(42,526,746)</u>
Business-type activities:							
Food service	<u>706,647</u>	<u>414,213</u>		<u>275,883</u>		<u>\$ (16,551)</u>	<u>(16,551)</u>
Total primary government	<u>\$ 45,028,409</u>	<u>\$ 1,254,486</u>		<u>\$ 1,230,626</u>	<u>\$ (42,526,746)</u>	<u>\$ (16,551)</u>	<u>\$ (42,543,297)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					\$ 15,104,457		\$ 15,104,457
Taxes levied for debt service					625,964		625,964
Federal and state aid not restricted					17,978,575		17,978,575
Tuition					2,523,723		2,523,723
Transportation fees					1,442,730		1,442,730
Investment earnings					6,384	\$ 122	6,506
Miscellaneous income					230,450		230,450
State sources-cancellation of state aid receivable					(336,847)		(336,847)
Subtotal, general revenues					<u>37,575,436</u>	<u>122</u>	<u>37,575,558</u>
Changes in net position					<u>(4,951,310)</u>	<u>(16,429)</u>	<u>(4,967,739)</u>
Net position - beginning					<u>20,838,269</u>	<u>181,614</u>	<u>21,019,883</u>
Prior period adjustment of OPEB liability					<u>(82,782,965)</u>		<u>(82,782,965)</u>
Restated net position - beginning					<u>(61,944,696)</u>		<u>(61,763,082)</u>
Net position - ending					<u>\$ (66,896,006)</u>	<u>\$ 165,185</u>	<u>\$ (66,730,821)</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

Delsea Regional High School District
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 160,296		\$ 20,001		\$ 180,297
Due from other funds	706,831				706,831
Receivables from other governments	2,910,916	\$ 511,031			3,421,947
Other receivables	133,759				133,759
Restricted cash and cash equivalents	1,819,093				1,819,093
Total Assets	\$ 5,730,895	\$ 511,031	\$ 20,001		6,261,927
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 89,916	\$ 3,075			92,991
Due to other funds		478,899			478,899
Deferred revenue		11,379			11,379
Payable to state government		17,678			17,678
Total Liabilities	89,916	511,031			600,947
Fund balances:					
Restricted for					
Excess surplus - current year	1,947,468				1,947,468
Excess surplus - prior year - designated for subsequent year's expenditures	1,313,122				1,313,122
Capital reserve account	1,819,093				1,819,093
Capital projects fund			\$ 20,001		20,001
Assigned to:					
Designated by the BOE for subsequent year's expenditures	500,004				500,004
Other purposes	522,946				522,946
Unassigned					
General fund	(461,654)				(461,654)
Total fund balances	5,640,979		20,001		5,660,980
Total liabilities and fund balance	\$ 5,730,895	\$ 511,031	\$ 20,001		

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Balance Sheet
Governmental Funds
June 30, 2018

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 \$64,625,453 and the accumulated depreciation is \$25,712,497 (See Note 7).	38,912,956
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).	(11,573,878)
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(124,047)
Net OPEB liability adjustment	(3,109,346)
Net pension liability adjustment	(13,879,960)
The cumulative effect of the change in accounting principles for adoption of GASB Statement No. 75 is reported as a prior period adjustment of OPEB liability (See Note 23).	(82,782,965)
Net position of Governmental Activities	<u>\$ (66,896,006)</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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 15,104,457			\$ 625,964	\$ 15,730,421
Tuition	2,523,723				2,523,723
Transportation fees	1,442,730				1,442,730
Interest earned on capital reserve funds	6,384				6,384
Miscellaneous	230,450				230,450
Total - local sources	19,307,744			625,964	19,933,708
State sources	17,929,738	\$ 67,361			17,997,099
Federal sources	48,837	887,382			936,219
Total revenues	37,286,319	954,743		625,964	38,867,026
EXPENDITURES:					
Current:					
Regular instruction	8,725,643				8,725,643
Special education instruction	1,829,378	692,337			2,521,715
Other special instruction	486,116				486,116
Other instruction	1,211,367				1,211,367
Support services and undistributed costs:					
Tuition	2,916,971				2,916,971
Student & instruction related services	2,803,241	236,110			3,039,351
School administrative services	452,864				452,864
Other administrative services	1,508,627				1,508,627
Plant operations and maintenance	2,891,880				2,891,880
Pupil transportation	4,685,587				4,685,587
Employee benefits	8,504,282				8,504,282
Debt service:					
Principal				325,000	325,000
Interest and other charges				300,964	300,964
Capital outlay	1,894,852	26,296	\$ 114,717		2,035,865
Total expenditures	37,910,808	954,743	114,717	625,964	39,606,232
Excess (deficiency) of revenues over expenditures	(624,489)		(114,717)		(739,206)
OTHER FINANCING SOURCES (USES):					
State sources-cancelation of state aid receivable			(336,847)		(336,847)
Capital leases (non-budgeted)	761,576				761,576
Transfer in from general fund	50,039		(50,235)	196	
Transfers in from capital reserve	(73,286)		73,286		
Total other financing sources (uses)	738,329		(313,796)	196	424,729
Net change in fund balances	113,840		(428,513)	196	(314,477)
Fund balance - July 1	5,527,139		448,514	(196)	5,975,457
Fund balance - June 30	\$ 5,640,979		\$ 20,001		\$ 5,660,980

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, 2018

Total net change in fund balances - Governmental Funds (from B-2)	\$ (314,477)
<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	1,250,486
Depreciation	(1,444,655)
<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	325,000
Capital lease repayment	548,462
<p>Proceeds from debt issues are a financing source in the Governmental Funds. They are not revenue in the Statement of Activities; issuing debt increases long-term liabilities in the statement of net assets.</p>	
Capital lease proceeds	(761,576)
<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>	
	2,710
<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>	
	1,742
<p>OPEB contributions are reported in Governmental Funds as expenditures, However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.</p>	
	(3,109,346)
<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>	
	(1,449,656)
Change in net position of Governmental Activities	\$ (4,951,310)

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities Enterprise Fund	Governmental Activities
	Food Service	Internal Service Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 68,649	
Accounts receivable:		
State	1,055	
Federal	41,193	
Other	8,932	
Intergovernmental		\$ 228,186
Inventories	14,073	
Total current assets	133,902	228,186
Noncurrent assets:		
Furniture, machinery & equipment	471,342	
Less: accumulated depreciation	(429,214)	
Total noncurrent assets	42,128	
Total assets	176,030	228,186
LIABILITIES		
Current liabilities:		
Deposits payable	5,731	
Interfund payables		227,932
Deferred revenue	5,114	
Total current liabilities	10,845	227,932
NET POSITION		
Invested in capital assets net of related debt	42,128	
Unrestricted	123,057	254
Total net position	\$ 165,185	\$ 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, 2018

	Business-type Activities Enterprise Funds	Governmental Activities
	Food Service	Internal Service Fund
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	\$ 208,807	
Daily sales - non-reimbursable programs	177,550	
Special functions	27,856	
Services provided to other LEA's		\$ 840,273
Total operating revenues	<u>414,213</u>	<u>840,273</u>
Operating expenses:		
Cost of sales - reimbursable	241,600	
Cost of sales - non-reimbursable	77,808	
Salaries	236,375	394,485
Employee benefits	64,466	203,102
Other professional/technical services		20,267
Cleaning, repair, and maintenance		8,425
Other purchased services	57,525	
Miscellaneous transportation services		11,159
Contracted services (aid in lieu payments)		32,922
General supplies	22,475	89,269
Communications/telephone		2,750
Energy		709
Insurance		75,105
Travel		1,400
Miscellaneous	2,815	680
Depreciation	3,583	
Total operating expenses	<u>706,647</u>	<u>840,273</u>
Operating income (loss)	<u>(292,434)</u>	
Non-operating revenues (expenses):		
State sources:		
State school lunch program	6,282	
Federal sources:		
National school lunch program	191,193	
National school breakfast program	38,181	
Food distribution program	40,227	
Interest and investment revenue	122	
Total non-operating revenues (expenses)	<u>276,005</u>	
Change in net position	<u>(16,429)</u>	
Total net position - beginning	<u>181,614</u>	254
Total net position - ending	<u>\$ 165,185</u>	<u>\$ 254</u>

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-type Activities Enterprise Funds	Governmental Activities - Internal Service Fund
	Food Service	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 404,390	\$ 840,273
Payments to employees	(236,375)	(394,485)
Payments for employee benefits	(64,466)	(203,102)
Payments to suppliers	(361,855)	(242,686)
	<u>(258,306)</u>	
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	5,491	
Federal sources	198,788	
	<u>204,279</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and dividends	122	
	<u>(53,905)</u>	
Net increase (decrease) in cash and cash equivalents		
Balances - beginning of year	122,554	
Balances - end of year	<u>\$ 68,649</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (292,434)	
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	3,583	
Food distribution program	40,227	
(Increase) decrease in accounts receivable, net		(190,525)
(Increase) decrease in inventories	141	
Increase (decrease) in other receivables	(7,451)	
Increase (decrease) in deferred revenue	106	
Increase (decrease) in deposits payable	(2,478)	
Increase (decrease) in interfund payable		190,525
Total adjustments	<u>34,128</u>	
Net cash provided by (used for) operating activities	<u>\$ (258,306)</u>	

See accompanying notes to the basic financial statements.

Delsea Regional High School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust Funds		
	Unemployment Compensation Trust	Scholarship Funds	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 166,959	\$ 317,950	\$ 212,306
Accounts receivable	1,059		1,405
	<u>\$ 168,018</u>	<u>\$ 317,950</u>	<u>\$ 213,711</u>
LIABILITIES			
Payroll deductions & withholdings			\$ 7,540
Accounts payable			15,500
Due to student groups			190,671
			<u>\$ 213,711</u>
NET POSITION			
Held in trust for unemployment claims and other purposes	<u>\$ 168,018</u>		
Permanent endowment - nonexpendable		\$ 50,000	
Expendable scholarship funds		267,950	
		<u>\$ 317,950</u>	

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, 2018

	Private Purpose Trust Funds	
	Unemployment Compensation Trust	Scholarship Funds
OPERATING REVENUES:		
Gifts and contributions		\$ 52,900
Deductions from employees' salaries	\$ 42,024	
Interest on investments	870	10,990
Total additions	<u>42,894</u>	<u>63,890</u>
OPERATING EXPENSES:		
Scholarship payments		68,572
Unemployment insurance claims	14,559	
Total deductions	<u>14,559</u>	<u>68,572</u>
Change in net position	28,335	(4,682)
Net position - beginning of the year	<u>139,683</u>	<u>322,632</u>
Net position - end of the year	<u>\$ 168,018</u>	<u>\$ 317,950</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, 2018**

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, 2018**

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, 2018**

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, 2018**

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, 2018**

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, 2018**

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, 2018**

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, 2018**

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 and are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. 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, 2018**

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, 2018**

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 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 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.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This statement, which is effective for fiscal periods beginning after June 15, 2018. Management has not yet determined the impact of this Statement on the financial statements.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred Before the End of a Construction Period." This statement, which is effective for fiscal periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Recent Accounting Pronouncements Not Yet Effective (Continued)

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61." This statement which is effective for fiscal periods beginning after December 15, 2018, 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, 2018 and 2017, was \$2,745,254 and \$3,168,291. As of June 30, 2018 and 2017, \$0 of the District's bank balance of \$5,193,693 and \$4,258,678, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2018, and 2017, 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, 2018, 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, 2018**

NOTE 4: RECEIVABLES (CONTINUED)

	Governmental Activities	Business-type Activities
State aid	\$ 1,568,804	\$ 1,055
Other	1,344,771	8,932
Federal aid	508,372	41,193
	<u>\$ 3,421,947</u>	<u>\$ 51,180</u>

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remained on the balance sheet at June 30, 2018:

	Interfund Receivable	Interfund Payable
General Fund	\$ 706,831	
Special Revenue Fund		\$ 478,899
Internal Service Fund		227,932
	<u>\$ 706,831</u>	<u>\$ 706,831</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, 2018, consisted of the following:

Food	\$ 6,619
Commodities	5,114
Supplies	2,340
	<u>\$ 14,073</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, 2018**

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

B. Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2018, are as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Bonds payable	\$ 10,031,000		\$ 325,000	\$ 9,706,000	\$ 335,000
Capital leases	689,582	\$ 761,576	548,462	902,696	377,243
Compensated absences	966,924	49,119	50,861	965,182	
	<u>\$ 11,687,506</u>	<u>\$ 810,695</u>	<u>\$ 924,323</u>	<u>\$ 11,573,878</u>	<u>\$ 712,243</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
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	390,000	248,814	638,814
2024-2028	2,180,000	1,056,419	3,236,419
2029-2033	2,375,000	709,694	3,084,694
2034-2038	2,375,000	344,834	2,719,834
2039-2040	951,000	30,924	981,924
	<u>\$ 9,706,000</u>	<u>\$ 3,497,766</u>	<u>\$ 13,203,766</u>

D. Bonds Authorized but not Issued

As of June 30, 2018, 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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

B. Long-Term Obligation Activity

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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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

E. Other (Continued)

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.

For the year ended June 30, 2018, 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, 2018.

Year Ended June 30,	Principal	Interest	Total
2019	\$ 377,243	\$ 48,877	\$ 426,120
2020	246,619	27,287	273,906
2021	166,422	14,548	180,970
2022	112,412	4,328	116,740
	<u>\$ 902,696</u>	<u>\$ 95,040</u>	<u>\$ 997,736</u>

NOTE 9: PENSION PLANS

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System (PERS), or the Teachers' Pension and Annuity Fund (TPAF) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System 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. The 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/financial-reports.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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF) (Continued) - Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees of the Department of Education who have titles that are unclassified, professional, and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System was established as of January 1, 1955, under the provisions of NJSA 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, 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 7.34% 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, 2018, 2017, and 2016, were \$522,559, \$513,588, and \$530,413, respectively, equal to the required contributions for each year.

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$2,802,537, 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 \$864,119 during the year ended June 30, 2018, 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, 2018, 2017, and 2016, were \$18,142,609, \$18,107,609, and \$17,846,642, respectively. Covered payroll was \$3,730,002, \$3,945,064, and \$3,941,737 for PERS and \$12,082,874, \$12,019,686, and \$11,739,889 for TPAF for the same years.

For the year ended June 30, 2018, the District recognized pension expense of \$1,972,215. At June 30, 2018, 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, 2018**

NOTE 9: PENSION PLANS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 171,809	
Changes of assumptions		\$ 1,114,539
Net difference between projected and actual earnings on pension plan investments	142,732	
Changes in proportion and differences between District contributions and proportionate share of contributions		471,661
Employer contributions subsequent to the measurement date	522,559	
	\$ 837,100	\$ 1,586,200

\$522,559 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, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
June 30,	Amount
2019	\$ (2,856)
2020	158,015
2021	(152,055)
2022	(858,849)
2023	(415,915)
	\$ (1,271,660)

Additional information – Collective balances at June 30, 2016 and 2017, are as follows:

	June 30, 2016	June 30, 2017
Collective deferred outflows of resources	\$ 8,685,338,380	\$ 6,424,455,842
Collective deferred inflows of resources	870,133,595	5,700,625,981
Collective net pension liability	29,617,131,759	23,278,401,588
District's proportion	0.0578113752%	0.0564079054%

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,

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (Continued) - with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions to DCRP for years ending June 30, 2018, 2017, and 2016, were \$8,935, \$10,264, and \$11,443.

NOTE 10: POST-EMPLOYMENT 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. 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. (GASB Cod. Sec. 2300.106(g)).

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

- **TPAF Participant Retirees**
As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: POST-EMPLOYMENT BENEFITS (CONTINUED)

Employees Covered by Benefit Terms (Continued)

- **PERS Participant Retirees**

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the Board of Education/Board of Trustees. Note that actual numbers will be published in the NJ State's CAFR at: <https://www.nj.gov/treasury/omb/publications/archives.shtml>.

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2017, actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Differs by pension group (e.g. - PERS, TPAF). See Actuarial Assumptions in the Notes to Required Supplementary Information - Note 4.
Discount rate	3.58%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Mortality rates were based on the RP-2014 headcount-weighted mortality table for healthy and disabled lives with fully generational mortality improvement projections from the central year using Scale MP-2017.

The actuarial assumptions used in the June 30, 2016 valuation were based on the result of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

Changes in the Total OPEB Liability reported by the State of New Jersey:

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: POST-EMPLOYMENT BENEFITS (CONTINUED)

	Total OPEB Liability
Balance at 6/30/16	\$ 57,831,784,184
Changes for the year:	
Service cost	2,391,878,884
Interest	1,699,441,736
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	(7,086,599,129)
Contributions - Member	45,748,749
Benefit payments	(1,242,412,566)
Net changes	(4,191,942,326)
Balance at 6/30/17	\$ 53,639,841,858

There were no changes in benefit terms during the year.

Changes in assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

Sensitivity of the total OPEB liability to changes in the discount rate. The following represents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current discount rate.

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability (School Retirees)	\$ 63,674,362,200	\$ 53,639,841,858	\$ 45,680,364,953

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 44,113,584,560	\$ 53,639,841,858	\$ 66,290,599,457

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Board of Education/Board of Trustees recognized OPEB expense of \$3,109,346 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASS No. 75, the Delsea Regional High School Board of Education proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$	\$ 9,093,684
Changes in proportion and differences between District contributions and proportionate share of contributions	\$ 93,169	
Total	\$ 93,169	\$ 9,093,684

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year Ended	Amount
June 30,	
2019	\$ (1,053,924)
2020	(1,053,924)
2021	(1,053,924)
2022	(1,053,924)
2023	(1,053,924)
Thereafter	(3,730,895)
	\$ (9,000,515)

NOTE 11: DEFERRED COMPENSATION

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

Lincoln Investment Planning, Inc.
Metropolitan Life Insurance

Syracusa Benefits Program

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12: COMPENSATED ABSENCES

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

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

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

NOTE 13: LABOR CONTRACTS

As of June 30, 2018, the District's employees were represented by unions as follows:

Delsea Education Association - contract expires 6/30/22
Delsea Transportation Department Association - contract expires 6/30/20
Delsea Maintenance/Custodial Group - contract expires 6/30/18
Delsea Administration Association - contract expires 6/30/22

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, 2018**

NOTE 14: RISK MANAGEMENT (CONTINUED)

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2017-2018		\$ 42,024	\$ 14,559	\$ 168,018
2016-2017		42,097	25,689	139,683
2015-2016		48,379	35,335	122,649

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, 2017 to June 30, 2018, fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 1,656,196
Deposit	729,799
Transfer out-capital projects	(73,286)
Transfer to capital outlay	(500,000)
Interest earnings	6,384
Ending balance, June 30, 2018	<u>\$ 1,819,093</u>

The June 30, 2018, LRFP balance of local support costs of uncompleted capital projects is \$1,966,378.

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

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)

doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used/spent first when expenditures are made.

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

Specific classifications of fund balance are summarized below:

RESTRICTED

General Fund - In accordance with NJSA 18A:7F-7, \$3,260,590 is restricted as excess surplus (\$1,313,122 of the total restricted amount has been appropriated and included as anticipated revenue for the year ending June 30, 2019).

ASSIGNED

General Fund - The District has appropriated and included as an anticipated revenue for the year ending June 30, 2019, \$500,004 of General Fund balance as of June 30, 2018. As of June 30, 2018, the District had \$522,946 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 no fund balance as of June 30, 2018.

UNASSIGNED

General Fund - As of June 30, 2018, a deficit of \$461,654 of fund balance was unassigned.

Special Revenue Fund - As of June 30, 2018, 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, 2018, is \$3,260,590.

NOTE 18: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$461,654 in the General Fund as of June 30, 2018, 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

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 18: DEFICIT FUND BALANCES (CONTINUED)

year, the District cannot recognize the June state aid payment(s) on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

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 \$461,654 is less than the last state aid payments.

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 48% of the District's 2017-2018 General Fund revenue, while local tax levy accounted for approximately 41%.

NOTE 21: 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.

**DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 21: TAX ABATEMENTS (CONTINUED)

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 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, 2017.

NOTE 22: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and January 23, 2019, 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.

NOTE 23: CHANGE IN ACCOUNTING PRINCIPLE

During the year beginning July 1, 2017, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions" whose primary objective is to improve accounting and financial reporting for Post-employment benefits other than pensions (OPEB). These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures for OPEB.

The effect of this change was to decrease fiscal year ended June 30, 2017, net position by \$82,782,965 which is the prior period adjustment of net OPEB liability. Financial statements for the fiscal year ended June 30, 2017, have not been restated, and the cumulative effect of the change totaling \$82,782,965, is shown as a one-time debit to net position in the fiscal year ended June 30, 2018, Statement of Activities.

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, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	\$ 15,104,457		\$ 15,104,457	\$ 15,104,457	
Tuition	1,650,000		1,650,000	2,523,723	\$ 873,723
Transportation fees from other LEA's	1,175,000		1,175,000	1,442,730	267,730
Interest earned on capital reserve	200		200	6,384	6,184
Unrestricted miscellaneous	50,000	\$ 65,000	115,000	230,450	115,450
Total - local sources	17,979,657	65,000	18,044,657	19,307,744	1,263,087
State sources:					
Extraordinary aid	49,980		49,980	198,972	148,992
Categorical special education aid	956,261		956,261	956,261	
Categorical security aid	231,243		231,243	231,243	
School choice aid	391,761		391,761	391,761	
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				21,460	21,460
TPAF post-retirement medical (on-behalf - non-budgeted)				1,099,240	1,099,240
TPAF pension contrib. (on-behalf - non-budgeted)				1,701,929	1,701,929
TPAF long-term disability insurance (on-behalf - non-budgeted)				1,368	1,368
Reimbursed TPAF social security contrib. (non-budgeted)				864,119	864,119
Total - state sources	14,063,917		14,063,917	17,901,025	3,837,108
Federal sources:					
Medical assistance program	46,239		46,239	48,837	2,598
Total - federal sources	46,239		46,239	48,837	2,598
Total revenues	\$ 32,089,813	\$ 65,000	\$ 32,154,813	\$ 37,257,606	\$ 5,102,793

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	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	\$ 2,269,762	\$ (1,286)	\$ 2,268,476	\$ 2,268,476	
Grades 9-12	5,088,835	(121,875)	4,966,960	4,966,960	
Regular programs - home instruction:					
Salaries of teachers	35,000	4,047	39,047	39,047	
Purchased professional - educational services	10,000	(3,356)	6,644	6,294	\$ 350
Other purchased services (400-500 series)	2,000		2,000	1,616	384
Regular programs - undistributed instruction:					
Other salaries for instruction	88,847	(52,169)	36,678	36,678	
Purchased professional - educational services	280,000	221,007	501,007	501,007	
Other purchased services (400-500 series)	648,399	(13,219)	635,180	626,926	8,254
General supplies	315,895	(10,620)	305,275	264,970	40,305
Textbooks	1,416	8,658	10,074	2,095	7,979
Other objects	16,241	(37)	16,204	11,574	4,630
Total regular programs	<u>8,756,395</u>	<u>31,150</u>	<u>8,787,545</u>	<u>8,725,643</u>	<u>61,902</u>
Special education - instruction:					
Learning and/or language disabilities					
Salaries of teachers	320,846	406	321,252	321,252	
Other salaries for instruction	28,827	(1,108)	27,719	27,719	
Other purchased services (400-500 series)	23,825		23,825	11,224	12,601
General supplies	4,885	(2,331)	2,554	2,055	499
Total learning and/or language disabilities	<u>378,383</u>	<u>(3,033)</u>	<u>375,350</u>	<u>362,250</u>	<u>13,100</u>

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Behavioral disabilities:					
Salaries of teachers	115,240	(2,077)	113,163	113,163	
Other salaries for instruction	52,041	15,641	67,682	67,682	
Other purchased services (400-500 series)	1,849		1,849	1,235	614
General supplies	942		942	214	728
Other objects	200		200		200
Total behavioral disabilities	170,272	13,564	183,836	182,294	1,542
Multiple disabilities:					
Salaries of teachers	92,071		92,071	91,560	511
Other salaries for instruction	49,993	(10,166)	39,827	39,827	
Purchased professional - educational services	20,000		20,000	20,000	
Other purchased services (400-500 series)	26,261		26,261	14,761	11,500
General supplies	1,975		1,975	1,491	484
Other objects	600		600	273	327
Total multiple disabilities	190,900	(10,166)	180,734	167,912	12,822
Resource room/resource center:					
Salaries of teachers	991,055	(15,776)	975,279	948,429	26,850
Other salaries for instruction	145,503	(8,600)	136,903	135,395	1,508
Purchased professional - educational services	15,000		15,000	15,000	
Other purchased services (400-500 series)	7,209	(100)	7,109	4,000	3,109
General supplies	2,407	331	2,738	1,181	1,557
Other objects	400		400	340	60
Total resource room/resource center	1,161,574	(24,145)	1,137,429	1,104,345	33,084
Home instruction:					
Salaries of teachers	6,000	1,657	7,657	7,657	
Other salaries for instruction	4,000	(1,657)	2,343		2,343
Purchased professional - educational services	6,000		6,000	4,920	1,080
Total home instruction	16,000		16,000	12,577	3,423
Total special education - instruction	1,917,129	(23,780)	1,893,349	1,829,378	63,971

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Basic skills/remedial - instruction:					
Salaries of teachers	527,184		527,184	485,391	41,793
Other purchased services (400-500 series)	2,709		2,709		2,709
General supplies	2,823	(1,100)	1,723	725	998
Total basic skills/remedial - instruction	532,716	(1,100)	531,616	486,116	45,500
Bilingual education - instruction:					
Salaries of teachers	2,000		2,000		2,000
General supplies	500		500		500
Total bilingual education - instruction	2,500		2,500		2,500
School sponsored co-curricular activities - instruction:					
Salaries	100,250	22,725	122,975	122,975	
Purchased services (300-500 series)	23,500	(11,597)	11,903	11,903	
Supplies and materials	17,418	(204)	17,214	16,885	329
Other objects	13,050	(8,992)	4,058	4,058	
Total school sponsored co-curricular activities - instruction	154,218	1,932	156,150	155,821	329
School sponsored athletic - instruction:					
Salaries	424,272	34,873	459,145	458,735	410
Purchased services (300-500 series)	84,700	(8,238)	76,462	76,314	148
Supplies and materials	142,605	16,692	159,297	136,576	22,721
Other objects	22,500	22,355	44,855	44,846	9
Total school sponsored athletic - instruction	674,077	65,682	739,759	716,471	23,288
Before/after school programs - instructional:					
Other salaries of instruction	21,700	(2,234)	19,466	10,300	9,166
Total before/after school programs - instructional	21,700	(2,234)	19,466	10,300	9,166
Summer school - instruction:					
Salaries of teachers	54,700	14,733	69,433	63,541	5,892
Other salaries for instruction	36,000	(13,806)	22,194	22,194	
General supplies	2,500	419	2,919	2,919	
Total summer school - instruction	93,200	1,346	94,546	88,654	5,892

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Alternative education program - instructional:					
Salaries of teachers	55,000	9,398	64,398	64,398	
Other salaries for instruction	11,200	(5,520)	5,680	5,680	
Total alternative education program - instructional	66,200	3,878	70,078	70,078	
Alternative education program - support services					
Salaries	36,400	9,025	45,425	45,425	
Other salaries for instruction	5,500	(4,368)	1,132		1,132
Total alternative education program - support services	41,900	4,657	46,557	45,425	1,132
Total alternative education program	108,100	8,535	116,635	115,503	1,132
Other supplemental at-risk programs - instructional:					
Salaries of teachers	41,000	(4,940)	36,060	36,060	
Other salaries for instruction	9,950	6,836	16,786	16,786	
General supplies	4,500	(4,500)			
Total supplemental at-risk programs - instructional	55,450	(2,604)	52,846	52,846	
Other supplemental at-risk programs - support services:					
Salaries	16,750	15,400	32,150	32,150	
Other salaries for instruction					
Total supplemental at-risk programs - support services	16,750	15,400	32,150	32,150	
Total supplemental at-risk programs	72,200	12,796	84,996	84,996	
Community services programs - operations:					
Salaries	2,000		2,000		2,000
Other salaries	54,450		54,450	39,458	14,992
Purchased services (300-500 series)	4,000		4,000	165	3,835
Total community services programs - operations	60,450		60,450	39,623	20,827
Total instruction	12,392,685	94,327	12,487,012	12,252,505	234,507

Delsea Regional High School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2018

	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	127,800	(10,503)	117,297	97,474	19,823
Tuition to county vocational - regular	204,114	44,709	248,823	237,379	11,444
Tuition to CSSD & regional day schools	1,095,130	262,172	1,357,302	1,357,302	
Tuition to private sch. for the disabled - within state	1,326,143	219,822	1,545,965	1,125,960	420,005
Tuition - state facilities		98,856	98,856	98,856	
Tuition - other	98,856	(98,856)			
Total undistributed expenditures - instruction	<u>2,852,043</u>	<u>516,200</u>	<u>3,368,243</u>	<u>2,916,971</u>	<u>451,272</u>
Undistributed exp. - attendance and social work:					
Salaries	42,519	(1,893)	40,626	40,626	
Other salaries	22,910	8,459	31,369	31,369	
Purchased professional and technical services	5,000	(5,000)			
Other purchased services (400-500 series)	1,000	(607)	393	393	
Supplies and materials	200	(200)			
Total undistributed exp. - attendance and social work	<u>71,629</u>	<u>759</u>	<u>72,388</u>	<u>72,388</u>	
Undistributed expenditures - health services:					
Salaries	205,717	1,991	207,708	207,675	33
Purchased professional - educational services	16,500	42	16,542	16,542	
Other purchased services (400-500 series)	1,540	(500)	1,040	526	514
Supplies and materials	7,345	(2,115)	5,230	4,284	946
Total undistributed expenditures - health services	<u>231,102</u>	<u>(582)</u>	<u>230,520</u>	<u>229,027</u>	<u>1,493</u>
Undistributed expenditures - speech, OT, PT and related services:					
Purchased professional - educational services	105,000	9,900	114,900	114,900	
Supplies and materials	2,000	(576)	1,424	940	484
Total undistributed expenditures - speech, OT, PT and related services	<u>107,000</u>	<u>9,324</u>	<u>116,324</u>	<u>115,840</u>	<u>484</u>

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed expenditures - special education - extraordinary services:					
Salaries	119,037	(5,524)	113,513	97,461	16,052
Purchased professional - educational services	39,000		39,000	2,184	36,816
Supplies and materials	8,000	1,500	9,500	9,296	204
Other objects	100		100		100
Total undistributed expenditures - special education - extraordinary services	166,137	(4,024)	162,113	108,941	53,172
Undistributed expenditures - guidance:					
Salaries of other professional staff	503,894	47,809	551,703	551,703	
Salaries of secretarial and clerical assistants	104,685	(22,600)	82,085	82,085	
Other purchased prof. and tech services	22,395	(835)	21,560	21,560	
Other purchased services (400-500 series)	36,410	(8,200)	28,210	20,700	7,510
Supplies and materials	26,411	(15,147)	11,264	10,764	500
Other objects	3,118	(1,205)	1,913	1,702	211
Total undistributed expenditures - guidance	696,913	(178)	696,735	688,514	8,221
Undistributed expenditures - child study teams:					
Salaries of other professional staff	440,838		440,838	436,481	4,357
Salaries of secretarial and clerical assistants	75,870		75,870	72,362	3,508
Other salaries	15,000	(2,135)	12,865		12,865
Purchased professional - educational services	30,000	6,275	36,275	36,275	
Other purchased prof. and tech services	2,500	(2,080)	420		420
Misc. purch. serv. (400-500 series other than resid. costs)	23,266		23,266	14,491	8,775
Supplies and materials	14,568	(2,060)	12,508	8,570	3,938
Other objects	3,000		3,000	2,649	351
Total undistributed expenditures - child study teams	605,042		605,042	570,828	34,214
Undistributed exp. - improvement of instr. services:					
Salaries of supervisors of instruction	612,798	7,250	620,048	619,079	969
Salaries of other professionals	112,460	(18,843)	93,617	90,194	3,423
Salaries of secretarial and clerical assistants	28,187	11,593	39,780	39,780	
Other salaries					
Other purchased services (400-500 series)	45,200		45,200	34,131	11,069
Supplies and materials	4,000		4,000	318	3,682
Other objects	1,500		1,500	64	1,436
Total undistributed exp. - improvement of instr. services	804,145		804,145	783,566	20,579

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	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	158,548	(13,000)	145,548	100,699	44,849
Salaries of secretarial and clerical assistants	31,630		31,630	2,297	29,333
Other purchased services (400-500 series)	80,400	(451)	79,949	66,093	13,856
Supplies and materials	28,296	451	28,747	23,903	4,844
Other objects	496		496	25	471
Total undistributed exp. - educational media serv.					
School library	299,370	(13,000)	286,370	193,017	93,353
Undistributed expenditures - instructional staff:					
Training services:					
Salaries of supervisors of instruction	26,758	811	27,569	27,569	
Salaries of other professional staff	5,000	(811)	4,189	782	3,407
Salaries of secretarial and clerical assistants	12,080		12,080	10,018	2,062
Purchased professional - educational service	10,000		10,000		10,000
Other purchased services (400-500 series)	16,720		16,720	2,751	13,969
Supplies and materials	3,000		3,000		3,000
Total undistributed expenditures - instructional staff					
Training services	73,558		73,558	41,120	32,438
Undistributed exp. - support services - general admin.:					
Salaries	140,770	4,261	145,031	142,899	2,132
Salaries of secretarial and clerical assistants	85,488	(208)	85,280	85,280	
Other Salaries	3,717	(18)	3,699	3,699	
Legal services	25,000	23,886	48,886	36,796	12,090
Audit fees	18,200	(1,200)	17,000	17,000	
Architectural/engineering services	10,000	(10,000)			
Other purchased professional services	7,500	(7,171)	329	329	
Purchased technical services	3,000	(315)	2,685	2,685	
Other purchased services (400-500 series)	56,516	(3,022)	53,494	53,494	
Communications/telephone	68,500	18,703	87,203	87,028	175
BOE other purchased services	2,000	(2,000)			
Supplies and materials	8,500	(6,491)	2,009	2,009	
BOE in-house training/meeting supplies	1,000	283	1,283	1,283	
Miscellaneous expenditures	7,000	(863)	6,137	6,136	1
BOE membership dues and fees	18,000	(3,774)	14,226	14,226	
Total undistributed exp. - support serv. - gen. admin.	455,191	12,071	467,262	452,864	14,398

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed exp. - support serv. - school admin.:					
Salaries of principals/assistant principals	377,098	(8,992)	368,106	360,671	7,435
Salaries of other professional staff	158,467		158,467	155,072	3,395
Salaries of secretarial and clerical assistants	119,372	765	120,137	115,020	5,117
Other Salaries	7,200	(765)	6,435	3,762	2,673
Purchased professional services	3,000		3,000	2,687	313
Other purchased prof. and tech services	19,913	(552)	19,361	11,976	7,385
Other purchased services (400-500 series)	40,813	(4,000)	36,813	28,141	8,672
Supplies and materials	35,131		35,131	24,237	10,894
Other objects	12,700	341	13,041	12,722	319
Total undistributed exp. - support serv. - school admin.	773,694	(13,203)	760,491	714,288	46,203
Undistributed exp. - central services:					
Salaries	130,028	3,827	133,855	133,855	
Salaries of secretarial and clerical assistants	181,277		181,277	177,027	4,250
Purchased technical services	25,000	30,725	55,725	55,665	60
Other purchased services (400-500 series)	16,568	(3,240)	13,328	10,280	3,048
Supplies and materials	12,123		12,123	7,511	4,612
Interest for lease purchase agreements	38,702	(14,645)	24,057	23,727	330
Miscellaneous expenditures	2,000		2,000	1,265	735
Total undistributed exp. - central services	405,698	16,667	422,365	409,330	13,035
Undistributed exp. - admin. information technology:					
Salaries	205,094	7,230	212,324	183,066	29,258
Purchased technical services	5,000		5,000		5,000
Other purchased services (400-500 series)	175,601	(11,057)	164,544	141,456	23,088
Supplies and materials	75,175	(5,485)	69,690	60,487	9,203
Other objects	900		900		900
Total undistributed exp. - admin. info. technology	461,770	(9,312)	452,458	385,009	67,449
Undistributed expenditures - required maintenance for school facilities:					
Cleaning, repair, and maintenance services	370,356	(4,483)	365,873	359,744	6,129
General supplies	46,900	6,742	53,642	51,756	1,886
Total undistributed expenditures - required maintenance for school facilities	417,256	2,259	419,515	411,500	8,015

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed expenditures - custodial services:					
Salaries	993,717	(397)	993,320	988,741	4,579
Other employee benefits	26,175		26,175	23,842	2,333
Purchased professional and technical services	12,500	(10,000)	2,500	72	2,428
Cleaning, repair, and maintenance services	127,557	17,363	144,920	117,145	27,775
Other purchased property services	80,832	4,214	85,046	82,400	2,646
Insurance	230,000	(42,209)	187,791	187,791	
Miscellaneous purchased services	3,500		3,500	2,344	1,156
General supplies	114,609	3,208	117,817	105,520	12,297
Energy - natural gas	251,442	(103,794)	147,648	147,648	
Energy - electricity	503,733	30,660	534,393	534,393	
Energy - oil	12,102	(3,957)	8,145	7,990	155
Energy - gasoline	2,833	(2,797)	36		36
Other objects	5,000	9	5,009	5,009	
Total undistributed expenditures - custodial services	2,364,000	(107,700)	2,256,300	2,202,895	53,405
Undistributed expenditures - care and upkeep of grounds:					
Salaries	123,979	(707)	123,272	109,835	13,437
Cleaning, repair, and maintenance services	63,850	14,319	78,169	72,423	5,746
General supplies	31,405		31,405	27,997	3,408
Total undistributed exp. - care and upkeep of grounds	219,234	13,612	232,846	210,255	22,591
Undistributed expenditures - security:					
Salaries	91,148		91,148	67,230	23,918
Purchased professional and technical services	4,000		4,000		4,000
General supplies	1,000		1,000		1,000
Total undistributed expenditures - security	96,148		96,148	67,230	28,918
Total operation and maintenance of plant	3,096,638	(91,829)	3,004,809	2,891,880	112,929

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed exp. - student transportation services:					
Salaries of non-instructional aides	513,629	(170,574)	343,055	323,187	19,868
Salaries for pupil trans (bet. home & school) - reg.	1,281,050	(395,957)	885,093	840,906	44,187
Salaries for pupil trans (bet. home & school) - spec. ed.	700,858	(137,060)	563,798	533,425	30,373
Salaries for pupil trans (other than bet. home & school)	121,083	38,841	159,924	159,724	200
Sal. for pupil trans (bet home & school) - nonpublic school	86,529	(16,782)	69,747	63,069	6,678
Social security contributions	175,000		175,000	160,896	14,104
Health benefits	1,545,693	(2,000)	1,543,693	1,375,977	167,716
Other employee benefits	17,600	646	18,246	17,825	421
Other purchased prof. and technical service	70,000	97,854	167,854	155,189	12,665
Cleaning, repair, and maintenance services	127,025	(81,504)	45,521	27,511	18,010
Rental payments - school buses	5,000	(3,140)	1,860	943	917
Contr. serv. - (bet. home and school) - vendors	6,000	(6,000)			
Contr. serv. - (other than bet. home and school) - vendors	25,500	28,270	53,770	53,770	
Contr. serv. - (bet. home and school) - joint agrmnts.	50,000	(50,000)			
Contr. serv. - (special education) - vendors	50,000	269,159	319,159	318,817	342
Contr. serv. - (special ed. students) - joint agrmnts.	10,000	(8,340)	1,660	1,660	
Contr. serv. - aid in lieu of payments - nonpublic	49,000	1,816	50,816	50,316	500
Contr. serv. - aid in lieu of payments - choice	4,500	(4,500)			
Misc. purchased services - transportation	117,004	(8,910)	108,094	104,924	3,170
Transportation supplies	483,000	103,882	586,882	491,495	95,387
Miscellaneous expenditures	4,000	2,297	6,297	5,953	344
Total undistributed exp. - student transportation serv.	5,442,471	(342,002)	5,100,469	4,685,587	414,882
Unallocated benefits - employee benefits:					
Social security contributions	259,185	10,000	269,185	236,214	32,971
Other retirement contribution - PERS	586,937	(46,500)	540,437	538,540	1,897
Unemployment compensation	75,000	(50,000)	25,000		25,000
Workmen's compensation	305,000		305,000	302,430	2,570
Health benefits	4,139,723	(152,994)	3,986,729	3,633,239	353,490
Tuition reimbursement	20,000	3,621	23,621	20,973	2,648
Other employee benefits	115,000	(3,621)	111,379	106,229	5,150
Total unallocated benefits	5,500,845	(239,494)	5,261,351	4,837,625	423,726

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
TPAF post-retirement medical (on-behalf - non-budgeted)				1,099,240	(1,099,240)
TPAF pension contribution (on-behalf - non-budgeted)				1,701,929	(1,701,929)
TPAF long-term disability insurance (on-behalf - non-budgeted)				1,368	(1,368)
Reimb. TPAF social security contrib. (non-budgeted)				864,119	(864,119)
Total on-behalf contributions				<u>3,666,656</u>	<u>(3,666,656)</u>
Total undistributed expenditures	<u>22,043,246</u>	<u>(158,603)</u>	<u>21,884,643</u>	<u>23,763,451</u>	<u>(1,878,808)</u>
Total current expense	<u>34,435,931</u>	<u>(64,276)</u>	<u>34,371,655</u>	<u>36,015,956</u>	<u>(1,644,301)</u>
Capital outlay:					
Equipment:					
Regular programs - instruction:					
Undistributed	105,967	825	106,792	106,558	234
Undistributed - athletics		37,449	37,449	2,449	35,000
Undistributed - admin information technology	66,092	131	66,223	66,223	-
Undistributed - custodial services	53,999	34,496	88,495	73,495	15,000
Undistributed - student transportation	46,167	380	46,547	46,547	-
School buses - regular	297,768	(380)	297,388	297,027	361
School buses - special	145,000	(38,625)	106,375	103,272	3,103
Total equipment	<u>714,993</u>	<u>34,276</u>	<u>749,269</u>	<u>695,571</u>	<u>53,698</u>
Facilities acquisition and construction services:					
Construction services	526,977	95,000	621,977	437,705	184,272
Total facilities acquisition and constructions services	<u>526,977</u>	<u>95,000</u>	<u>621,977</u>	<u>437,705</u>	<u>184,272</u>
Total capital outlay	<u>1,241,970</u>	<u>129,276</u>	<u>1,371,246</u>	<u>1,133,276</u>	<u>237,970</u>
Assets acquired under capital lease:					
Assets acquired under capital lease (non-budgeted):					
Undistributed expenditures:					
Support services - student regular				761,576	(761,576)
Total assets acquired under capital lease				<u>761,576</u>	<u>(761,576)</u>
Total expenditures	<u>35,677,901</u>	<u>65,000</u>	<u>35,742,901</u>	<u>37,910,808</u>	<u>(2,167,907)</u>

Delsea Regional High School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Excess (deficiency) of revenues over (under) expenditures	<u>(3,588,088)</u>		<u>(3,588,088)</u>	<u>(653,202)</u>	<u>7,270,700</u>
Other financing sources (uses):					
Operating transfer in:					
Transfer from capital projects fund				50,235	(50,235)
Capital leases (non-budgeted)				761,576	(761,576)
Transfer to debt service fund				(196)	196
Capital reserve to capital projects				<u>(73,286)</u>	<u>73,286</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,588,088)		(3,588,088)	85,127	6,532,371
Fund balances, July 1	<u>6,859,075</u>		<u>6,859,075</u>	<u>6,859,075</u>	
Fund balances, June 30	<u>\$ 3,270,987</u>		<u>\$ 3,270,987</u>	<u>\$ 6,944,202</u>	<u>\$ 6,532,371</u>
Recapitulation:					
Restricted fund balance:					
Capital reserve account				\$ 1,819,093	
Excess surplus - designated for subsequent year's expenditures				1,313,122	
Excess surplus - current year				1,947,468	
Assigned fund balance:					
Year-end encumbrances				522,946	
Designated for subsequent year's expenditures				500,004	
Unassigned fund balance				<u>841,569</u>	
				6,944,202	
Reconciliation to governmental funds statements (GAAP):					
June state aid payments are not recognized on GAAP basis				<u>(1,303,223)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 5,640,979</u>	

Delsea Regional High School District
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 49,161	\$ 33,918	\$ 83,079	\$ 67,361	\$ 15,718
Federal sources	670,097	226,272	896,369	888,007	8,362
Total revenues	\$ 719,258	\$ 260,190	\$ 979,448	\$ 955,368	\$ 24,080
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 100,000		\$ 100,000	\$ 100,000	
Purchased professional - technical services		\$ 13,964	13,964	13,964	
Purchased professional - educational services	40,328	10,487	50,815	35,598	\$ 15,217
Tuition	456,692	63,673	520,365	520,365	
General supplies	19,498	(818)	18,680	16,966	1,714
Textbooks	6,086	(115)	5,971	5,743	228
Total instruction	622,604	87,191	709,795	692,636	17,159
Salaries		46,252	46,252	46,252	
Personal services - employee benefits	39,061	(4,575)	34,486	34,486	
Purchased professional - technical services		58,200	58,200	51,828	6,372
Purchased professional - educational services	3,158	19,574	22,732	22,541	191
Other retirement		181	181	181	
Other purchased services (400-500 series)	6,806	27,879	34,685	34,394	291
Supplies & materials	46,053	768	46,821	46,754	67
Total support services	95,078	148,279	243,357	236,436	6,921
Facilities acquisition and construction services:					
Instructional equipment	1,576	22,041	23,617	23,617	
Non-instructional equipment		2,679	2,679	2,679	
	1,576	24,720	26,296	26,296	
Total expenditures	\$ 719,258	\$ 260,190	\$ 979,448	\$ 955,368	\$ 24,080

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, 2018

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.	\$ 37,257,606	\$ 955,368
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in the encumbrances are recognized as expenditures, and the related revenue is recognized.		(625)
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).	1,331,936	
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).	(1,303,223)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	\$ 37,286,319	\$ 954,743
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 37,910,808	\$ 955,368
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(625)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds	\$ 37,910,808	\$ 954,743

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 Four Fiscal Years

	Fiscal Year Ended			
	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
District's proportion of the net pension liability (asset)	0.0576717999%	0.0616951702%	0.5781137520%	0.5640790540%
District's proportionate share of the net pension liability (asset)	\$ 10,797,738	\$ 13,849,329	\$ 17,122,071	\$ 13,130,859
District's covered-employee payroll	4,815,991	3,941,737	3,945,064	3,730,002
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	224.21%	351.35%	434.01%	352.03%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.13%	48.10%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017

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

	Fiscal Year Ended			
	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Contractually required contribution	\$ 475,438	\$ 530,413	\$ 513,588	\$ 522,559
Contributions in relation to the contractually required contribution	475,438	530,413	513,588	522,559
Contribution deficiency (excess)	None	None	None	None
District's covered-employee payroll	\$ 4,815,991	\$ 3,941,737	\$ 3,945,064	\$ 3,730,002
Contributions as a percentage of covered-employee payroll	9.87%	13.46%	13.02%	14.01%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017

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

	Fiscal Year Ended			
	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
District's proportion of the net pension liability (asset)	0.1082656023%	0.1134466292%	0.1156327362%	0.1129375964%
District's proportionate share of the net pension liability (asset)	\$ 57,864,441	\$ 71,703,114	\$ 90,964,073	\$ 76,146,600
District's covered-employee payroll	12,181,522	11,739,889	11,739,889	12,019,686
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	475.02%	610.76%	774.83%	633.52%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017

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.

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS**

DELSEA REGIONAL HIGH SCHOOL DISTRICT
 Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Fiscal Year

	<u>Fiscal Year Ended</u>
	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 3,150,773
Interest	2,424,839
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(9,751,384)
Member contributions	65,580
Benefit payments	(1,780,977)
Net change in total OPEB liability	(5,891,169)
Total OPEB liability - beginning	82,782,965
Total OPEB liability - ending	<u>\$ 76,891,796</u>
Covered employee payroll	\$ 17,826,080
Total OPEB liability as a percentage of covered employee payroll	431.34%

Notes to Schedule:

Changes of benefit terms:

There were no changes in benefit terms during the year.

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period:

2018	3.58%
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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

**DELSEA REGIONAL HIGH SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

NOTES RELATED TO PENSIONS

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, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016, 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	2.25%
Salary increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment rate of return	7.00%

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, 2016, 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.state.nj.us/treasury/pensions/gasb-notices.shtml>.

**DELSEA REGIONAL HIGH SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

NOTES RELATED TO OTHER POST-EMPLOYMENT BENEFITS

NOTE 3: CONTRIBUTIONS

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with NJSA 52:14-17.32f. According to NJSA 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in or retires on a disability pension from one or more of the following plans: the Teacher's Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

NOTE 4: ACTUARIAL ASSUMPTIONS

The total nonemployer OPEB liability as of June 30, 2017, was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016, was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases (TPAF):	
Through 2026	1.55 – 4.55% based on years of service
Thereafter	2.00 – 5.45% based on years of service
Salary increases (PERS):	
Through 2026	2.15 – 4.15% based on age
Thereafter	3.15 – 5.15% based on age

Pre-retirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014, for TPAF and PERS, respectively.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.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, 2018

	Total Brought Forward (Ex. E-1a)	Title I	Title I Carryover	Title II Part A	Title II Carryover	Totals FY 2018
REVENUES:						
State sources	\$ 67,361					\$ 67,361
Federal sources	693,546	\$ 149,318	\$ 9,796	\$ 33,962	\$ 1,385	888,007
Total revenues	\$ 760,907	\$ 149,318	\$ 9,796	\$ 33,962	\$ 1,385	\$ 955,368
EXPENDITURES:						
Instruction:						
Salaries of teachers		\$ 100,000				\$ 100,000
Purchased professional - technical services	\$ 13,964					13,964
Purchased professional - educational services	35,598					35,598
Tuition	520,365					520,365
General supplies	13,838		\$ 3,637			17,475
Textbooks	5,743					5,743
Total instruction	589,508	100,000	3,637			693,145
Support services:						
Salaries	7,170	16,556	5,721	\$ 16,805		46,252
Personal services - employee benefits	181	32,762	438	1,286	\$ 555	35,222
Purchased professional - technical services	7,395					7,395
Purchased professional - educational services	64,204					64,204
Other purchased services (400-500 series)	20,925			15,175		36,100
Supplies & materials	45,228			696	830	46,754
Total support services	145,103	49,318	6,159	33,962	1,385	235,927
Facilities acquisition and construction services:						
Instructional equipment	23,617					23,617
Non-instructional equipment	2,679					2,679
Total facilities acquisition and construction services	26,296					26,296
Total expenditures	\$ 760,907	\$ 149,318	\$ 9,796	\$ 33,962	\$ 1,385	\$ 955,368

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Total Brought Forward (Ex. E-1b)	Perkins Grant	IDEA Basic	IDEA Basic Carryover	Title IV Part A	Total Carried Forward
REVENUES:						
State sources	\$ 67,361					\$ 67,361
Federal sources		\$ 95,969	\$ 582,092	\$ 3,001	\$ 12,484	693,546
Total revenues	\$ 67,361	\$ 95,969	\$ 582,092	\$ 3,001	\$ 12,484	\$ 760,907
EXPENDITURES:						
Instruction:						
Purchased professional - technical services			\$ 13,964			\$ 13,964
Purchased professional - educational services	\$ 34,201	\$ 1,397				35,598
Tuition			520,365			520,365
Textbooks	5,743					5,743
General supplies		13,838				13,838
Total instruction	39,944	15,235	534,329			589,508
Support services:						
Salaries	4,800	2,370				7,170
Personal services - employee benefits		181				181
Purchased professional - technical services			4,394	\$ 3,001		7,395
Purchased professional - educational services	10,670	1,675	43,369		\$ 8,490	64,204
Other purchased services (400-500 series)	11,947	8,978				20,925
General supplies		41,234			3,994	45,228
Total support services	27,417	54,438	47,763	3,001	12,484	145,103
Facilities acquisition and construction services:						
Instructional equipment		23,617				23,617
Non-instructional equipment		2,679				2,679
Total facilities acquisition and construction services		26,296				26,296
Total expenditures	\$ 67,361	\$ 95,969	\$ 582,092	\$ 3,001	\$ 12,484	\$ 760,907

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Total Brought Forward (Ex. E-1c)	Non-Public Technology Aid	Non-Public Nursing Aid	Non-Public Corrective Speech	Non-Public Security	Total Carried Forward
REVENUES:						
State sources	\$ 43,147	\$ 3,991	\$ 10,670	\$ 3,303	\$ 6,250	\$ 67,361
Total revenues	<u>\$ 43,147</u>	<u>\$ 3,991</u>	<u>\$ 10,670</u>	<u>\$ 3,303</u>	<u>\$ 6,250</u>	<u>\$ 67,361</u>
EXPENDITURES:						
Instruction:						
Purchased professional - educational services	\$ 30,898			\$ 3,303		\$ 34,201
Textbooks	5,743					5,743
Total instruction	<u>36,641</u>			<u>3,303</u>		<u>39,944</u>
Support services:						
Salaries	4,800					4,800
Purchased professional - educational services			\$ 10,670			10,670
Other purchased services (400-500 series)	1,706	\$ 3,991			\$ 6,250	11,947
Total support services	<u>6,506</u>	<u>3,991</u>	<u>10,670</u>		<u>6,250</u>	<u>27,417</u>
Total expenditures	<u>\$ 43,147</u>	<u>\$ 3,991</u>	<u>\$ 10,670</u>	<u>\$ 3,303</u>	<u>\$ 6,250</u>	<u>\$ 67,361</u>

Delsea Regional High School District
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2018

	Municipal Alliance	Auxiliary Services		Handicapped Services		Nonpublic Textbook Aid	Total Carried Forward
		Home Instruction	Transportation	Examination & Classification	Supplemental Instruction		
REVENUES:							
State sources	\$ 4,800	\$ 5,846	\$ 1,706	\$ 13,476	\$ 11,576	\$ 5,743	\$ 43,147
Total revenues	<u>\$ 4,800</u>	<u>\$ 5,846</u>	<u>\$ 1,706</u>	<u>\$ 13,476</u>	<u>\$ 11,576</u>	<u>\$ 5,743</u>	<u>\$ 43,147</u>
EXPENDITURES:							
Instruction:							
Purchased professional - educational services		\$ 5,846		\$ 13,476	\$ 11,576		\$ 30,898
Textbooks						\$ 5,743	5,743
Total instruction		<u>5,846</u>		<u>13,476</u>	<u>11,576</u>	<u>5,743</u>	<u>36,641</u>
Support services:							
Salaries	\$ 4,800						\$ 4,800
Other purchased services (400-500 series)			\$ 1,706				1,706
Total support services	<u>4,800</u>		<u>1,706</u>				<u>6,506</u>
Total expenditures	<u>\$ 4,800</u>	<u>\$ 5,846</u>	<u>\$ 1,706</u>	<u>\$ 13,476</u>	<u>\$ 11,576</u>	<u>\$ 5,743</u>	<u>\$ 43,147</u>

CAPITAL PROJECTS FUND

DELSEA REGIONAL HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2018

Project Title/Issue	Approval Date	Revised Budgetary Appropriation	GAAP		Unexpended Appropriations June 30, 2018
			Expenditures to Date		
			Prior Year	Current Year	
Middle School Special Education Classrooms (SCSE) Wing Addition	11/05/14	\$ 1,713,213	\$ 1,705,377		\$ 7,836
Middle School Roof Replacement, HVAC System and Electrical System Upgrades	11/05/14	7,554,343	7,542,178		12,165
High School Roof Replacement, HVAC System and Electrical System Upgrades	11/05/14	11,618,406	11,503,689	\$ 114,717	
		<u>\$ 20,885,962</u>	<u>\$ 20,751,244</u>	<u>\$ 114,717</u>	<u>\$ 20,001</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, 2018

Revenues and other financing sources	
Transfer from Capital Reserve	\$ 73,286
Total revenues and other financing sources	<u>73,286</u>
Expenditures and other financing uses	
Construction services	114,717
Total expenditures	<u>114,717</u>
Excess (deficiency) of revenues over (under) expenditures	(41,431)
Other financing sources (uses):	
Transfer prior year revenue to general fund	(50,235)
State sources - cancelation of state aid receivable	<u>(336,847)</u>
Net change in fund balance	(428,513)
Fund balance - beginning	448,514
Fund balance - ending	<u><u>\$ 20,001</u></u>

DELSEA REGIONAL HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Middle School Special Education Classroom (SCSE) Wing Addition
 From Inception and for the Year Ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Bond proceeds	\$ 1,368,949		\$ 1,368,949	\$ 1,368,949
State Sources: SDA Grant	344,264		344,264	344,264
Total revenues	<u>1,713,213</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	134,018		134,018	27,500
Total expenditures	<u>1,705,377</u>		<u>1,705,377</u>	<u>1,713,213</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,836</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	100%			
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, 2018

	Prior Periods	Current Year	Transfer of Unexpended Bond Proceeds	Totals	Revised Authorized Cost
Revenues and other financing sources					
Bond proceeds	\$ 3,637,682		\$ (283)	\$ 3,637,399	\$ 3,637,399
State Sources: SDA Grant	4,253,791	\$ (336,847)		3,916,944	3,916,944
Total revenues	7,891,473	(336,847)	(283)	7,554,343	7,554,343
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	77,980			77,980	90,000
Construction services	6,740,891			6,740,891	6,668,093
Supplies	845			845	64,250
Other objects	7,437			7,437	30,000
Total expenditures	7,542,178			7,542,178	7,554,343
Excess (deficiency) of revenues over (under) expenditures	\$ 349,295	\$ (336,847)	\$ (283)	\$ 12,165	
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	(661,624)				
Revised authorized cost	7,554,626				
Percentage increase over original authorized cost	0%				
Percentage completion	100%				
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, 2018

	Prior Periods	Current Year	Transfer of Unexpended Bond Proceeds	Totals	Revised Authorized Cost
Revenues and other financing sources					
Bond proceeds	\$ 5,574,390		\$ 283	\$ 5,574,673	\$ 5,574,673
State Sources: SDA Grant	5,602,799			5,602,799	5,602,799
Transfer from Capital Reserves	367,648	73,286		440,934	440,934
Total revenues	11,544,837	73,286	283	11,618,406	11,618,406
Expenditures and other financing uses					
Legal services	7,056			7,056	98,000
Audit services					168,000
Engineer/architect	717,518			717,518	790,000
Other professional/technical services	64,662			64,662	94,000
Construction services	10,714,453	114,717		10,829,170	10,362,531
Supplies					70,000
Other objects					35,875
Total expenditures	11,503,689	114,717		11,618,406	11,618,406
Excess (deficiency) of revenues over (under) expenditures	\$ 41,148	\$ (41,431)	\$ 283		
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	100%				
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, 2018

	Enterprise Fund
	Food Service
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 68,649
Accounts receivable	
State	1,055
Federal	41,193
Other	8,932
Inventories	14,073
Total current assets	133,902
Noncurrent assets:	
Furniture, machinery & equipment	471,342
Less: accumulated depreciation	(429,214)
Total noncurrent assets	42,128
Total assets	176,030
LIABILITIES	
Current liabilities:	
Deposits payable	5,731
Deferred revenue	5,114
Total current liabilities	10,845
NET POSITION	
Invested in capital assets net of related debt	42,128
Unrestricted	123,057
Total net position	\$ 165,185

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, 2018

	Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	\$ 208,807
Daily sales - non-reimbursable programs	177,550
Special functions	27,856
	414,213
Total operating revenues	414,213
Operating expenses:	
Salaries	236,375
Employee benefits	64,466
Other purchased services	57,525
General supplies	22,475
Cost of sales-reimbursable	241,600
Cost of sales-non-reimbursable	77,808
Miscellaneous	2,815
Depreciation	3,583
	706,647
Total operating expenses	706,647
Operating income (loss)	(292,434)
Non-operating revenues (expenses):	
State sources:	
State school lunch program	6,282
Federal sources:	
National school lunch program	191,193
National school breakfast program	38,181
Food distribution program	40,227
Interest and investment revenue	122
	276,005
Total non-operating revenues (expenses)	276,005
Income (loss) before operating transfers	(16,429)
Net Income (loss)	(16,429)
Total net position - beginning	181,614
Total net position - ending	\$ 165,185

Delsea Regional High School District
Combining Schedule of Cash Flows
Enterprise Fund
For the Year Ended June 30, 2018

	Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 404,390
Payments to employees	(236,375)
Payments for employee benefits	(64,466)
Payments to suppliers	(361,855)
	(258,306)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State reimbursements	5,491
Federal reimbursements	198,788
	204,279
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and dividends	122
	(53,905)
Balances - beginning of year	122,554
Balances - end of year	\$ 68,649
Reconciliation of operating income (loss) to net cash provided	
(used) by operating activities:	
Operating income (loss)	\$ (292,434)
Adjustments to reconcile operating income (loss) to net cash provided by	
(used for) operating activities:	
Depreciation	3,583
Food distribution program	40,227
(Increase) decrease in inventories	141
(Increase) decrease in other receivables	(7,451)
Increase (decrease) in deposits payable	(2,478)
Increase (decrease) in deferred revenue	106
	34,128
Total adjustments	34,128
Net cash provided by (used for) operating activities	\$ (258,306)

Delsea Regional High School District
Combining Schedule of Net Position
Internal Service Fund
June 30, 2018

	Internal Service Fund
	Fund
ASSETS	
Current assets:	
Accounts receivable:	
Intergovernmental	\$ 228,186
Total assets	228,186
LIABILITIES	
Current liabilities:	
Interfund payable	227,932
Total current liabilities	227,932
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, 2018

	Internal Service Fund
	Fund
Operating revenues:	
Charges for services	
Service provided to other LEA's	\$ 840,273
Operating expenses:	
Salaries	394,485
Employee benefits	203,102
Other professional/technical services	20,267
Cleaning, repair, and maintenance	8,425
Miscellaneous transportation services	11,159
Contracted services (aid in lieu payments)	32,922
General supplies	89,269
Communications/telephone	2,750
Energy	709
Insurance	75,105
Travel	1,400
Miscellaneous	680
Total operating expenses	840,273
Operating income (loss)	
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, 2018

	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 840,273
Payments to employees	(394,485)
Payments for employee benefits	(203,102)
Payments to suppliers	<u>(242,686)</u>
Net cash provided by (used for) operating activities	
Net increase (decrease) in cash and cash equivalents	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) decrease in accounts receivable, net	(190,525)
Increase (decrease) in interfund payable	<u>190,525</u>
Total adjustments	
Net cash provided by (used for) operating activities	<u><u>None</u></u>

FIDUCIARY FUNDS

Delsea Regional High School District
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2018

	Private Purpose Trust		Agency		
	Unemployment Compensation	Scholarship	Student Activity	Payroll	Totals
ASSETS					
Cash and cash equivalents	\$ 166,959	\$ 317,950	\$ 204,766	\$ 7,540	\$ 697,216
Accounts receivable	1,059		1,405		2,464
Total assets	\$ 168,018	\$ 317,950	\$ 206,171	\$ 7,540	\$ 699,680
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable			\$ 15,500		\$ 15,500
Payroll deductions & withholdings				\$ 7,540	7,540
Due to student groups			190,671		190,671
Total liabilities			\$ 206,171	\$ 7,540	\$ 213,712
Net Position:					
Held in trust for unemployment claims and other purposes	\$ 168,018				168,018
Permanent endowment - nonexpendable		\$ 50,000			50,000
Expendable scholarship funds		267,950			267,950
Total reserved for scholarships		\$ 317,950			317,950
Total net position					485,968
Total liabilities and net position					\$ 699,680

Delsea Regional High School District
Combining Statement of Changes in
Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	Scholarship	New Jersey Unemployment Compensation	Total
OPERATING REVENUES:			
Gifts and contributions	\$ 52,900		\$ 52,900
Deductions from employees' salaries		\$ 42,024	42,024
Interest on investments	10,990	870	11,860
Total additions	63,890	42,894	106,784
OPERATING EXPENSES:			
Scholarship payments	68,572		68,572
Unemployment compensation insurance claims		14,559	14,559
Total deductions	68,572	14,559	83,131
Changes in net position	(4,682)	28,335	23,653
Net position, July 1	322,632	139,683	462,315
Net position, June 30	\$ 317,950	\$ 168,018	\$ 485,968

Delsea Regional High School District
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	Balance June 30, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
SCHOOLS:				
Delsea High School	\$ 185,810	\$ 689,670	\$ 724,052	\$ 151,428
Delsea Middle School	35,219	50,838	46,814	39,243
Total all schools	<u>\$ 221,029</u>	<u>\$ 740,508</u>	<u>\$ 770,866</u>	<u>\$ 190,671</u>

Delsea Regional High School District
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS				
Cash and cash equivalents	<u>\$ 8,628</u>	<u>\$ 18,144,474</u>	<u>\$ 18,145,562</u>	<u>\$ 7,540</u>
LIABILITIES				
Net payroll		\$ 10,907,445	\$ 10,907,445	
Payroll deductions and withholdings	\$ 8,628	7,237,029	7,238,117	\$ 7,540
Total liabilities	<u>\$ 8,628</u>	<u>\$ 18,144,474</u>	<u>\$ 18,145,562</u>	<u>\$ 7,540</u>

LONG-TERM DEBT

Delsea Regional High School District
 Schedule of Serial Bonds
 Year Ended June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2017	Retired	Balance June 30, 2018
			Date	Amount				
Improvements and renovations to the middle school and high school	2/15/2015	\$ 10,581,000	08/01/18	\$ 335,000	3.00%			
			08/01/19	350,000	3.00%			
			08/01/20	370,000	3.00%			
			08/01/21	380,000	3.00%			
			08/01/22	390,000	3.00%			
			08/01/23	405,000	3.00%			
			08/01/24	420,000	3.00%			
			08/01/25	430,000	3.00%			
			08/01/26	450,000	3.00%			
			08/01/27-32	475,000	3.00%			
			08/1/33-35	475,000	3.125%			
			08/1/36-38	475,000	3.25%			
			08/01/39	476,000	3.25%			
			<u>\$ 10,031,000</u>	<u>\$ 325,000</u>	<u>\$ 9,706,000</u>			

DELSEA REGIONAL HIGH SCHOOL DISTRICT
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2018

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2017	Issued	Retired	Balance June 30, 2018
			Principle	Interest					
Phone lease	09/01/13	5 Years	\$ 126,465	\$ 13,076	4.08%	\$ 31,745		\$ 27,117	\$ 4,628
Computer equipment	05/28/14	4 Years	139,485		0%	34,872		34,872	
Wireless upgrade	06/04/15	3 Years	14,545		0%	4,848		4,848	
Fortinet lease	05/01/15	3 Years	46,895	2,851	6.21%	15,613		15,613	
Computer equipment	06/04/15	3 Years	232,878	13,600	6.00%	81,051		81,051	
Computer equipment	06/04/15	4 Years	46,425	2,748	3.97%	23,195		11,372	11,823
Computer equipment	06/04/15	5 Years	43,332	3,293	3.80%	25,975		8,337	17,638
Computer equipment	09/15/15	5 Years	43,332	2,281	3.80%				
Fortinet lease	06/15/16	3 Years	80,460	6,461	8.26%	51,486		24,723	26,763
Fiber backbone	06/13/16	3 Years	36,846	2,959	8.26%	23,578		11,322	12,256
Virtual appliance	05/23/16	3 Years	47,653		0%	26,051		12,155	13,896
Chromebooks	06/06/16	3 Years	199,262	9,515	4.85%	129,670		63,299	66,371
Computer equipment	06/06/16	5 Years	290,259	20,637	3.56%	228,080		54,066	174,014
Computer equipment	06/13/16	3 Years	6,993	562	8.26%	4,475		2,149	2,326
Fortinet lease	06/15/16	3 Years	13,975	1,122	8.26%	8,943		4,294	4,649
Fortinet switches	08/01/17	5 Years	149,990	19,649	6.56%		\$ 149,990	33,928	116,062
Dell chromebooks	08/01/17	3 Years	237,193	13,639	5.86%		237,193	83,611	153,582
Computer equipment	08/01/17	5 Years	222,693	21,378	4.81%		222,693	48,814	173,879
51 promethean boards	09/26/17	5 Years	151,700	26,493	6.04%		151,700	26,891	124,809
						\$ 689,582	\$ 761,576	\$ 548,462	\$ 902,696

Delsea Regional High School District
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 625,964		\$ 625,964	\$ 625,964	
Total local sources	625,964		625,964	625,964	
Total revenues	625,964		625,964	625,964	
EXPENDITURES:					
Regular debt service:					
Interest	300,964		300,964	300,964	
Redemption of principal	325,000		325,000	325,000	
Total expenditures	625,964		625,964	625,964	
Other Financing Sources:					
Operating transfers In:					
General Fund				196	
Excess (deficiency) of revenues over (under) expenditures					
Fund balance, July 1	(196)		(196)	(196)	
Fund balance, June 30	\$ (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.	125-130
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	131-134
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.	135-138
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.	139-140
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.	141-145

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Invested in capital assets, net of related debt	\$ 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	\$ 28,304,260
Restricted	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	6,122,634
Unrestricted	(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)	(101,322,900)
Total governmental activities net position	\$ 14,037,550	\$ 13,498,646	\$ 15,189,979	\$ 17,568,574	\$ 18,287,729	\$ 20,338,888	\$ 22,058,039	\$ 21,649,926	\$ 20,838,269	\$ (66,896,006)
Business-type activities:										
Invested in capital assets, net of related debt	\$ 17,321	\$ 15,210	\$ 13,098	\$ 11,304	\$ 13,051	\$ 10,835	\$ 8,824	\$ 6,894	\$ 45,710	\$ 42,128
Restricted			11,751							
Unrestricted	25,520	40,939	83,695	80,572	111,181	126,751	141,157	146,688	135,904	123,057
Total business-type activities net position	\$ 42,841	\$ 56,149	\$ 108,544	\$ 91,876	\$ 124,232	\$ 137,586	\$ 149,981	\$ 153,582	\$ 181,614	\$ 165,185
District-wide:										
Invested in capital assets, net of related debt	\$ 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	\$ 28,346,388
Restricted	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	6,122,634
Unrestricted	(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)	(101,199,843)
Total District net position	\$ 14,080,391	\$ 13,554,795	\$ 15,286,772	\$ 17,660,450	\$ 18,411,961	\$ 20,476,474	\$ 22,208,020	\$ 21,803,508	\$ 21,019,883	\$ (66,730,821)

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EXPENSES:										
Governmental activities:										
Instruction:										
Regular	\$ 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	\$ 8,889,722
Special education	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	2,526,822
Other special instruction	554,313	707,509	262,113	255,045	308,085	256,675	303,388	369,628	567,685	486,454
Other instruction	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	1,212,512
Nonpublic school programs	67,055	49,250	1,293	1,293						
Support services:										
Tuition	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	2,916,971
Student & instruction related services	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	3,043,773
School administrative services	1,433,770	1,424,900	1,131,314	828,329	901,045	513,054	532,837	491,292	512,785	578,927
General and business administrative services	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	1,097,037
Plant operations and maintenance	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	2,959,811
Pupil transportation	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	5,419,578
Employee benefits			6,158,013	6,803,880	7,480,309	6,560,993	7,172,701	8,411,483	10,113,699	13,235,183
Special schools	111,217	20,007								
Interest on long-term debt	273,834	232,132	196,906	139,821	92,786	49,490	124,859	307,312	304,731	298,255
Capital outlay			3,122	26,167	309,595	1,376,070	270,332	726,934		785,379
Unallocated depreciation	258,942	243,741	738,107	717,965	682,353	672,751	660,031	658,822	635,710	871,339
Total governmental activities expenses	29,151,130	30,946,667	29,149,297	30,077,562	32,778,979	33,821,294	34,484,120	36,977,407	38,930,009	44,321,763
Business-type activities:										
Food service	828,719	834,244	772,112	802,569	738,577	711,371	690,145	664,646	681,849	706,647
Total District expenses	\$ 29,979,849	\$ 31,780,911	\$ 29,921,409	\$ 30,880,131	\$ 33,517,556	\$ 34,532,665	\$ 35,174,265	\$ 37,642,053	\$ 39,611,858	\$ 45,028,410
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	\$ 124,191
General and business administration	\$ 146,375	\$ 209,600	160,748	100,538	100,000	114,800	114,800	106,980	161,761	143,009
Plant operation and maintenance	20,253	38,955	31,727	37,846	40,238	35,731	25,086	41,892	10,781	25,505
Pupil transportation	428,349	367,677	323,729	427,919	540,490	584,067	456,046	299,164	440,642	375,546
Employee benefits								178,165		172,022
Special schools	15,404	12,404								
Operating grants and contributions	1,145,479	1,291,463	958,299	828,905	748,687	760,227	1,036,408	954,183	1,007,324	954,743
Total governmental activities program revenues	1,755,860	1,920,099	1,474,503	1,513,255	1,572,606	1,640,599	1,756,531	1,699,847	1,744,699	1,795,016

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

	Fiscal Year Ending June 30.									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services:										
Food service	580,557	558,036	534,661	473,176	450,963	415,734	414,229	396,911	406,274	414,213
Operating grants and contributions	235,591	289,338	289,672	312,601	319,842	308,891	288,234	271,204	258,712	275,883
Total business type activities program revenues	816,148	847,374	824,333	785,777	770,805	724,625	702,463	668,115	664,986	690,096
Total district program revenues	\$ 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	\$ 2,485,112
NET (EXPENSE)/REVENUE:										
Governmental activities	\$ (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)	\$ (42,526,747)
Business-type activities	(12,571)	13,130	52,221	(16,792)	32,228	13,254	12,318	3,469	(16,863)	(16,551)
Total district-wide net expense	\$ (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)	\$ (42,543,298)
GENERAL REVENUES AND OTHER CHANGES										
IN NET ASSETS:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	\$ 15,104,457
Taxes levied for debt service	617,817	636,554	736,294	757,823	733,390	708,761	400,641	531,800	617,314	625,964
Federal and state aid not restricted	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	17,978,575
Federal and state aid restricted							10,200,875			
Tuition	152,442	409,136	508,102	983,497	1,121,220	1,698,159	1,858,599	1,779,475	2,167,049	2,523,723
Transportation fees from other LEA's within the state	749,965	807,122	818,988	1,001,273	1,176,681	1,345,317	1,217,727	842,823	1,217,929	1,442,730
Investment earnings	26,017	17,628	8,431	10,458	13,806	17,342	3,400	3,732	6,343	6,384
Miscellaneous income	132,672	73,759	71,226	116,967	59,508	60,764	86,774	158,351	126,018	(106,397)
Extraordinary items					(86,893)	(3,208)	(28,390)			
Total governmental activities	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	37,575,436
Business-type activities:										
Investment earnings	220	178	174	124	128	100	77	132	139	122
Capital asset contributions									44,756	
Total business-type activities	220	178	174	124	128	100	77	132	44,895	122
Total district-wide	\$ 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	\$ 37,575,558
CHANGES IN NET ASSETS:										
Governmental activities	\$ 460,492	\$ (538,904)	\$ 1,627,961	\$ 2,378,595	\$ 719,353	\$ 1,631,705	\$ 11,759,322	\$ (408,113)	\$ (811,657)	\$ (4,951,311)
Business-type activities	(12,351)	13,308	52,395	(16,668)	32,356	13,354	12,395	3,601	28,032	(16,429)
Total district	\$ 448,141	\$ (525,596)	\$ 1,680,356	\$ 2,361,927	\$ 751,709	\$ 1,645,059	\$ 11,771,717	\$ (404,512)	\$ (783,625)	\$ (4,967,740)

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Restricted			\$ 1,559,897	\$ 3,218,851	\$ 3,342,876	\$ 4,686,194	\$ 5,655,748	\$ 4,745,633	\$ 4,513,876	\$ 5,079,683
Assigned			543,935	751,301	926,400	881,383	1,440,002	2,407,087	1,543,529	1,022,950
Unrestricted			(590,124)	(552,322)	(648,380)	(683,408)	(663,106)	(614,664)	(530,266)	(461,654)
Reserved	\$ 2,095,666	\$ 1,332,412								
Unreserved	(360,151)	(734,300)								
Total general fund	\$ 1,735,515	\$ 598,112	\$ 1,513,708	\$ 3,417,830	\$ 3,620,896	\$ 4,884,169	\$ 6,432,644	\$ 6,538,056	\$ 5,527,139	\$ 5,640,979
All other governmental funds										
Assigned										
Capital projects							\$ 15,857,379	\$ 4,909,365	\$ 448,514	\$ 20,001
Debt service fund			\$ 197	\$ 198	\$ 198	\$ 1	(196)	(196)	(196)	
Unreserved, reported in:										
Debt service fund	\$ 389	\$ 520								
Total all other governmental funds	\$ 389	\$ 520	\$ 197	\$ 198	\$ 198	\$ 1	\$ 15,857,183	\$ 4,909,169	\$ 448,318	\$ 20,001

Source: District records

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES:										
Tax levy	\$ 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	\$ 15,730,421
Tuition charges	152,442	409,136	508,102	983,497	1,121,220	1,698,159	1,858,599	1,779,475	2,167,049	2,523,723
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	1,442,730
Interest earnings	26,017	17,628	8,431	10,458	13,806	3,095	3,400	3,732	6,343	6,384
Miscellaneous	173,406	96,556	84,831	125,015	59,508	93,018	103,374	158,745	126,018	230,450
State sources	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	17,997,099
Federal sources	1,015,942	3,400,965	920,923	1,245,621	743,070	725,330	984,090	930,022	939,660	936,219
Total revenue	29,016,645	29,791,531	30,261,054	31,771,807	32,761,306	34,575,835	45,512,892	35,826,203	37,380,977	38,867,026
EXPENDITURES:										
Instruction:										
Regular Instruction	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	8,725,643
Special education instruction	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	2,521,715
Other special instruction	427,948	545,100	261,873	243,915	308,646	256,675	303,388	369,628	567,075	486,116
Other instruction	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	1,211,367
Nonpublic school programs	66,232	47,618								
Community service	35,556	38,995								
Support services:										
Tuition	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	2,916,971
Student & instruction related services	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	3,039,351
General administrative services	474,542	495,837	446,590	455,183	428,394	472,086	431,458	423,852	432,914	452,864
School administrative services	1,051,191	1,059,298	900,355	785,768	782,903	688,985	704,002	697,019	688,163	714,288
Central services	324,106	335,890	358,348	310,176	328,169	333,270	325,116	378,066	394,808	409,330
Admin. information technology	118,282	132,337	136,869	137,650	170,445	238,996	325,904	378,855	319,151	385,009
Plant operations and maintenance	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	2,891,880
Pupil transportation	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	4,685,587
Employee benefits	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	8,504,282
Special schools	88,913	16,895								
Capital outlay	205,749	387,329	499,390	53,359	725,868	1,890,873	5,817,016	12,915,596	6,762,919	2,035,865
Debt service:										
Principal	1,125,456	1,205,697	1,205,956	1,291,229	1,291,524	1,291,832	745,000	240,000	310,000	325,000
Interest and other charges	286,253	245,558	202,850	158,127	111,108	64,073	21,617	291,800	307,314	300,964
Total expenditures	28,808,294	30,969,697	29,368,873	29,921,158	32,904,863	34,271,720	39,146,006	47,479,271	42,938,873	39,606,232
Excess (deficiency) of revenues over (under) expenditures	208,351	(1,178,166)	892,181	1,850,649	(143,557)	304,115	6,366,886	(11,653,068)	(5,557,896)	(739,206)
OTHER FINANCING SOURCES (USES):										
Capital leases (non-budgeted)				28,340	331,622	858,417	384,076	727,223		761,576
State sources-cancellation of state aid receivable										(336,847)
Transfers in	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)	44,487	40,894	23,092	53,476	346,623	958,961	11,038,771	810,466	86,128	424,729
Net change in fund balances	\$ 252,838	\$ (1,137,272)	\$ 915,273	\$ 1,904,125	\$ 203,066	\$ 1,263,076	\$ 17,405,657	\$ (10,842,602)	\$ (5,471,768)	\$ (314,477)
Debt service as a percentage of noncapital expenditures	4.9%	4.7%	4.9%	4.9%	4.4%	4.2%	2.3%	1.5%	1.7%	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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Interest on investments	\$ 25,209	\$ 12,687			\$ 10,444	\$ 14,247	\$ 36,678	\$ 46,994	\$ 17,134	\$ 5,123
Athletic events	15,465	14,530	\$ 13,451	\$ 11,707	20,672	22,264	19,996	17,772	18,999	
Sale of assets	1,224	7,264	9,782	730						
Rentals	4,720	10,568	4,506	7,239	7,036	8,711	13,928	2,189	4,744	
Refunds	10,303	5,721	19,977	45,056	14,774	29,125	9,331	9,516	34,043	5,416
Prior year purchase order adjustment	6,968	331	1,601		2,807					
Fines	6,223	3,729	1,125	861	266	571	900	58	310	
Community school	15,404	12,404								
Contributions/donations	1,000									
Educational fee			9,000							
Insurance dividend	44,330	17,449	11,680	37,874						
Miscellaneous	42,439	13,972	104	13,500	13,953	93	5,941	31,588	50,788	219,911
	<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>	<u>\$ 230,450</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
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
2018	32,122,000	1,047,529,000	49,158,100	6,166,900	92,504,200		2,127,000	1,229,607,200	2,145,537	1,231,752,737	1,304,220,449	1.005

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
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	5.750
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	0.613
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	0.634
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	0.658
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
2018	17,934,500	293,890,500	22,894,800	4,119,600	29,913,100	1,189,200		369,941,700	1,077,657	371,019,357	383,914,044	0.945

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	
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
2018	0.965	0.040	1.005	0.671	0.891	0.722	3.289

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	
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
2018	0.907	0.038	0.945	0.876	0.925	0.755	3.501

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	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
RT Enterprises, LLC	6,740,800	0.55%		
R. Leo & Sons, LLC	3,586,300	0.29%		
Wawa, Inc.	2,770,800	0.22%		
PDM, LLC (CVS)	2,500,000	0.20%		
New Greenways, LLC	2,158,300	0.18%		
Verizon New Jersey	2,145,537	0.17%		
Graiff Brothers Properties LLC	2,068,400	0.17%		
Rosemar Properties, V.L.L.C.	1,800,000	0.15%		
US Bank NA Trustee	1,718,300	0.14%		
AJ Seerat LLC	1,550,000	0.13%		
Total	27,038,437	2.20%	N/A	0.00%

ELK TOWNSHIP

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer 1	6,044,900	1.63%	1,247,400	0.82%
Laux Lakeview Park Inc.	4,140,200	1.12%	2,600,000	1.72%
Aura Investors LLC	3,276,700	0.88%		
SCP 2007-C27, LLC (CVS Caremark)	2,449,900	0.66%		
Aura Development Group LLC	1,686,000	0.45%		
Clayton Associates	1,189,200	0.32%	825,500	0.55%
Copart of Connecticut Inc.	1,102,000	0.30%		
Verizon New Jersey	1,077,657	0.29%	1,418,000	0.94%
Western Oilfields Supply Co.	1,052,200	0.28%		
Christy Enterprises	1,029,600	0.28%		
Silvergate Associates			1,191,800	0.79%
Individual Taxpayer 2			709,000	0.47%
Individual Taxpayer 3			675,000	0.45%
Individual Taxpayer 4			671,400	0.44%
First National Bank of Elmer			669,600	0.44%
Individual Taxpayer 5			650,000	0.43%
Total	23,048,357	6.21%	10,657,700	7.36%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	
2018	15,730,421	15,730,421	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			
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%	278
2011	3,040,000	1,579,583		4,619,583	0.71%	221
2012	2,275,000	1,053,355	\$ 22,117	3,350,472	0.38%	161
2013	1,510,000	526,831	242,898	2,279,729	0.24%	110
2014	745,000		809,582	1,554,582	0.16%	75
2015	10,581,000		884,488	11,465,488	1.13%	553
2016	10,341,000		1,192,905	11,533,905	1.12%	559
2017	10,031,000		689,583	10,720,583	1.04%	519
2018	9,706,000		902,696	10,608,696	1.03%	513

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			
2009	\$ 4,400,000		\$ 4,400,000	0.43%	206
2010	3,720,000		3,720,000	0.37%	178
2011	3,040,000		3,040,000	0.31%	146
2012	2,275,000		2,275,000	0.25%	109
2013	1,510,000		1,510,000	0.19%	73
2014	745,000		745,000	0.05%	36
2015	10,581,000		10,581,000	0.67%	511
2016	10,341,000		10,341,000	0.65%	501
2017	10,031,000		10,031,000	0.63%	485
2018	9,706,000		9,706,000	0.61%	469

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, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Franklin Township	\$ 8,288,500	100.00%	\$ 8,288,500
Elk Township	2,632,250	100.00%	2,632,250
Township of Franklin School District	1,667,000	100.00%	1,667,000
Township of Elk School District	805,000	100.00%	805,000
Gloucester County	225,453,500	6.38%	<u>14,833,525</u>
Subtotal, overlapping debt			28,226,275
Delsea Regional High School District direct debt			<u>9,706,000</u>
Total direct and overlapping debt			<u><u>\$ 37,932,275</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
2017	\$ 376,799,855	\$ 1,304,438,386	\$ 1,681,238,241
2016	369,269,957	1,296,178,895	1,665,448,852
2015	363,006,739	1,290,258,525	1,653,265,264
	<u>\$ 1,109,076,551</u>	<u>\$ 3,890,875,806</u>	<u>\$ 4,999,952,357</u>
Average equalized valuation of taxable property	\$ 369,692,184	\$ 1,296,958,602	\$ 1,666,650,786
Debt limit (3% of average equalized valuation)			a 49,999,524
Net bonded school debt			9,706,000
Legal debt margin			<u>\$ 40,293,524</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 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	\$ 49,999,524
Total net debt applicable to limit	<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>	<u>9,706,000</u>
Legal debt margin	<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>	<u>\$ 40,293,524</u>
Total net debt applicable to the limit as a percentage of debt limit	13.25%	10.44%	8.23%	6.07%	3.86%	1.47%	21.30%	20.92%	20.19%	19.41%

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
2009	17,368	\$ 721,831,448	\$ 41,561	12.7%
2010	16,775	687,616,488	42,008	12.4%
2011	16,722	695,908,395	43,487	12.7%
2012	16,669	742,487,267	44,543	9.5%
2013	16,622	753,957,298	45,359	9.5%
2014	16,619	775,276,350	46,650	9.0%
2015	16,613	813,771,192	48,984	7.8%
2016	16,528	826,499,168	50,006	6.7%
2017	16,499	825,048,994 *	50,006 *	6.1%
2018	16,499 *	825,048,994 *	50,006 *	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
2009	4,005	166,451,805	41,561	9.5%
2010	4,167	160,400,250	42,008	9.3%
2011	4,157	174,442,140	43,487	9.5%
2012	4,139	184,363,477	44,543	14.9%
2013	4,125	187,105,875	45,359	14.9%
2014	4,118	192,104,700	46,650	7.8%
2015	4,106	201,128,304	48,984	6.6%
2016	4,114	205,724,684 *	50,006	4.6%
2017	4,175	208,775,050 *	50,006 *	4.7%
2018	4,175 *	208,775,050 *	50,006 *	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 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	2018		2009	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Inspira Health	1,825	1.20%		N/A
Underwood Memorial Hospital			1,860	N/A
Kennedy Memorial Hospital	1,675	1.11%	1,200	N/A
Washington Township School District	1,586	1.05%	1,594	N/A
Rowan University	1,483	0.98%	1,300	N/A
County of Gloucester	1,368	0.90%	1,600	N/A
Missa Bay, LLC	950	0.63%	750	N/A
Monroe Township School District	814	0.54%	775	N/A
U.S. Foodservices	725	0.48%	800	N/A
Exxon Mobil Research & Engineering	540	0.36%		N/A
LaBrea Bakery	525	0.35%		N/A
Direct Group			850	N/A
US Postal Service			700	N/A
	<u>11,491</u>		<u>11,429</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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction:										
Regular	107	107	107	108	109	108	105	106	108	102
Special education	36	40	41	40	42	43	46	45	42	36
Other special instruction	5	5	4	3	1	1	1	1	1	1
Support services:										
Student & instruction related services	36	34	34	33	37	38	33	30	31	37
General administrative services	3	3	3	3	3	3	4	5	5	3
School administrative services	12	12	13	9	8	10	10	8	9	7
Central services	5	5	5	5	5	5	5	5	5	5
Administrative information technology	3	3	3	2	3	4	4	5	5	4
Plant operations and maintenance	29	31	32	27	27	25	22	24	25	29
Pupil transportation	61	67	67	65	78	80	86	87	88	76
Total	<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>	<u>300</u>

Source: District personnel records

Delsea Regional High School District
Operating Statistics
Last Ten Fiscal Years

Pupil/Teacher Ratio

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (b)</u>	<u>Middle School</u>	<u>High School</u>	<u>Average Daily Enrollment (ADE) c</u>	<u>Average Daily Attendance (ADA) c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2009	1,795.5	\$ 27,190,836	\$ 15,144	-1.52%	136	12:1:1	11.6:1	1,781	1,677	-0.50%	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%
2018	1,614.0	36,944,403	22,890	3.96%	145	11.5:1	10.9:1	1,612	1,515	0.75%	94.0%

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Middle School										
Delsea Regional Middle School (1989)										
Square Feet	97,000	97,000	97,000	97,000	97,000	97,000	97,000	101,650	101,650	101,650
Capacity (students)	724	724	724	724	724	724	724	759	759	759
Enrollment	628	570	547	539	600	613	538	478	485	534
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	1,168	1,182	1,196	1,173	1,153	1,141	1,158	1,122	1,130	1,080
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, 2018										
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

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Totals
UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES 11-000-261-XXX												
School facilities:	Project numbers:											
Delsea High School	N/A	\$ 119,613	\$ 194,986	\$ 95,152	\$ 137,006	\$ 128,057	\$ 90,504	\$ 251,646	\$ 161,178	\$ 160,195	\$ 219,784	\$ 1,558,121
Delsea Middle School	N/A	55,054	57,868	33,108	59,060	80,715	82,390	112,694	41,544	113,978	121,908	758,319
Total school facilities		174,667	252,854	128,260	196,066	208,772	172,894	364,340	202,722	274,173	341,692	2,316,440
Other facilities:												
Wastewater treatment plant	N/A	40,573	38,464	26,391	58,105	160,240	63,446	75,337	59,982	65,641	69,808	657,987
Grand total		\$ 215,240	\$ 291,318	\$ 154,651	\$ 254,171	\$ 369,012	\$ 236,340	\$ 439,677	\$ 262,704	\$ 339,814	\$ 411,500	\$ 2,974,427

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	\$ 98,124,488	\$ 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		
Employee Benefits	1,000,000	1,000
Aggregate for each year	3,000,000	
Inland Marine		
Data processing hardware	3,788,298	100
Software	600,000	
Extra expense	200,000	
Cybersurance-Privacy and Security Breach Coverage	1,000,000	10,000
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		250
Collision		5,000
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	250,000	
Board Secretary	35,000	

Source - District records

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
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(856) 881-1600 • Fax (856) 881-6860

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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, 2018, 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 January 23, 2019.

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

January 23, 2019

PETRONI & ASSOCIATES LLC

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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, 2018. 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, 2018.

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

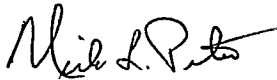
not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2018, and have issued our report thereon dated January 23, 2019, 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

January 23, 2019

DELSEA REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2018

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, 2017	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2018			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	1805NJSMAP	N/A	\$ 41,567	7/1/17	6/30/18			\$ 41,567	\$ (41,567)						\$ 41,567
SEMI Mac	93.778	1805NJSMAP	N/A	7,270	7/1/17	6/30/18			7,270	(7,270)						7,270
Subtotal									48,837	(48,837)						48,837
Education Jobs Fund	84.410	N/A	N/A	15,445	9/1/11	9/30/13	\$ (1,173.00)						\$ (1,173)			15,445
Total General Fund							(1,173)		48,837	(48,837)			(1,173)			64,282
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
Title I, Part A	84.010	S010A160030	ESEA280018	159,113	7/1/17	6/30/18			79,457	(159,113)			(79,656)			159,113
Title I, Part A	84.010	S010A160030	ESEA280017	194,859	7/1/16	6/30/17	(71,252)		71,252							185,063
Subtotal							(71,252)		150,709	(159,113)			(79,656)			344,176
Special Education Cluster																
IDEA Part B, Basic Regular	84.027	H027A160100	IDEA280018	627,753	7/1/17	6/30/18			217,802	(582,092)			(364,290)			582,092
IDEA Part B, Basic Regular	84.027	H027A160100	IDEA280017	608,921	7/1/16	6/30/17	(409,686)		412,687	(3,001)						608,921
IDEA Part B, Basic Regular	84.027	H027A150100	IDEA280016	644,265	7/1/15	6/30/16	27,494		86			\$ 27,580				632,311
ARRA - IDEA Part B, Basic Regular	84.391	H027A150100	ARRA494010	450,141	9/1/09	8/31/11	63					63				450,078
Total Special Education Cluster							(382,129)		630,575	(585,093)			27,643	(364,290)		2,273,402
Title II Part A	84.367	S367A160029	ESEA280018	37,482	7/1/17	6/30/18			29,638	(35,347)			(5,709)			35,347
Title II Part A	84.367	S367A160029	ESEA280017	51,061	7/1/16	6/30/17	(43,173)		43,173							36,801
Title II Part A	84.367	S367A150029	ESEA280016	44,310	7/1/15	6/30/16	(15,862)		15,862							41,631
Title II Part A	84.367	S367A150029	ESEA280014	43,867	7/1/13	6/30/14	(67)							(67)		22,195
Subtotal							(59,102)		88,673	(35,347)			(5,776)			135,974
Title III	84.365	S365A150030	ESEA280014	516	9/1/13	6/30/14	(331)						(331)			506
Title IV Part A	84.424	S424A170031	ESEA280018	12,700	7/1/17	6/30/18				(12,484)			(12,484)			12,484
Perkins	84.048	V048A160030	N/A	95,970	7/1/17	6/30/18			52,831	(95,970)			(43,139)			95,970
Perkins	84.048	V048A160030	N/A	58,079	7/1/16	6/30/17	(15,503)		12,332				(3,171)			58,079
Perkins	84.048	V048A140030	N/A	57,229	7/1/13	6/30/14	(3,633)		3,633							46,451
Subtotal							(19,136)		68,796	(95,970)			(46,310)			200,500
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							(532,102)		938,753	(888,007)			27,643	(508,999)		2,981,325
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.555	N/A	N/A	40,227	7/1/17	6/30/18			40,227	(35,113)				\$ 5,114		35,113
Food Distribution Program	10.555	N/A	N/A	43,897	7/1/16	6/30/17	5,008			(5,008)						43,897
School Breakfast Program	10.553	18161NJ304N1099	N/A	38,181	7/1/17	6/30/18			30,170	(38,181)			(8,011)			38,181
School Breakfast Program	10.553	17161NJ304N1099	N/A	28,467	7/1/16	6/30/17	(1,697)		1,697							28,467
National School Lunch Program	10.555	18161NJ304N1099	N/A	191,193	7/1/17	6/30/18			158,010	(191,193)			(33,183)			182,060
National School Lunch Program	10.555	17161NJ304N1099	N/A	182,060	7/1/16	6/30/17	(8,911)		8,911							182,060
Total Enterprise Fund							(5,600)		239,015	(269,495)			(41,194)	5,114		509,778
Total Federal Financial Awards							\$ (538,875)		\$ 1,226,605	\$ (1,206,339)		\$ 27,643	\$ (551,366)	\$ 5,114		\$ 3,555,385

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, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2018			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
State Department of Education															
General Fund:															
Extraordinary Aid	18-100-034-5120-473	\$ 198,972	7/1/17	6/30/18					(198,972)			(198,972)			\$ 198,972
Extraordinary Aid	17-100-034-5120-473	166,931	7/1/16	6/30/17	\$ (166,931)		\$ 166,931								166,931
State Aid Public:															
Special Education Aid	18-495-034-5120-089	956,261	7/1/17	6/30/18			956,261	(956,261)						\$ 158,182	956,261
Equalization Aid	18-495-034-5120-078	12,086,304	7/1/17	6/30/18			12,086,304	(12,086,304)						984,358	12,086,304
Security Aid	18-495-034-5120-084	231,243	7/1/17	6/30/18			231,243	(231,243)						38,252	231,243
School Choice Aid	18-495-034-5120-068	391,761	7/1/17	6/30/18			391,761	(391,761)						64,804	391,761
Per Pupil Growth Aid	18-495-034-5120-097	16,350	7/1/17	6/30/18			16,350	(16,350)						2,705	16,350
PARCC Readiness Aid	18-495-034-5120-098	16,350	7/1/17	6/30/18			16,350	(16,350)						2,705	16,350
Professional Learning Community Aid	18-495-034-5120-101	14,950	7/1/17	6/30/18			14,950	(14,950)						2,473	14,950
Transportation Aid	18-495-034-5120-014	300,718	7/1/17	6/30/18			300,718	(300,718)						49,744	300,718
Reimbursement of Nonpublic Transportation	N/A	21,460	7/1/17	6/30/18				(21,460)				(21,460)			21,460
Reimbursement of Nonpublic Transportation	N/A	11,310	7/1/16	6/30/17		(11,310)		11,310							11,310
Lead Testing for School's Aid	18-495-034-5120-104	2,481	7/1/17	6/30/18			2,481			\$ (2,481)					2,481
On-behalf TPAF Pension Contribution	18-495-034-5094-006	1,701,929	7/1/17	6/30/18			1,701,929	(1,701,929)							1,701,929
On-behalf TPAF Post-retirement Medical	18-495-034-5094-001	1,099,240	7/1/17	6/30/18			1,099,240	(1,099,240)							1,099,240
On-behalf TPAF Long Term Disability Insurance	18-495-034-5094-004	1,368	7/1/17	6/30/18			1,368	(1,368)							1,368
Reimbursed TPAF Social Security	18-495-034-5094-003	864,119	7/1/17	6/30/18			822,092	(864,119)				(42,027)			864,119
Reimbursed TPAF Social Security	17-495-034-5094-003	852,449	7/1/16	6/30/17		(42,027)	42,027								852,449
Total General Fund					(220,268)		17,861,315	(17,901,025)		(2,481)		(262,459)		1,303,223	18,934,196
Special Revenue Fund:															
NJ Non-Public Aid															
Textbook Aid	18-100-034-5120-064	5,971	7/1/17	6/30/18			5,971	(5,743)					\$ 228		5,743
Textbook Aid	17-100-034-5120-064	7,205	7/1/16	6/30/17		\$ 222				222					6,983
Security Aid	18-100-034-5120-509	8,250	7/1/17	6/30/18			8,250	(6,250)					2,000		6,250
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	1,897	7/1/17	6/30/18			1,897	(1,706)					191		1,706
Transportation	17-100-034-5120-067	1,958	7/1/16	6/30/17			78			78					1,880
Home Instruction	18-100-034-5120-067	6,998	7/1/17	6/30/18			6,998	(5,846)					1,152		5,846
Home Instruction	17-100-034-5120-067	9,853	7/1/16	6/30/17			358			358					9,495
Home Instruction	14-100-034-5120-067	919	7/1/13	6/30/14		(919)						(919)			919
Handicapped Services:															
Corrective Speech	18-100-034-5120-066	3,392	7/1/17	6/30/18			3,392	(3,303)					89		3,303
Corrective Speech	17-100-034-5120-066	3,534	7/1/16	6/30/17			2,209			2,209					1,325
Examination and Classification	18-100-034-5120-066	12,974	7/1/17	6/30/18			24,755	(13,476)					11,279		13,476
Examination and Classification	17-100-034-5120-066	12,974	7/1/16	6/30/17			361			361					12,613
Supplementary Instruction	18-100-034-5120-066	14,273	7/1/17	6/30/18			14,273	(11,576)					2,697		11,576
Supplementary Instruction	17-100-034-5120-066	12,555	7/1/16	6/30/17			1,412			1,412					11,143
Nursing Services Aid	18-100-034-5120-070	10,670	7/1/17	6/30/18			10,670	(10,670)							10,670
Technology Aid	18-100-034-5120-373	4,033	7/1/16	6/30/17			4,033	(3,991)					42		2,626
Technology Aid	17-100-034-5120-373	3,250	7/1/16	6/30/17			624			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		59							\$ 59		49,941
Department of Community Affairs															
Passed-through County of Gloucester															
Special Revenue Fund:															
Municipal Alliance	N/A	2,500	7/1/17	6/30/18			1,800	(2,000)				(200)			2,000
Municipal Alliance	N/A	7,182	7/1/16	6/30/17		2,300									7,182
Municipal Alliance	N/A	4,918	7/1/15	6/30/16		500									4,918
Total Special Revenue Fund					400	11,514	82,039	(67,361)	11,514	(2,659)	59	17,678		179,220	

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, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017		Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2018			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	6/30/18	(829,250)		461,602	(114,717)							10,200,854
State Department of Agriculture Enterprise Fund: Child Nutrition Cluster															
National School Lunch Program (State Share)	18-100-010-3350-023	6,282	7/1/17	6/30/18			5,227	(6,282)		(1,055)					6,282
National School Lunch Program (State Share)	17-100-010-3350-023	5,427	7/1/16	6/30/17	(264)		264								5,427
Total Enterprise Fund/Child Nutrition Cluster					(264)		5,491	(6,282)		(1,055)					11,709
Total State Financial Assistance					<u>\$(1,049,382)</u>	<u>\$ 11,514</u>	<u>\$ 18,410,447</u>	<u>\$(18,089,385)</u>	<u>\$ 9,033</u>	<u>\$ (266,173)</u>		<u>\$ 17,678</u>	<u>\$ 1,303,223</u>	<u>\$29,325,979</u>	
Less: On-Behalf TPAF Pension System Contributions															<u>\$ (2,802,537)</u>
Total for State Financial Assistance - Major Program Determination															<u>\$ (15,286,848)</u>

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

DELSEA REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2018

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 basis 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, 2018

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$28,713 for the General Fund and (\$625) 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 (See Exhibit B-2 and B-5):

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 48,837	\$ 17,929,738	\$ 17,978,575
Special Revenue Fund	887,382	67,361	954,743
Food Service Fund	269,601	6,282	275,883
	<u>\$ 1,205,820</u>	<u>\$ 18,003,381</u>	<u>\$ 19,209,201</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, 2018, Delsea Regional High School District has food commodities totaling \$5,114 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, 2018. 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, 2018.

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, 2018

**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.

DELSEA REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? Yes No

DELSEA REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	State Aid Public Cluster:
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5095-084	Security Aid
495-034-5120-068	School Choice Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-101	Professional Learning Community Aid
495-034-5094-003	Reimbursed TPAF Social Security

DELSEA REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018

None