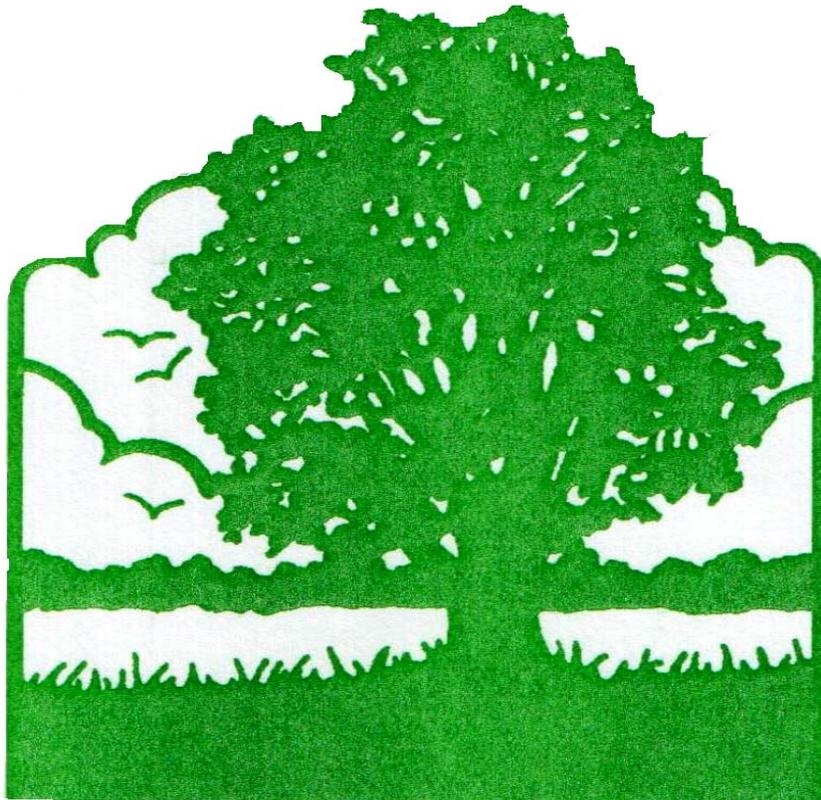


**BOARD OF EDUCATION OF THE TOWNSHIP OF  
DELANCO SCHOOL DISTRICT  
DELANCO, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
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## INTRODUCTORY SECTION



October 1, 2013

Honorable President and  
Members of the Board of Education  
Delanco Township School District  
1301 Burlington Avenue  
Delanco, New Jersey 08075

Dear Board Members:

The Comprehensive Annual Financial Report of the Delanco School District for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section, of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Delanco School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Delanco Board of Education, Walnut Street School, and M. Joan Pearson School constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These services include regular education, as well as special education for disabled youngsters. The District completed the 2012-2013 fiscal year with an enrollment of 387 students, which is 1 student below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years.

**Average Daily Enrollment**

Fiscal Year	Student Enrollment Average	Percent Change
2012-13	386	(1.78%)
2011-12	393	(1.81%)
2010-11	386	(2.77%)
2009-10	397	1.79%
2008-09	390	0.26%)

Students in grades kindergarten through fifth are housed in the M. Joan Pearson School and grades sixth through eighth in the Walnut Street School. For grades ninth through twelfth students are sent to Riverside High School on a tuition basis.

**2) ECONOMIC CONDITION AND OUTLOOK:** The District had previously seen growth in student population from new housing developments. The district experienced an enrollment increase between the 2005/2006 and 2006/2007 of 30 students. With the present state of the economy the growth has not continued. Construction projects were completed for both schools in 2006. The project prepared the district for growth, upgraded facility needs, and added an administration wing to the M. Joan Pearson School.

The District experienced a negative adjustment of \$650,049 in its State aid payments during the 2009/2010 fiscal year as ordered by the State of New Jersey to address it's fiscal crisis. To replace these funds the district dissolved its Maintenance and Emergency Reserves, and froze expenditures except for those that were crucial. The State continues to withhold the month of June's last two State Aid payments for the fiscal year. The payments are released during the month of July. For the 2012-2013 school year budget the amount withheld totaled \$207,303.

The Board of Education adopted a resolution on February 8, 2012 eliminating the annual April school election. If the budget adopted by the Board of Education exceeds the State allowable tax cap increase of 2%, a question will then be

presented to Delanco voters at the November general election to exceed the cap. Board of Education member candidates will also be on the November general election ballot. Successful candidates are to be sworn in at the annual reorganization meeting which was moved from May to January.

**3) MAJOR INITIATIVES:** By utilizing funds from the Bond Referendum approved by the voters on March 8, 2005 the district has done upgrades to the technology available to staff and students. Smartboard technology has been installed in the majority of the classrooms. An addition was added to the M. Joan Pearson School including a Board of Education office suite and upgrades were completed to the Walnut Street School.

The District successfully completed New Jersey Quality Single Accountability Continuum (NJ QSAC) monitoring by the State Department of Education during the 2011-2012 school year. The process will take place again in three years.

**4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure 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 control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for insuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is 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 control structure, 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.

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase order commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assigned fund balance at June 30, 2013.

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

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

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

**9) DEBT ADMINISTRATION:** The board refunded its 2005 bond issue in April of 2013 and realized significant savings. As of June 30, 2013 the District's outstanding debt issues includes \$6,210,000.00 in general obligation bonds.

**10) OTHER INFORMATION:**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP 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 OMB Circular A-133 and State of New Jersey Circular 04-04-OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

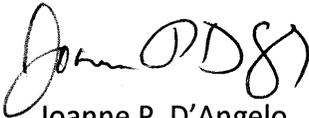
**11) ACKNOWLEDGMENTS:** A successful Comprehensive Annual Financial Report depends on the support of the staff, parents, and community, and includes a vision of the members Delanco Board of Education to dedicate itself to excellence. The Board of Education's

commitment provides fiscal accountability to the citizens and taxpayers of the school district. Their continued support to the development and maintenance of the financial operations of the district is to be commended. The outstanding efforts and dedication of the Administration and their staff, and especially the staff of the Board of Education Office, are most important to the successful findings in this report.

Respectfully submitted,

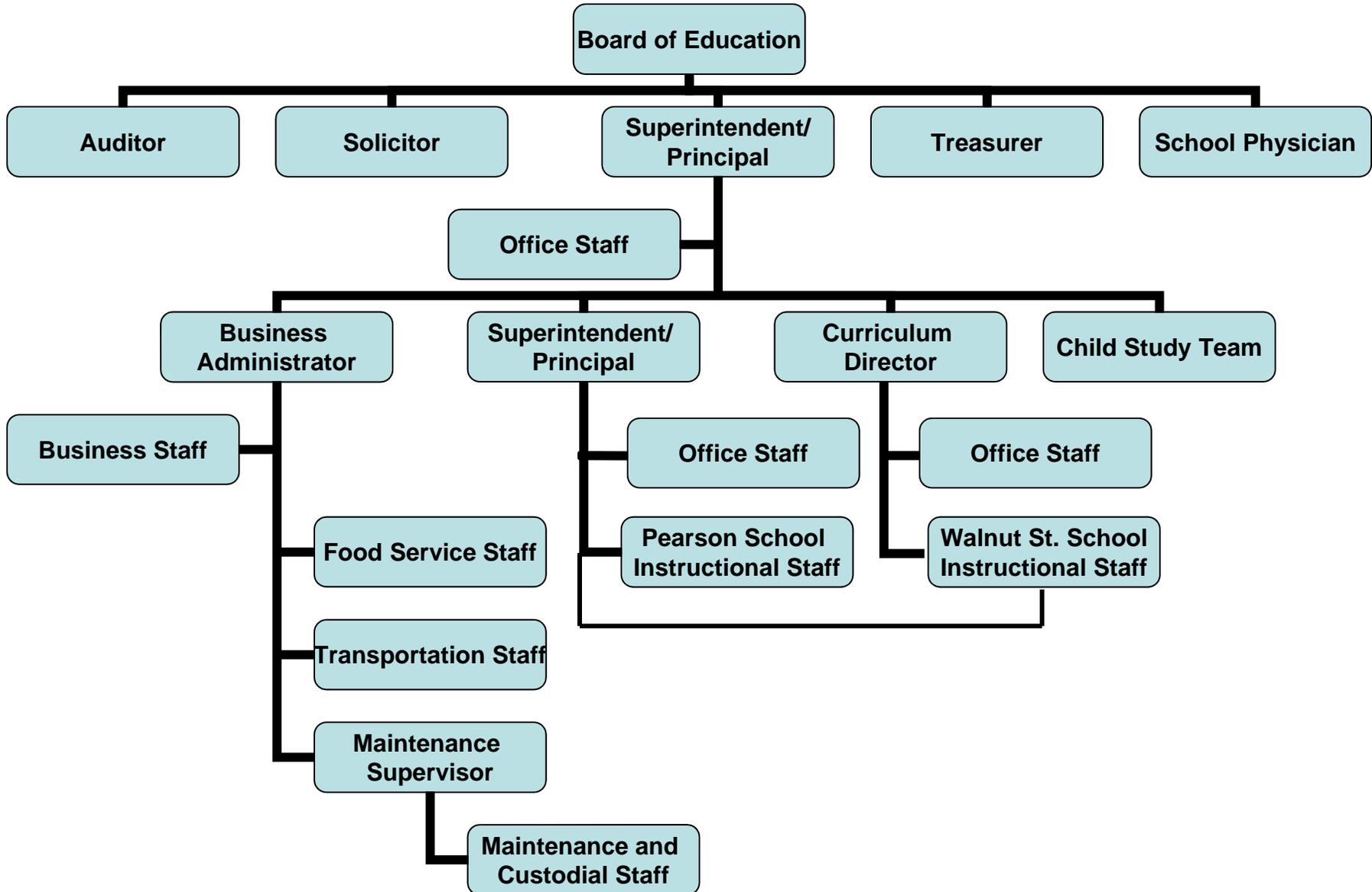


Barbara A. Behnke  
Superintendent/  
Principal



Joanne P. D'Angelo  
School Business Administrator/  
Board Secretary

# Delanco Board of Education Organizational Chart



DELANCO BOARD OF EDUCATION  
DELANCO, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2013

<b>Members of the Board of Education</b>	<b><u>Term Expires</u></b>
Dennis Bryski, President	2014
Phil Jenkins	2015
Kenneth Adams	2014
James DiMiero	2013
Marisa Karamanoogian	2013
Daniel Faust	2014
Eric Hoffman	2015
Harry Litwack	2013
Cynthia Wagstaff	2015

**Other Officials**

Barbara Behkne, Superintendent/Principal

Joanne D'Angelo, School Business Administrator/Board Secretary

Robert Hudnell, Treasurer

Parker McCay, Solicitor

**DELANCO BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

Bowman & Company LLP  
601 White Horse Road  
Voorhees, NJ 08043

**Attorney**

Parker McCay  
9000 Midlantic Drive Suite 300  
PO Box 5054  
Mount Laurel, NJ 08054

**Official Depositories**

Delanco Federal Savings Bank  
615 Burlington Avenue  
Delanco, NJ 08075

Beneficial Bank  
53 East Main Street  
Moorestown, NJ 08057

**Educational Support Services**

EDUCON Inc.  
129 Patricia Avenue  
Delran, NJ 08075

FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Township of Delanco School District  
County of Burlington  
Delanco, New Jersey 08075

### ***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 Township of Delanco School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 School 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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 Township of Delanco School District in the County of Burlington, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2013, the School District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): *Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and *Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **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 as listed 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 Township of Delanco School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were 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 accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 1, 2013 on our consideration of the Township of Delanco School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Delanco School District's internal control over financial reporting and compliance.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Joseph J. Hoffmann  
Certified Public Accountant  
Public School Accountant No. CS 00759

Voorhees, New Jersey  
October 1, 2013

**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**

The Honorable President and  
Members of the Board of Education  
Township of Delanco School District  
County of Burlington  
Delanco, New Jersey 08075

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and 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 Township of Delanco School District, in the County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2103, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 1, 2013.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township of Delanco School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Delanco School 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

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

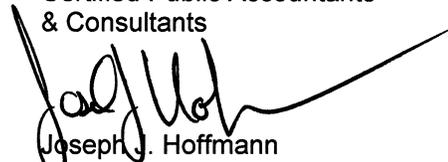
**Purpose of this Report**

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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Joseph J. Hoffmann  
Certified Public Accountant  
Public School Accountant No. CS 00759

Voorhees, New Jersey  
October 1, 2013

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

# Delanco Township Board of Education School District

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013

---

This section of the Delanco Township Board of Education School District annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

## FINANCIAL HIGHLIGHTS

Key financial highlights for the 2012-13 fiscal-year include the following:

- Net Position for Governmental and Business-Type activities were \$10,188,558 and \$120,204, respectively.
- Net Position for both activities decreased by \$305,755 from July 1, 2012 to June 30, 2013.
- The General Fund, fund balance as of June 30, 2013 was \$2,246,353 an increase of \$142,271 when compared with the beginning balance as of July 1, 2012 of \$2,104,081.
- The Delanco Township School District's outstanding debt at June 30, 2013 is \$6,210,000.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Delanco School District.

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Table A-1 summarizes the major features of the Delanco Township School District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

# Delanco Township Board of Education School District

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013

Table A-1

## MAJOR FEATURES OF THE DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

	Fund Financial Statements		
	District-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education, building maintenance and transportation	Activities the district operates similar to private businesses: Food Service Fund and Internal Service Fund
Required Financial Statements	Statements of net position	Balance sheet	Statement of net position
	Statement of activities	Statement of revenue, expenditures and changes in fund balances	Statement of revenue, expenses and changes in fund net position
			Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

### District-wide Statements

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

The two district-wide statements report the Delanco Township School District's net assets and how they have changed. Net position – the difference between the district's assets and liabilities – are a measure of the District's financial health or position.

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

In the district-wide financial statements the district's activities are shown in two categories:

# Delanco Township Board of Education School District

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013

## District-wide Statements (cont'd)

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, administration, and maintenance. Aid from the State of New Jersey and from the Federal government along with local property taxes finances most of these activities.
- *Business-type activities*-The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund, Ex Care Fund and Internal Service Fund are included here.

## Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

- **Governmental funds** - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- **Proprietary funds** - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

## Delanco Township Board of Education School District

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013

### FINANCIAL ANALYSIS OF THE DELANCO TOWNSHIP SCHOOL DISTRICT AS A WHOLE

**Net Position.** The District's net position, for governmental and business-type activities were \$10,188,558 and \$120,204, respectively, as of June 30, 2013.

<b>TOWNSHIP OF DELANCO SCHOOL DISTRICT'S NET POSITION</b>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 2,465,858	\$ 2,482,479	\$ 31,940	\$ 26,627	\$ 2,497,798	\$ 2,509,106
Capital Assets	14,478,202	14,718,217	92,627	103,111	14,570,829	14,821,328
<b>Total Assets</b>	<b>16,944,060</b>	<b>17,200,696</b>	<b>124,566</b>	<b>129,737</b>	<b>17,068,627</b>	<b>17,330,433</b>
Long-term Liabilities Outstanding	6,475,262	6,338,769			6,475,262	6,338,769
Other Liabilities	280,241	375,790	4,362	1,358	284,603	377,148
<b>Total Liabilities</b>	<b>6,755,503</b>	<b>6,714,559</b>	<b>4,362</b>	<b>1,358</b>	<b>6,759,865</b>	<b>6,715,917</b>
<b>Net Position:</b>						
Invested in Capital Assets, Net of Related Debt	8,256,627	8,642,217	92,627	103,111	8,349,253	8,745,328
Restricted	1,874,637	1,855,645			1,874,637	1,855,645
Unrestricted	57,294	(11,725)	27,578	25,269	84,872	13,544
<b>Total Net Position</b>	<b>\$ 10,188,558</b>	<b>\$ 10,486,137</b>	<b>\$ 120,204</b>	<b>\$ 128,379</b>	<b>\$ 10,308,762</b>	<b>\$ 10,614,517</b>

The District's financial position, for governmental and business-type activities, is the product of the following factors:

- Program revenues were \$1,044,954.
  - ✓ Operating Grants & Contributions--\$864,861.
  - ✓ Charges for Services--\$180,093.
- General revenues, Special Items, Extraordinary Items and Transfers amounted to \$8,404,546.
- Net Expenditures were \$8,710,301.
- Total District revenues & beginning assets are adjusted by net adjusted expenditures resulting in a calculation of net assets of \$10,308,762 as of June 30, 2013.
- Revenues (\$8,404,546) + Beginning assets (\$10,614,517) – Net expenditures (\$8,710,301) = Net Position of \$10,308,762.

# Delanco Township Board of Education School District

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013

**Change in Net Position.** Net position, for governmental and business-type activities decreased by \$305,755, from July 1, 2012, to June 30, 2013.

<b>TOWNSHIP OF DELANCO SCHOOL DISTRICT'S CHANGES IN NET POSITION</b>						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 7,121	\$ 6,856	\$ 172,972	\$ 169,586	\$ 180,093	\$ 176,442
Operating Grants and Contributions	779,518	661,528	85,343	75,941	864,861	737,469
<b>General Revenues:</b>						
Property Taxes	5,855,359	5,899,429			5,855,359	5,899,429
Grants and Contributions Restricted to Specific Programs						
Grants and Contributions not Restricted to Specific Programs	2,447,834	2,428,809			2,447,834	2,428,809
Other	101,295	80,633	58	21	101,353	80,654
<b>Total Revenues</b>	<b>9,191,128</b>	<b>9,077,254</b>	<b>258,372</b>	<b>245,548</b>	<b>9,449,500</b>	<b>9,322,802</b>
<b>Expenses:</b>						
Instruction	3,295,633	3,092,754			3,295,633	3,092,754
Support Services	5,533,290	4,916,451			5,533,290	4,916,451
Charter Schools						-
Unallocated Depreciation						-
Interest on Debt	659,785	284,484			659,785	284,484
<i>Ex Care</i>			99,599	90,663	99,599	90,663
<i>Food Service</i>			166,949	162,660	166,949	162,660
<b>Total Expenses</b>	<b>9,488,708</b>	<b>8,293,689</b>	<b>266,548</b>	<b>253,323</b>	<b>9,755,255</b>	<b>8,547,012</b>
Increase (Decrease) in Net Position Before Transfers	(297,580)	783,565	(8,175)	(7,775)	(305,755)	775,790
Transfers					-	-
Increase in Net Assets	(297,580)	783,565	(8,175)	(7,775)	(305,755)	775,790
Net Position, July 1	10,486,137	9,702,572	128,379	136,155	10,614,517	9,838,727
Net Position, June 30	<b>\$ 10,188,558</b>	<b>\$ 10,486,137</b>	<b>\$ 120,204</b>	<b>\$ 128,380</b>	<b>\$ 10,308,762</b>	<b>\$ 10,614,517</b>

Total revenues for the District were \$9,449,500. Government funding was the source of 35.06% of the district's revenues. This includes the State of New Jersey and Federal sources.

Property taxes of \$5,855,359 provided 61.96% of revenues which was similar to fiscal year 2012.

Other miscellaneous revenues of \$101,353 (net of asset items) represent 1.07% of the district revenues. The make-up of miscellaneous revenues was primarily provided from interest, tuition, rentals, and refunds.

The District's expenses for government activities are predominantly related to instruction and support services. Instruction including tuition totaled \$5,931,867 (62.52%) of total expenditures. Student support services excluding tuition, transportation and administration, totaled \$2,351,537 (24.78%) of total expenditures.

Total expenditures exceeded revenues for governmental activities, decreasing net position \$297,580 from the beginning balance as of July 1, 2012.

# **Delanco Township Board of Education School District**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013

## **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

The financial performance of the Delanco Township School District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As the District completed the year, its governmental funds reported a combined fund balance of \$2,246,354. At June 30, 2012 the fund balance was \$2,106,887. The General Fund balance increased by \$139,468.

All governmental funds had total revenues of \$9,184,002 and total expenditures of \$9,044,534.

## **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.

The General Fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 8 including pupil transportation activities and capital outlay projects.

One of the primary sources of funding for the district is received from local property taxes and accounted for 63.76% of total revenues. State aid accounted for 32.54% of total revenues.

Total General Fund revenue increased by \$113,605.45, or 1.25%, from the previous year. State aid revenue is determined by a formula under the CEIFA laws, which was not used in the calculation of state aid in 2012-13.

Total General Fund expenditures increased \$878,856 or 10.76% from the previous year

The Delanco Township School District values its fund balances as a vehicle for addressing unbudgeted and emergent needs that occur during the school year. The amounts of budgeted fund balance designated to support the budgets and provide tax relief were \$768,405 for the 2012-2013 school year and \$1,167,806 for the 2013-14 school year.

During the course of fiscal year 2013 the District modified the General Fund Budget as needed to ensure no line item was projected to be over-expended.

## **FOOD SERVICE FUND**

The Food Service Fund had net position of \$96,593 as of June 30, 2013. This reflects a decrease of \$13,468 from June 30, 2012. This decrease is due to a decrease in sales and an increase in the cost of food.

## **EX CARE FUND**

The Ex Care Fund had net position of \$23,611 as of June 30, 2013. This reflects an increase of \$5,292 from June 30, 2012.

## Delanco Township Board of Education School District

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013

### TOWNSHIP OF DELANCO SCHOOL DISTRICT'S CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land Improvements	\$ 13,555	\$ 16,019			\$ 13,555	\$ 16,019
Construction in Progress		-			-	-
Building Improvements	14,265,148	14,537,705			14,265,148	14,537,705
Equipment	199,499	164,492	\$ 92,627	\$ 103,111	292,126	267,603
<b>Total</b>	<b>\$ 14,478,202</b>	<b>\$ 14,718,217</b>	<b>\$ 92,627</b>	<b>\$ 103,111</b>	<b>\$ 14,570,829</b>	<b>\$ 14,821,328</b>

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

Capital Assets are individual items purchased at a cost exceeding \$2,000, have an extended useful life of one year or more and maintain their identity and structure when placed into service.

At the end of 2013, the district had capital assets with a book value of \$14,478,202. This consists of a broad range of capital assets, including land, school buildings, computer and audio-visual equipment. Total depreciation expense for the year for government activities was \$307,271.

#### Long-term Obligations

At year-end, the District had general obligation bonds in the amount of \$6,210,000.

The District had a \$206,688 liability for compensated absences. This liability represents the District's contractual obligation to compensate employees for accumulated unused sick leave entitlements upon retirement.

The District did not have any liability for capital lease agreements.

The District was required to start accounting for Other Post Employment Benefits (OPEB) for the fiscal year ended June 30, 2010. This liability represents the present value of the future cost of benefits provided by the District. These benefits are provided to two retired past superintendents and or their spouse. The present value of these benefits is \$46,998.

### THE FUTURE OUTLOOK

The District has been operating with a reduced administrative staff since 2012. The permanent position of Superintendent/Principal has resulted in significant savings for the district each year. The shared service agreement with Moorestown Township Board of Education, which began in December of 2012, has been very successful. The Delanco School District has benefitted from ready access to many of the larger school district's resources and intends to continue this relationship in the future. Furthermore, the district has been making great strides in aligning all of its curricula to the common core standards and preparing our students for the new state PARCC testing. A new teacher evaluation system has been implemented and all staff has been appropriately trained. Finally, the district has made great progress in their technology upgrades which will positively impact our ability to meet 21<sup>st</sup> century learning goals as well as continue to be as efficient as possible in our daily operations.

# **Delanco Township Board of Education School District**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joanne D'Angelo, School Business Administrator/Board Secretary at:

Delanco Township Board of Education, 1301 Burlington Avenue, Delanco, NJ 08075.

## BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,108,050.91	\$ 25,136.87	\$ 2,133,187.78
Receivables, net	244,535.37	3,477.87	248,013.24
Restricted Cash and Cash Equivalents	113,271.84		113,271.84
Inventories		3,325.03	3,325.03
Capital Assets, net (Note 6)	<u>14,478,202.29</u>	<u>92,626.69</u>	<u>14,570,828.98</u>
<b>Total Assets</b>	<u>16,944,060.41</u>	<u>124,566.46</u>	<u>17,068,626.87</u>
<b>LIABILITIES:</b>			
Accounts Payable	218,373.47	3,712.23	222,085.70
Accrued Interest	60,737.08		60,737.08
Unearned Revenue	1,130.38	650.00	1,780.38
Noncurrent Liabilities (Note 7):			
Due within One Year	272,368.08		272,368.08
Due beyond One Year	<u>6,202,893.70</u>		<u>6,202,893.70</u>
<b>Total Liabilities</b>	<u>6,755,502.71</u>	<u>4,362.23</u>	<u>6,759,864.94</u>
<b>NET POSITION:</b>			
Invested in Capital Assets, Net of Related Debt	8,256,626.64	92,626.69	8,349,253.33
Restricted for:			
Debt Service	(60,735.42)		(60,735.42)
Other Purposes	1,935,372.11		1,935,372.11
Unrestricted	<u>57,294.37</u>	<u>27,577.54</u>	<u>84,871.91</u>
<b>Total Net Position</b>	<u>\$ 10,188,557.70</u>	<u>\$ 120,204.23</u>	<u>\$ 10,308,761.93</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 2,519,755.41				\$ (2,519,755.41)		\$ (2,519,755.41)
Special Education	678,056.55		\$ 74,377.59		(603,678.96)		(603,678.96)
Other Special Instruction	63,336.37				(63,336.37)		(63,336.37)
Other Instruction	34,484.55				(34,484.55)		(34,484.55)
Support Services:							
Tuition	2,636,234.48				(2,636,234.48)		(2,636,234.48)
Student and Instruction Related Services	900,880.19		164,050.67		(736,829.52)		(736,829.52)
School Administrative Services	172,702.10	\$ 7,121.17			(165,580.93)		(165,580.93)
General and Business Administrative Services	324,721.53				(324,721.53)		(324,721.53)
Plant Operations and Maintenance	653,238.02				(653,238.02)		(653,238.02)
Pupil Transportation	304,423.20				(304,423.20)		(304,423.20)
Reimbursed TPAF and Social Security	541,090.14		541,090.14		-		-
Interest on Long-Term Debt	659,784.89				(659,784.89)		(659,784.89)
Unallocated Depreciation					-		-
<b>Total Governmental Activities</b>	<b>9,488,707.43</b>	<b>7,121.17</b>	<b>779,518.40</b>	<b>-</b>	<b>(8,702,067.86)</b>	<b>-</b>	<b>(8,702,067.86)</b>
Business-Type Activities:							
Food Service	166,948.52	68,130.56	85,342.88			\$ (13,475.08)	(13,475.08)
Ex Care	99,599.14	104,841.23				5,242.09	5,242.09
<b>Total Business-Type Activities</b>	<b>266,547.66</b>	<b>172,971.79</b>	<b>85,342.88</b>	<b>-</b>	<b>-</b>	<b>(8,232.99)</b>	<b>(8,232.99)</b>
<b>Total Primary Government</b>	<b>\$ 9,755,255.09</b>	<b>\$ 180,092.96</b>	<b>\$ 864,861.28</b>	<b>-</b>	<b>(8,702,067.86)</b>	<b>(8,232.99)</b>	<b>(8,710,300.85)</b>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					5,434,251.00		5,434,251.00
Taxes Levied for Debt Service					421,108.00		421,108.00
Federal and State Aid not Restricted					2,447,834.00		2,447,834.00
Miscellaneous Income					101,295.18	57.75	101,352.93
Operating Transfers Out					-	-	-
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>					<b>8,404,488.18</b>	<b>57.75</b>	<b>8,404,545.93</b>
<b>Change in Net Position</b>					<b>(297,579.68)</b>	<b>(8,175.24)</b>	<b>(305,754.92)</b>
<b>Net Position -- July 1</b>					<b>10,486,137.38</b>	<b>128,379.47</b>	<b>10,614,516.85</b>
<b>Net Position -- June 30</b>					<b>\$ 10,188,557.70</b>	<b>\$ 120,204.23</b>	<b>\$ 10,308,761.93</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Balance Sheet  
 Governmental Funds  
 June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 2,219,890.71			\$ 1.66	\$ 2,219,892.37
Receivables, net:					
Interfunds Receivable:					
Payroll Fund	138.44				138.44
Special Revenue	20,035.39				20,035.39
Internal Service Fund	300.00				300.00
Receivables from Other Governments:					
Federal		\$ 169,556.29			169,556.29
State of NJ -- Other	74,790.64				74,790.64
Other Receivables	50.00				50.00
<b>Total Assets</b>	<u>\$ 2,315,205.18</u>	<u>\$ 169,556.29</u>	<u>-</u>	<u>\$ 1.66</u>	<u>\$ 2,484,763.13</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 68,852.57	\$ 149,520.90			\$ 218,373.47
Interfunds Payable:					
General Fund		20,035.39			20,035.39
<b>Total Liabilities</b>	<u>68,852.57</u>	<u>169,556.29</u>	<u>-</u>	<u>-</u>	<u>238,408.86</u>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	111,841.46				111,841.46
Excess Surplus	655,724.65				655,724.65
Excess Surplus -- Designated for Subsequent Year's Expenditures	1,166,762.50				1,166,762.50
Debt Service Fund				1.66	1.66
<b>Assigned:</b>					
Other Purposes	7,026.50				7,026.50
Designated for Subsequent Year's Expenditures	1,043.50				1,043.50
Unassigned	303,954.00				303,954.00
<b>Total Fund Balances</b>	<u>2,246,352.61</u>		<u>-</u>	<u>1.66</u>	<u>2,246,354.27</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,315,205.18</u>	<u>\$ 169,556.29</u>	<u>-</u>	<u>\$ 1.66</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,953,653.38, and the accumulated depreciation is \$3,475,451.09.	14,478,202.29
Interest on long term debt is accrued on the Statement of Net Assets regardless when due.	(60,737.08)
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.	<u>(6,475,261.78)</u>
<b>Net position of governmental activities</b>	<u><b>\$ 10,188,557.70</b></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Tax Levy	\$ 5,434,251.00			\$ 421,108.00	\$ 5,855,359.00
Miscellaneous	101,290.44				101,290.44
State Sources	2,988,924.14				2,988,924.14
Federal Sources		\$ 238,428.26			238,428.26
<b>Total Revenues</b>	<b>8,524,465.58</b>	<b>238,428.26</b>	<b>-</b>	<b>421,108.00</b>	<b>9,184,001.84</b>
<b>EXPENDITURES:</b>					
Regular Instruction	2,232,696.46				2,232,696.46
Special Education Instruction	603,678.96	74,377.59			678,056.55
Other Special Instruction	63,336.37				63,336.37
Other Instruction	34,484.55				34,484.55
Support Services and Undistributed Costs:					
Tuition	2,636,234.48				2,636,234.48
Student and Instruction Related Services	736,829.52	164,050.67			900,880.19
School Administrative Services	172,702.10				172,702.10
Other Administrative Services	324,721.53				324,721.53
Plant Operations and Maintenance	647,182.19				647,182.19
Pupil Transportation	291,842.96				291,842.96
Reimbursed TPAF Pension and Social Security	541,090.14				541,090.14
Debt Service:					
Principle				170,000.00	170,000.00
Interest and Other Charges				253,911.50	253,911.50
Capital Outlay	97,395.18				97,395.18
<b>Total Expenditures</b>	<b>8,382,194.44</b>	<b>238,428.26</b>	<b>-</b>	<b>423,911.50</b>	<b>9,044,534.20</b>
Excess (Deficiency) of Revenues over Expenditures	142,271.14	-	-	(2,803.50)	139,467.64
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In					
Operating Transfers (Out)					
<b>Total Other Financing Sources and Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>142,271.14</b>			<b>(2,803.50)</b>	<b>139,467.64</b>
Fund Balance -- July 1	2,104,081.47	-	-	2,805.16	2,106,886.63
Fund Balance -- June 30	<u>\$ 2,246,352.61</u>	<u>-</u>	<u>-</u>	<u>\$ 1.66</u>	<u>\$ 2,246,354.27</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	139,467.64
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	\$	(307,270.61)
Capital Outlays Below Depreciation Threshold		(381.18)
Capital Outlays		97,395.18
Debt Service Assessment Charged to Capital Outlay		<u>(29,758.00)</u>
		(240,014.61)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		170,000.00
Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.		(85,850.62)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest is an addition in the reconciliation. (+)		25,310.88
In the statement of activities, certain operating expenses, e.g., other post employment benefits are measured by the change in the amounts due during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		7,699.68
Revenue from Bond Proceeds does not effect the Statement of Net Assets however, are reported as a financing source in the governmental funds.		(315,575.65)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-);when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		<u>1,383.00</u>
Change in Net Assets of Governmental Activities	\$	<u><u>(297,579.68)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Statement of Net Position  
Proprietary Funds  
June 30, 2013

	Business-Type Activities			Governmental Activities - Internal Service Fund
	<u>Food Service</u>	<u>Ex Care</u>	<u>Total</u>	
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 875.93	\$ 24,260.94	\$ 25,136.87	\$ 1,430.38
Accounts Receivable:				
State	80.18		80.18	
Federal	3,397.69		3,397.69	
Other				
Inventories	3,325.03		3,325.03	
<b>Total Current Assets</b>	<u>7,678.83</u>	<u>24,260.94</u>	<u>31,939.77</u>	<u>1,430.38</u>
<b>Noncurrent Assets:</b>				
Restricted Cash and Cash Equivalents				
Furniture, Machinery and Equipment	181,933.00		181,933.00	
Less Accumulated Depreciation	(89,306.31)		(89,306.31)	
<b>Total Noncurrent Assets</b>	<u>92,626.69</u>	<u>-</u>	<u>92,626.69</u>	<u>-</u>
<b>Total Assets</b>	<u>100,305.52</u>	<u>24,260.94</u>	<u>124,566.46</u>	<u>1,430.38</u>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	3,712.23		3,712.23	
Interfund Accounts Payable				
Due General Fund				300.00
Unearned Revenue		650.00	650.00	1,130.38
<b>Total Liabilities</b>	<u>3,712.23</u>	<u>650.00</u>	<u>4,362.23</u>	<u>1,430.38</u>
<b>NET ASSETS:</b>				
Invested in Capital Assets, Net of Related				
Debt -- Restricted for Contributed Capital	92,626.69		92,626.69	
Unrestricted	3,966.60	23,610.94	27,577.54	
<b>Total Net Position</b>	<u>\$ 96,593.29</u>	<u>\$ 23,610.94</u>	<u>\$ 120,204.23</u>	<u>-</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2013

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Food Service	Ex Care	Total	
<b>OPERATING REVENUES:</b>				
Charges for Services:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$ 46,454.29		\$ 46,454.29	
School Breakfast Program	1,487.26		1,487.26	
Daily Sales - Non-Reimbursable Programs	19,673.95		19,673.95	
Community Service Activities		\$ 104,841.23	104,841.23	
Special Functions	515.06		515.06	
Substitute Calling Fees from Other LEA's Within the State				\$ 7,121.17
<b>Total Operating Revenues</b>	<b>68,130.56</b>	<b>104,841.23</b>	<b>172,971.79</b>	<b>7,121.17</b>
<b>OPERATING EXPENSES:</b>				
Direct Expenses	7,556.87		7,556.87	
Cost of Sales	56,420.69		56,420.69	
Management Fees	13,296.36		13,296.36	
Salaries	73,635.42	40,795.16	114,430.58	5,779.00
Benefits		3,350.39	3,350.39	480.18
Purchased Professional Services		2,500.00	2,500.00	626.61
Supplies and Materials	3,555.05	2,953.59	6,508.64	240.12
Rent		50,000.00	50,000.00	
Audit Fee	2,000.00		2,000.00	
Depreciation	10,484.13		10,484.13	
<b>Total Operating Expenses</b>	<b>166,948.52</b>	<b>99,599.14</b>	<b>266,547.66</b>	<b>7,125.91</b>
<b>Operating Income / (Loss)</b>	<b>(98,817.96)</b>	<b>5,242.09</b>	<b>(93,575.87)</b>	<b>(4.74)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
State Sources:				
State School Lunch Program	1,739.83		1,739.83	
Federal Sources:				
National School Lunch Program	59,392.13		59,392.13	
National School PB Lunch Program	1,360.80		1,360.80	
National School Breakfast Program	11,530.49		11,530.49	
Food Distribution Program	11,319.63		11,319.63	
Interest Revenue	7.37	50.38	57.75	4.74
<b>Total Nonoperating Revenues (Expenses)</b>	<b>85,350.25</b>	<b>50.38</b>	<b>85,400.63</b>	<b>4.74</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>(13,467.71)</b>	<b>5,292.47</b>	<b>(8,175.24)</b>	<b>-</b>
<b>Capital Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>(13,467.71)</b>	<b>5,292.47</b>	<b>(8,175.24)</b>	
<b>Net Position -- July 1</b>	<b>110,061.00</b>	<b>18,318.47</b>	<b>128,379.47</b>	<b>-</b>
<b>Net Position -- June 30</b>	<b>\$ 96,593.29</b>	<b>\$ 23,610.94</b>	<b>\$ 120,204.23</b>	<b>-</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2013

	Business-Type Activities			Governmental Activities - Internal Service Fund
	Food Service	Ex Care	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 68,130.56	\$ 105,416.43	\$ 173,546.99	\$ 6,857.66
Payments to Management Company	(138,737.99)		(138,737.99)	
Payments to Employees		(40,795.16)	(40,795.16)	(5,779.00)
Payments for Employee Benefits		(3,808.37)	(3,808.37)	(559.58)
Payments to Audit Company	(2,000.00)	(2,500.00)	(4,500.00)	(326.61)
Payments to Suppliers	(11,319.63)	(52,953.59)	(64,273.22)	(240.12)
<b>Net Cash Provided by (used for) Operating Activities</b>	<u>(83,927.06)</u>	<u>5,359.31</u>	<u>(78,567.75)</u>	<u>(47.65)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
State Sources	1,725.54		1,725.54	
Federal Sources	82,773.88		82,773.88	
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<u>84,499.42</u>	<u>-</u>	<u>84,499.42</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases of Capital Assets	-	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Revenue	7.37	50.38	57.75	4.74
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	579.73	5,409.69	5,989.42	(42.91)
Cash and Cash Equivalents -- July 1	296.20	18,851.25	19,147.45	1,473.29
Cash and Equivalents -- June 30	<u>\$ 875.93</u>	<u>\$ 24,260.94</u>	<u>\$ 25,136.87</u>	<u>\$ 1,430.38</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (98,817.96)	\$ 5,242.09	\$ (93,575.87)	\$ (4.74)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>				
Depreciation and Net Amortization	10,484.13		10,484.13	
(Increase) Decrease in Accounts Receivable, net	1,126.74	825.20	1,951.94	
Increase (Decrease) in Unearned Revenue		(250.00)	(250.00)	
(Increase) Decrease in Inventories	(432.20)		(432.20)	
Increase (Decrease) in Accounts Payable	3,712.23	(457.98)	3,254.25	
Increase (Decrease) in Other Current Liabilities				(42.91)
<b>Total Adjustments</b>	<u>14,890.90</u>	<u>117.22</u>	<u>15,008.12</u>	<u>(42.91)</u>
<b>Net Cash Provided by (used for) Operating Activities</b>	<u>\$ (83,927.06)</u>	<u>\$ 5,359.31</u>	<u>\$ (78,567.75)</u>	<u>\$ (47.65)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2013

	<u>Trust Fund</u>	<u>Agency Funds</u>	
	<u>Scholarship Trust</u>	<u>Student Activity</u>	<u>Payroll</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,466.64	\$ 17,928.08	\$ (2,713.53)
Due From State of New Jersey			2,973.37
	<u>2,466.64</u>	<u>\$ 17,928.08</u>	<u>\$ 259.84</u>
<b>Total Assets</b>	<u>2,466.64</u>	<u>\$ 17,928.08</u>	<u>\$ 259.84</u>
<b>LIABILITIES:</b>			
Interfund Accounts Payable:			
Due General Fund			\$ 138.44
Payroll Deductions Payable			121.40
Payable to Student Groups		<u>\$ 17,928.08</u>	
	<u>-</u>	<u>\$ 17,928.08</u>	<u>\$ 259.84</u>
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 17,928.08</u>	<u>\$ 259.84</u>
<b>NET POSITION:</b>			
Held in Trust for Other Purposes	<u>\$ 2,466.64</u>		

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2013

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	Scholarship Trust
ADDITIONS:	
Investment Earnings:	
Interest	<u>\$ 3.72</u>
Total Additions	<u>3.72</u>
DEDUCTIONS:	
Scholarship Awards	<u>-</u>
Total Deductions	<u>-</u>
Change in Net Assets	3.72
Net Position -- July 1	<u>2,462.92</u>
Net Position -- June 30	<u><u>\$ 2,466.64</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Township of Delanco School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

**Description of the Reporting Entity**

The School District is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 8 at its two schools. The School District has an approximate enrollment at June 30, 2013 of 387.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Component Units**

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, provide guidance that all entities associated with a primary government are potential component units, and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented (discretely presented, blended, or included in the fiduciary fund financial statements).

Based on the aforementioned, the School District has determined that no component units exist for the fiscal year ended June 30, 2013.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

**Government-wide Financial Statements** - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** - The School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Internal service funds are aggregated and presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The governmental funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring inter-period equity whether current year revenues were sufficient to pay for current year services. The proprietary fund is accounted for on an "economic resources" measurement focus. Accordingly, statement of revenues, expenses and changes in fund net position for the proprietary fund reports increases and decreases in total economic worth. The private-purpose trust fund is reported using the economic resources measurement focus.

**Governmental Funds** - Governmental funds are those through which most School District functions are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities, except those accounted for in the proprietary fund and fiduciary funds, are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The following are the School District's major governmental funds:

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Fund Financial Statements (Cont'd)****Governmental Funds (Cont'd)**

**General Fund** - The general fund is the primary operating fund of the School 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 classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, 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, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

**Special Revenue Fund** - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Capital Projects Fund** - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, or serial bonds which 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 and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Proprietary Funds**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for internal service funds include salaries, benefits, administrative expenses, and claims paid. All items not meeting this definition are reported as non-operating revenues and expenses.

The School District maintains the following enterprise funds:

**Food Service Fund** - This fund accounts for the financial transactions related to the food service operations of the School District.

**Ex Care Fund** - This fund accounts for the financial activity related to providing day care services for School District students before school and after school.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Fund Financial Statements (Cont'd)****Proprietary Funds (cont'd)**

Internal service funds are used to account for the financing of goods and services provided by one department to another on a cost reimbursement basis. The School District maintains one internal service fund for substitute caller services provided by Delanco Township School District for use by various other boards of education as well as for Delanco Township District itself.

**Fiduciary Funds**

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The School District maintains the following fiduciary funds:

***Agency Funds*** - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

***Private-Purpose Trust Funds*** - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

Scholarship Fund - Revenues consist of donations and interest income. Expenditures represent scholarships for future teachers, which are awarded in accordance with the trust requirements.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

**Modified Accrual**

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e. both available and measurable. "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. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants, and interest on investments. The School District considers all revenues, with the exception of the expenditure-driven grants, as available if they are collected within sixty (60) days after fiscal year-end. The expenditure driven grants are considered available if received within one fiscal year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at fiscal yearend when revenue is recognized for taxes received by the School District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of un-matured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due / paid.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Basis of Accounting (cont'd)****Modified Accrual (cont'd)**

In applying the susceptible to accrual concept to revenues from federal and state sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the School District will receive any amounts; therefore, revenues are recognized based on the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In cases where monies are received and all eligibility requirements, including timing, have been satisfied, but the occurrence of expenditure has yet to happen, amounts are reported as unearned revenue. Conversely, where monies are received but eligibility requirements, including timing, have yet to be satisfied, such amounts are reported as deferred inflows of resources.

**Accrual**

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

**Revenue Recognition**

***Property Taxes*** - Ad valorem (property) taxes are susceptible to accrual. As 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 School 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 School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office. The budgets are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets / Budgetary Control (cont'd)**

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. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school 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. 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 budgetary basis. The budgetary basis differs from GAAP in that the 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.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned 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.

**Cash, Cash Equivalents and Investments**

Cash and cash equivalents, for all funds, 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. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Cash, Cash Equivalents and Investments (cont'd)**

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Inventories**

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

**Tuition Receivable**

Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as, an expenditure, in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair market value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	3 - 25 Years
Buildings and Improvements	20 - 40 Years
Land Improvements	15 - 20 Years

The School District does not possess any infrastructure assets.

**Deferred Loss on Refunding of Debt**

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2013 and 2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

**Accrued Salaries and Wages**

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Compensated Absences**

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. An expenditure is recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

**Bond Discounts / Premiums**

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

**Net Position**

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

***Net Investment in Capital Assets*** - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

***Restricted*** - Net position is 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.

***Unrestricted*** - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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:

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

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Interfund Activity**

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASBS 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement is effective for periods beginning after December 15, 2011. The School District does not have any SCAs and therefore the adoption of GASBS 60 does not have any impact on the School District's financial statements.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASBS 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. The School District elected to early implement GASBS 61 effective for fiscal year 2013. The adoption of GASBS 61, however, does not have any impact on the School District's financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011. The adoption of GASBS 62 does not have any impact on the School District's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This Statement is effective for financial statements for periods beginning after December 15, 2011. The adoption of GASBS 63, however, does not have a material impact on the School District's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASBS 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The School District elected to early implement GASBS 65 effective for fiscal year 2013.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements**

In March 2012, the GASB issued Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. GASBS 66 is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. This Statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The School District does not administer any state or local pension plans; therefore, the adoption of GASBS 67 will not have any impact on the School District's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements and expects the impact to be material.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

**Note 2: CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

As of June 30, 2013, none of the School District's bank balances of \$2,402,756.82 are considered uninsured or uncollateralized.

**New Jersey Cash Management Fund** - During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2013, the School District's deposits with the New Jersey Cash Management Fund were \$797.85.

**Note 3: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the School District by inclusion of \$100.00 on September 13, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

**Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)**

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 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, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$111,729.85
Increased by:	
Interest Earnings	<u>111.61</u>
Ending Balance, June 30, 2013	<u>\$111,841.46</u>

The June 30, 2013 LRFP balance of local support costs of uncompleted projects is \$180,000.00. There were no withdrawals from the capital reserve.

**Note 4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2013 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Intergovernmental	\$ 74,790.64	\$169,556.29	\$ 3,477.87	\$2,973.37	\$250,798.17
Other	<u>50.00</u>				<u>50.00</u>
	<u>\$ 74,840.64</u>	<u>\$169,556.29</u>	<u>\$ 3,477.87</u>	<u>\$2,973.37</u>	<u>\$250,848.17</u>

**Note 5: INVENTORY**

Inventory recorded at June 30, 2013 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 2,586.02
Supplies	<u>739.01</u>
	<u>\$ 3,325.03</u>

**Note 6: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Governmental Activities:</b>				
Capital Assets, being Depreciated:				
Land Improvements	\$ 114,336.00			\$ 114,336.00
Buildings and Improvements	17,206,715.91			17,206,715.91
Equipment	624,960.47	\$ 67,256.00	\$ (59,615.00)	632,601.47
Total Capital Assets, being Depreciated	<u>17,946,012.38</u>	<u>67,256.00</u>	<u>(59,615.00)</u>	<u>17,953,653.38</u>
Total Capital Assets, Cost	<u>17,946,012.38</u>	<u>67,256.00</u>	<u>(59,615.00)</u>	<u>17,953,653.38</u>
Less Accumulated Depreciation for:				
Land Improvements	(98,316.75)	(2,464.50)		(100,781.25)
Buildings and Improvements	(2,669,010.44)	(272,557.32)		(2,941,567.76)
Equipment	(460,468.29)	(32,248.79)	59,615.00	(433,102.08)
Total Accumulated Depreciation	<u>(3,227,795.48)</u>	<u>(307,270.61)</u>	<u>59,615.00</u>	<u>(3,475,451.09)</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,718,216.90</u>	<u>\$ (240,014.61)</u>	<u>-</u>	<u>\$ 14,478,202.29</u>
	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Business-Type Activities:</b>				
Capital Assets, being Depreciated:				
Equipment	\$ 181,933.00			\$ 181,933.00
Less Accumulated Depreciation	(78,822.18)	\$ (10,484.13)		(89,306.31)
Business-Type Activities Capital Assets, Net	<u>\$ 103,110.82</u>	<u>\$ (10,484.13)</u>	<u>-</u>	<u>\$ 92,626.69</u>

Depreciation expense was charged to functions / programs of the School District as follows:

<b>Governmental Activities:</b>	
Instruction	\$288,634.54
Plant Operations and Maintenance	6,055.83
Transportation	<u>12,580.24</u>
Total Depreciation Expense - Governmental Activities	<u>\$307,270.61</u>
<b>Business-Type Activities:</b>	
Food Service	<u>\$ 10,484.13</u>

**Note 7: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2013, the following changes occurred in long-term obligations:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 6,076,000.00	\$ 5,600,000.00	\$ (5,466,000.00)	\$ 6,210,000.00	\$ 265,000.00
Plus Amounts:					
Premiums		315,575.65		315,575.65	21,038.38
Less Amounts:					
Loss on Refunding		(304,000.00)		(304,000.00)	(20,266.67)
Total Bonds Payable	<u>6,076,000.00</u>	<u>5,611,575.65</u>	<u>(5,466,000.00)</u>	<u>6,221,575.65</u>	<u>265,771.71</u>
Other Liabilities:					
Compensated Absences	208,071.08		(1,383.00)	206,688.08	
Postemployment Benefits	54,697.73		(7,699.68)	46,998.05	6,596.37
Total Other Liabilities	<u>262,768.81</u>	<u>-</u>	<u>(9,082.68)</u>	<u>253,686.13</u>	<u>6,596.37</u>
Governmental Activity Long-Term Liabilities	<u>\$ 6,338,768.81</u>	<u>\$ 5,611,575.65</u>	<u>\$ (5,475,082.68)</u>	<u>\$ 6,475,261.78</u>	<u>\$ 272,368.08</u>

The bonds payable and obligations under capital lease are generally liquidated by the debt service fund, while compensated absences and postemployment benefits are liquidated by the general fund.

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

On May 1, 2005, the School District issued \$6,761,000.00 general obligation bonds at interest rates varying from 4.00% to 4.40% for various construction and renovation projects. The final maturity of these bonds was originally August 1, 2027 however, the School District issued refunding bonds on April 10, 2013 to advance refund the bonds maturing on August 1, 2016 through August 1, 2027. The remaining bonds will mature on August 1, 2015. The bonds will be paid from property taxes.

On April 24, 2013 the School District issued \$5,600,000.00 of Refunding Bonds at interest rates varying from 2.00% to 5.00% to advance refund the callable bonds of the 2005 Issue. The final maturity of these bonds is August 1, 2027. The bonds will be paid from property taxes.

**Note 7: LONG-TERM LIABILITIES (CONT'D)****Bonds Payable (cont'd)**

Principal and interest due on bonds outstanding is as follows:

<b><u>Fiscal Year</u></b> <b><u>Ending June 30.</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2014	\$ 265,000.00	\$ 145,769.00	\$ 410,769.00
2015	235,000.00	174,163.00	409,163.00
2016	255,000.00	164,801.00	419,801.00
2017	275,000.00	155,788.00	430,788.00
2018	375,000.00	146,038.00	521,038.00
2019-2023	2,170,000.00	534,815.00	2,704,815.00
2024-2028	<u>2,635,000.00</u>	<u>196,306.00</u>	<u>2,831,306.00</u>
	<u>\$ 6,210,000.00</u>	<u>\$ 1,517,680.00</u>	<u>\$ 7,727,680.00</u>

**Bonds Authorized but not Issued** - As of June 30, 2013, the School District had no authorizations to issue additional bonded debt.

**Compensated Absences** - Compensated absences will be paid from the fund from which the employees' salaries are paid.

**Note 8: OPERATING LEASES**

At June 30, 2013, the School District had operating lease agreements in effect for three copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<b><u>Fiscal Year</u></b> <b><u>Ending June 30.</u></b>	<b><u>Amount</u></b>
2014	\$ 8,451.24
2015	5,240.82
2016	<u>676.80</u>
	<u>\$ 14,368.86</u>

Rental payments under operating leases for the fiscal year ended June 30, 2013 were \$11,763.24.

**Note 9: PENSION PLANS**

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295

**Teachers' Pension and Annuity Fund** - The Teachers' Pension and Annuity Fund ("TPAF") is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years, which began July 1, 2012. 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, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the district has been required over several preceding fiscal years.

**Public Employees' Retirement System** - The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, 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. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. 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, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**Note 9: PENSION PLANS (CONT'D)**

**Public Employees' Retirement System** - The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Regular Pension Contributions</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Paid by School District</u>
2013	\$ 15,572.00	\$ 37,233.00	\$ 52,805.00	\$ 3,143.00	\$ 55,948.00
2012	20,056.00	40,112.00	60,168.00	3,833.00	64,001.00
2011	23,857.00	38,014.00	61,871.00	4,699.00	66,570.00

**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 the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 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. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2013	\$ 3,986.93	\$ 3,986.93
2012	1,959.05	1,959.05
2011	-	-

**Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c.384 of 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees receiving postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

**Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**Plan Description** - The School District provides postretirement health care benefits through a health plan for retirees, which includes a medical and dental. The School District's plan covers one retired employee and one retired employee's spouse. The plan is administered by the School District; therefore, payments are made directly to the insurance carriers.

**Funding Policy** – Only these two retirees, who were past superintendents, were eligible for retirement benefits. The contribution requirements of plan members and the School District are established and may be amended by the School District's Board of Education.

**Retirees** - The School District presently funds its current retiree postemployment benefit costs on a "pay-as-you-go" basis. The School District's contributions to the plan for the fiscal years ended June 30, 2013, 2012, and 2011 were \$5,996.70, \$5,763.72, and \$5,682.48, respectively.

**Future Retirees** – No future retirees are eligible.

**Annual OPEB Cost** - For fiscal year 2013, the School District's annual OPEB cost (expense) of \$(1,702.98) for the plan was equal to the ARC plus certain adjustments because the School District's actual contributions in prior years differed from the ARC.

The School District's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for fiscal years 2013, 2012, and 2011 are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual Required Contribution (ARC)	\$ 2,473.58	\$ 2,734.89	\$ 3,054.72
Interest on the Net OPEB Obligation	-	-	-
Adjustment to the ARC	<u>(4,176.56)</u>	<u>(6,422.46)</u>	<u>66,776.78</u>
Annual OPEB Cost	(1,702.98)	(3,687.57)	69,831.50
Pay-as-You Go Cost (Existing Retirees)	<u>(5,996.70)</u>	<u>(5,763.72)</u>	<u>(5,682.48)</u>
Increase (Decrease) in the Net OPEB Obligation	(7,699.68)	(9,451.29)	64,149.02
Net OPEB Obligation, July 1	<u>54,697.73</u>	<u>64,149.02</u>	<u>-</u>
Net OPEB Obligation, June 30	<u>\$ 46,998.05</u>	<u>\$ 54,697.73</u>	<u>\$ 64,149.02</u>
Percentage of Annual OPEB Cost Contributed	-352.1%	-156.3%	8.1%

**Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)**

**Funded Status and Funding Progress** - The funded status of the plan as of June 30, 2013, was as follows:

Actuarial Accrued Liability (AAL)	\$ 46,998.05
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 46,998.05</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%
Covered Payroll (Active Plan Members)	N/A
UAAL as a Percentage of Covered Payroll	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions** - The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for nineteen (19) years on an open basis. The actuarial assumptions included the following:

- *Mortality.* RP 2000 Combined Healthy Male Mortality Rates set forward three years.
- *Turnover.* Zero.
- *Annual Discount Rate.* Future costs have been discounted at the rate of 3% compounded annually for GASB 45 purposes.
- *Medical Trend.* 10% per annum.

**Note 12: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2013, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement medical costs were \$168,285.00 and \$190,287.00, respectively.

**Note 13: RISK MANAGEMENT**

The School 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 School District maintains commercial insurance coverage for student accident liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**Joint Insurance Pool** - The School District is a member of the Burlington County Insurance Pool Joint Insurance Fund. The Fund provides its members with the following coverage:

Property (Including Crime and Auto Physical Damage)  
 General Liability  
 Automobile Liability  
 Workers' Compensation  
 Comprehensive Crime  
 Educator's Legal Liability  
 Boiler and Machinery  
 Pollution Legal Liability  
 Liability other than Motor Vehicles  
 Property Damage other than Motor Vehicles  
 Motor Vehicles

Annual Contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report for the fiscal year ended June 30, 2013, which can be obtained from:

Burlington County Insurance Pool Joint Insurance Fund  
 P.O. Box 449  
 Marlton, New Jersey 08053

**Note 14: DEFERRED COMPENSATION**

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

Lincoln Investments  
 Seely Agency

**Note 15: COMPENSATED ABSENCES**

The School 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.

**Note 15: COMPENSATED ABSENCES (CONT'D)**

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Employees who retire from the Delanco School System shall receive twenty percent of their daily rate for accumulated sick days up to a maximum of \$13,000.00

Certain twelve month employees are permitted to carry over a maximum of five unused vacation days from one fiscal year to the subsequent year, however, at no time will available vacation days be allowed to accumulate in excess of 25 days in any one fiscal year. Upon retirement from the district, payment is made for any unused vacation time.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2013, the liability for compensated absences reported on the government-wide statement of net position was \$206,688.08.

**Note 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2013 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 20,473.83	
Special Revenue		\$ 20,035.39
Proprietary		300.00
Fiduciary		138.44
	<u>\$ 20,473.83</u>	<u>\$ 20,473.83</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2013, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Interfund transfers occurring during the fiscal year were as follows:

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Fiduciary Fund</u>
<b><u>Transfer Out:</u></b>		
General Fund		\$ 135.54
Special Revenue Fund	\$ 4,182.64	
Proprietary Fund	237.38	
Total Transfers	<u>\$ 4,420.02</u>	<u>\$ 135.54</u>

**Note 17: CAPITAL DEBT REFUNDING**

On April 24, 2013, the School District issued \$5,600,000.00 in general obligation bonds with varying interest rates of 2.00% to 5.00% to advance refund \$5,296,000.00 of outstanding 2005 series bonds with varying interest rates of 4.125% to 4.40%. The net proceeds of \$5,827,984.00 (after payment of issuance costs) were used to purchase U.S. Treasury Bills. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 series bonds. As a result of the current refunding, the School District will reduce its total debt service payments over the life of the refunding by \$428,051.58, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$366,872.12, or 6.93% of the principal amount being refunded. The current refunding meets the requirements of an in-substance defeasance and the liability for the refunded bonds was removed from the School District's financial statements.

**Note 18: DEFEASED DEBT**

During the year, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in a separate irrevocable trust fund. The investments and fixed interest earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from the School District's financial statements. As of June 30, 2013, the total amount of defeased debt outstanding, but removed from the School District's financial statements, is \$5,296,000.00.

**Note 19: FUND BALANCES****RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (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. Specific restrictions of the School District's fund balance are summarized as follows:

**General Fund -**

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$655,724.65. Additionally, \$1,166,762.50 of excess fund balance generated during 2011-2012 has been restricted and designated for utilization in the 2013-2014 Budget.

**For Capital Reserve Account** - As of June 30, 2013, the balance in the capital reserve account is \$111,841.46. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**Debt Service Fund** - Of the \$1.66 Debt Service Fund restricted fund balance as of June 30, 2013, \$1.00 has been designated for utilization in the 2013-2014 budget.

**Note 19: FUND BALANCES (CONT'D)****ASSIGNED**

As stated in note 1, 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. Specific assignments of the School District's fund balance are summarized as follows:

**General Fund -**

**For Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue, for the fiscal year ending June 30, 2014 \$1,043.50 of general fund balance at June 30, 2013.

**Other Purposes** - As of June 30, 2013, the School District had \$7,026.50 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**UNASSIGNED**

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

**General Fund** - As of June 30, 2013, \$303,954.00 of general fund balance was unassigned.

REQUIRED SUPPLEMENTARY INFORMATION  
PART II

BUDGETARY COMPARISON SCHEDULES

## TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 5,434,251.00		\$ 5,434,251.00	\$ 5,434,251.00	
Interest Earned on Capital Reserve Funds	25.00		25.00	111.61	\$ 86.61
Unrestricted Miscellaneous Revenues	62,252.00		62,252.00	101,178.83	38,926.83
<b>Total - Local Sources</b>	<b>5,496,528.00</b>	<b>-</b>	<b>5,496,528.00</b>	<b>5,535,541.44</b>	<b>39,013.44</b>
State Sources:					
Non Public Transportation Aid				3,306.00	3,306.00
Categorical Special Education Aid	310,385.00		310,385.00	310,385.00	
Equalization Aid	2,049,597.00		2,049,597.00	2,049,597.00	
Categorical Security Aid	16,488.00		16,488.00	16,488.00	
Categorical Transportation Aid	21,868.00		21,868.00	21,868.00	
Extraordinary Aid				50,648.00	50,648.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				182,518.14	182,518.14
On-behalf TPAF Pension Contributions (non-budgeted)				168,285.00	168,285.00
On-behalf TPAF Medical Contributions (non-budgeted)				190,287.00	190,287.00
<b>Total - State Sources</b>	<b>2,398,338.00</b>	<b>-</b>	<b>2,398,338.00</b>	<b>2,993,382.14</b>	<b>595,044.14</b>
<b>Total Revenues</b>	<b>7,894,866.00</b>	<b>-</b>	<b>7,894,866.00</b>	<b>8,528,923.58</b>	<b>634,057.58</b>

(Continued)

## TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 173,852.00		\$ 173,852.00	\$ 169,693.70	\$ 4,158.30
Grades 1 - 5	894,693.00	\$ 10,613.79	905,306.79	902,693.25	2,613.54
Grades 6 - 8	595,985.00	(32,321.00)	563,664.00	547,731.30	15,932.70
Regular Programs - Home Instruction:					
Home Instruction Salaries	1,500.00	4,000.00	5,500.00	5,379.25	120.75
Purchased Professional/Educational Services	2,500.00	(2,000.00)	500.00		500.00
Regular Programs - Undistributed Instruction:					
Purchased Professional/Educational Services	30,000.00		30,000.00	19,178.27	10,821.73
Other Purchased Services	29,695.00	405.00	30,100.00	13,040.25	17,059.75
General Supplies	85,000.00	(1,511.82)	83,488.18	59,419.61	24,068.57
Textbooks	40,299.00	(1,700.00)	38,599.00	13,334.79	25,264.21
Other Objects	3,000.00		3,000.00	1,121.00	1,879.00
Total Regular Programs	1,856,524.00	(22,514.03)	1,834,009.97	1,731,591.42	102,418.55
Multiply Disabled:					
Other Salaries for Instruction	55,572.00	13,762.00	69,334.00	66,723.72	2,610.28
Total - Multiply Disabled	55,572.00	13,762.00	69,334.00	66,723.72	2,610.28
Resource Room/Center:					
Salaries of Teachers	330,210.00	262.50	330,472.50	321,257.32	9,215.18
Other Salaries for Instruction	59,416.00	(11,100.00)	48,316.00	39,076.66	9,239.34
General Supplies	6,000.00		6,000.00	4,802.94	1,197.06
Textbooks	1,100.00		1,100.00		1,100.00
Total - Resource Room/Center	396,726.00	(10,837.50)	385,888.50	365,136.92	20,751.58
Special Education - Home Instruction:					
Purchased Professional/Educational Services	2,000.00		2,000.00		2,000.00
Total - Special Education - Home Instruction:	2,000.00	-	2,000.00	-	2,000.00
Total - Special Education	454,298.00	2,924.50	457,222.50	431,860.64	25,361.86

(Continued)

## TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 101,603.00		\$ 101,603.00	\$ 62,642.60	\$ 38,960.40
General Supplies	1,000.00		1,000.00	693.77	306.23
Total - Basic Skills/Remedial	102,603.00	-	102,603.00	63,336.37	39,266.63
School Sponsored Cocurricular Activities - Instruction:					
Salaries	16,172.00	\$ 1,500.00	17,672.00	17,644.00	28.00
Supplies and Materials	728.00		728.00		728.00
Other Objects	250.00		250.00		250.00
Total - School Sponsored Cocurricular Activities - Instruction	17,150.00	1,500.00	18,650.00	17,644.00	1,006.00
School Sponsored Athletics - Instruction:					
Salaries	14,152.00		14,152.00	12,152.00	2,000.00
Purchased Services	2,470.00	8.00	2,478.00	1,985.00	493.00
Supplies and Materials	2,290.00	(8.00)	2,282.00	514.70	1,767.30
Total - School Sponsored Athletics - Instruction	18,912.00		18,912.00	14,651.70	4,260.30
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within State-Regular	1,580,257.00	(30,060.20)	1,550,196.80	1,525,607.30	24,589.50
Tuition to Other LEAs within State-Special	387,634.00	728.48	388,362.48	329,873.40	58,489.08
Tuition to County Voc School District-Regular	72,216.00	(9,431.00)	62,785.00	60,000.00	2,785.00
Tuition to County Voc School District-Special			15,000.00	15,000.00	
Tuition to CSSD & Reg. Day Schools	323,341.00	4,392.90	327,733.90	299,878.00	27,855.90
Tuition to Private School for the Handicapped- State	468,851.00	(1,025.18)	467,825.82	404,787.67	63,038.15
Tuition -- Other		2,400.00	2,400.00	1,088.11	1,311.89
Total Undistributed Expenditures - Instruction	2,832,299.00	(32,995.00)	2,814,304.00	2,636,234.48	178,069.52
Total - Instruction	5,281,786.00	(51,084.53)	5,245,701.47	4,895,318.61	350,382.86
Undistributed Expenditures:					
Attendance & Social Work					
Salaries	11,563.00	-	11,563.00	11,562.24	0.76
Total Attendance & Social Work	11,563.00	-	11,563.00	11,562.24	0.76

(Continued)

## TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Health Services:					
Salaries	\$ 167,814.00	\$ (35.00)	\$ 167,779.00	\$ 164,302.93	\$ 3,476.07
Other Purchased Professional and Technical Services	67,000.00		67,000.00	50,130.00	16,870.00
Other Purchased Services	500.00	39.00	539.00	535.00	4.00
Supplies and Materials	2,000.00	35.00	2,035.00	2,031.19	3.81
Other Objects	400.00	(39.00)	361.00	13.00	348.00
Total Health Services	237,714.00		237,714.00	217,012.12	20,701.88
Other Support Services-Students-Related Services:					
Salaries	84,361.00		84,361.00	84,361.00	
Purchased Professional-Educational Services	75,000.00	(5,100.00)	69,900.00	36,786.50	33,113.50
Supplies and Materials	350.00	100.00	450.00	372.99	77.01
Total - Other Support Services-Students-Related Services	159,711.00	(5,000.00)	154,711.00	121,520.49	33,190.51
Other Support Services - Students - Regular:					
Salaries	62,496.00		62,496.00	44,141.99	18,354.01
Guidance Travel		300.00	300.00	199.00	101.00
Supplies and Materials	500.00		500.00	260.54	239.46
Total Other Support Services - Students - Regular	62,996.00	300.00	63,296.00	44,601.53	18,694.47
Other Support Services - Students - Special Services:					
Purchased Professional-Educational Services	5,000.00		5,000.00	1,600.00	3,400.00
Other Purchased Professional and Technical Services	70,000.00		70,000.00	44,367.24	25,632.76
Total Other Support Services - Students - Special Services	75,000.00	-	75,000.00	45,967.24	29,032.76
Improvement of Instructional Services:					
Salaries of Other Professional Services	76,425.00		76,425.00	76,425.00	
Salaries of Secretarial and Clerical Assist.	46,764.00	565.00	47,329.00	44,721.05	2,607.95
Other Purchased Professional and Technical Services	16,000.00	51.94	16,051.94	4,050.94	12,001.00
Other Purchased Services	800.00		800.00	86.80	713.20
Supplies and Materials	2,200.00		2,200.00	1,722.30	477.70
Other Objects	1,100.00		1,100.00	75.00	1,025.00
Total Improvement of Instructional Services	143,289.00	616.94	143,905.94	127,081.09	16,824.85

(Continued)

## TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Educational Media Services/School Library:					
Salaries	\$ 58,716.00		\$ 58,716.00	\$ 58,416.00	\$ 300.00
Salaries of Technology Coordinators	14,054.00		14,054.00	14,054.00	
Purchased Professional and Technical Services	6,500.00		6,500.00		6,500.00
Supplies and Materials	7,800.00		7,800.00	2,023.64	5,776.36
Total Educational Media Services/School Library	87,070.00	-	87,070.00	74,493.64	12,576.36
Instructional Staff Training Services:					
Purchased Professional- Educational Services	1,000.00		1,000.00		1,000.00
Other Purchased Professional and Technical Services	7,000.00		7,000.00		7,000.00
Supplies and Materials	5,000.00		5,000.00	26.19	4,973.81
Total Instructional Staff Training Services	13,000.00	-	13,000.00	26.19	12,973.81
Support Services General Administration:					
Salaries	64,991.00	\$ (110.50)	64,880.50	63,990.08	890.42
Legal Services	14,000.00		14,000.00	6,853.26	7,146.74
Audit Fees	23,500.00		23,500.00	16,200.00	7,300.00
Architectural/Engineering Services	2,500.00	(1,525.00)	975.00		975.00
Other Purchased Professional Services	40,439.00	(2,923.00)	37,516.00	11,591.59	25,924.41
Communications/Telephone/ postage	10,700.00	3,181.75	13,881.75	12,369.77	1,511.98
BOE Other Purchased Services	2,800.00		2,800.00	1,533.78	1,266.22
Other Purchased Services	24,535.00	(177.00)	24,358.00	19,798.92	4,559.08
General Supplies	6,100.00	(2,389.50)	3,710.50	2,102.44	1,608.06
Miscellaneous Expenditures	3,375.00	500.00	3,875.00	3,365.50	509.50
BOE Membership Dues and Fees	5,550.00		5,550.00	4,415.60	1,134.40
Total Support Services General Administration	198,490.00	(3,443.25)	195,046.75	142,220.94	52,825.81
Support Services School Administration:					
Salaries of Principals/Assistant Principals	106,508.00	5,100.40	111,608.40	111,608.40	
Salaries of Secretarial and Clerical Assistants	32,127.00	126.00	32,253.00	32,176.45	76.55
Purchased Professional and Technical Services	250.00		250.00		250.00
Other Purchased Services	200.00		200.00		200.00
Supplies and Materials	5,200.00		5,200.00	2,460.30	2,739.70
Other Objects	1,850.00		1,850.00	1,050.00	800.00
Total Support Services School Administration	146,135.00	5,226.40	151,361.40	147,295.15	4,066.25

(Continued)

## TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Central Services:					
Salaries	\$ 102,229.00	\$ (41,250.00)	\$ 60,979.00	\$ 60,978.76	\$ 0.24
Other Purchased Professional Services			43,750.00	43,750.00	
Purchased Technical Services	14,500.00	(762.30)	13,737.70	13,298.70	439.00
Misc. Purchased Services	3,212.00	1,153.21	4,365.21	3,659.50	705.71
Supplies and Materials	3,000.00	(288.45)	2,711.55	2,516.17	195.38
Miscellaneous Expenditures	1,500.00	(1,375.00)	125.00	125.00	
Total Central Services	124,441.00	(42,522.54)	125,668.46	124,328.13	1,340.33
Information Technology Services					
Purchased Technical Services		3,100.00	3,100.00	3,100.00	
Supplies and Materials		8,115.00	8,115.00	7,124.61	990.39
Total - Information Technology Services		11,215.00	11,215.00	10,224.61	990.39
Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	38,000.00		38,000.00	26,581.92	11,418.08
General Supplies	19,000.00	(500.00)	18,500.00	5,306.52	13,193.48
Total - Required Maintenance for School Facilities	57,000.00	(500.00)	56,500.00	31,888.44	24,611.56
Other Operation and Maintenance of Plant Services:					
Energy (Gasoline)	3,500.00		3,500.00		3,500.00
Salaries	243,289.00	9,137.00	252,426.00	246,594.73	5,831.27
Cleaning, Repair & Maintenance Services	22,800.00		22,800.00	17,475.23	5,324.77
Other Purchased Property Services	10,000.00	564.78	10,564.78	10,165.49	399.29
Insurance	16,500.00	(700.00)	15,800.00	12,902.00	2,898.00
Miscellaneous Purchased Services		550.00	550.00	550.00	
General Supplies	30,000.00	3,261.22	33,261.22	32,827.68	433.54
Energy (Electricity)	176,407.00	(24,326.00)	152,081.00	101,570.08	50,510.92
Other Objects	2,300.00	2,000.00	4,300.00	3,751.04	548.96
Salaries of Non-Instructional Aides	17,817.00		17,817.00	14,230.00	3,587.00
Energy (Natural Gas)	109,147.00	(15,250.00)	93,897.00	53,265.32	40,631.68
Total - Other Operation and Maintenance of Plant Services	631,760.00	(24,763.00)	606,997.00	493,331.57	113,665.43

(Continued)

## TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Care and Upkeep of Grounds					
Salaries	\$ 10,250.00	\$ (600.00)	\$ 9,650.00	\$ 3,255.84	\$ 6,394.16
Cleaning, Repair & Maintenance Services	300.00		300.00		300.00
General Supplies	500.00	750.00	1,250.00	1,151.19	98.81
Total - Care and Upkeep of Grounds	11,050.00	150.00	11,200.00	4,407.03	6,792.97
Security					
Purchased Professional and Technical Services					
Cleaning, Repair & Maintenance Services	2,400.00		2,400.00	1,561.50	838.50
General Supplies	5,750.00	3450.00	9,200.00	3,532.50	5,667.50
Total - Security	8,150.00	3,450.00	11,600.00	5,094.00	6,506.00
Total - Operation and Maintenance of Plant Services	707,960.00	(21,663.00)	686,297.00	534,721.04	151,575.96
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home & School) - Regular	69,132.00	(21,220.00)	47,912.00	45,404.27	2,507.73
Salaries for Pupil Transportation (Between Home & School) - Special	2,000.00		2,000.00		2,000.00
Salaries for Pupil Transportation (Other than Between Home & School)	3,000.00	337.92	3,337.92	3,337.92	
Other Purchased Professional and Technical Services	400.00		400.00	235.10	164.90
Cleaning, Repair & Maintenance Services	11,000.00	(1,000.00)	10,000.00	4,535.29	5,464.71
Contracted Services (Between Home & School) - Vendors	5,974.00	(5,974.00)			
Contracted Services (Between Home & School) - Joint Agreements	21,200.00	(5,625.00)	15,575.00	15,572.85	2.15
Contracted Services (Special Education Students) - Vendors	5,000.00	(5,000.00)			
Contracted Services (Special Education Students) - Joint Agreements	80,000.00	110,156.00	190,156.00	190,155.96	0.04
Contracted Services - Aid in Lieu of Payments	13,570.00	2,784.00	16,354.00	15,676.22	677.78
Miscellaneous Purchased Services - Transportation	3,000.00	(374.00)	2,626.00	2,626.00	
General Supplies	1,560.00		1,560.00	96.78	1,463.22
Transportation Supplies	7,400.00	1,000.00	8,400.00	5,771.33	2,628.67
Other Objects	500.00		500.00	113.50	386.50
Total Student Transportation Services	223,736.00	75,084.92	298,820.92	283,525.22	15,295.70

(Continued)

## TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Regular Programs - Instruction - Employee Benefits:					
Social Security Contributions	\$ 11,000.00		\$ 11,000.00	\$ 7,107.09	\$ 3,892.91
Unemployment Compensation	5,500.00	\$ 896.04	6,396.04	6,396.04	
Workmen's Compensation	6,000.00		6,000.00	2,296.89	3,703.11
Health Benefits	462,457.00	(59,357.49)	403,099.51	382,524.85	20,574.66
Tuition Reimbursement	15,000.00		15,000.00		15,000.00
Other Employee Benefits	3,370.00	669.30	4,039.30	4,039.30	
Total Regular Programs - Instruction - Employee Benefits	503,327.00	(57,792.15)	445,534.85	402,364.17	43,170.68
Special Programs - Instruction - Employee Benefits:					
Social Security Contributions	10,000.00	81.88	10,081.88	10,081.88	
Other Retirement Contributions - PERS	1,000.00	2,222.72	3,222.72	3,222.72	
Unemployment Compensation	3,500.00	(800.00)	2,700.00	2,449.42	250.58
Workmen's Compensation	2,000.00		2,000.00	705.07	1,294.93
Health Benefits	144,794.00	13,817.53	158,611.53	155,359.23	3,252.30
Total Special Programs - Instruction - Employee Benefits	161,294.00	15,322.13	176,616.13	171,818.32	4,797.81
Other Instructional Programs - Instruction - Employee Benefits:					
Social Security Contributions	2,500.00		2,500.00	2,144.78	355.22
Unemployment Compensation	300.00		300.00		300.00
Workmen's Compensation	300.00		300.00	44.07	255.93
Total Other Instructional Programs - Instruction - Employee Benefits	3,100.00	-	3,100.00	2,188.85	911.15
Attendance and Social Work - Employee Benefits:					
Social Security Contributions	900.00		900.00	884.50	15.50
Unemployment Compensation	100.00	38.21	138.21	138.21	
Workmen's Compensation	200.00		200.00	178.07	21.93
Total Attendance and Social Work - Employee Benefits	1,200.00	38.21	1,238.21	1,200.78	37.43

(Continued)

## TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Health Services - Employee Benefits:					
Social Security Contributions	\$ 1,200.00		\$ 1,200.00	\$ 649.47	\$ 550.53
Unemployment Compensation	600.00		600.00	591.32	8.68
Workmen's Compensation	1,600.00	\$ (1,379.73)	220.27	220.27	
Health Benefits	19,603.00	1,106.73	20,709.73	19,438.40	1,271.33
Other Employee Benefits	3,169.00	1,831.00	5,000.00	5,000.00	
Total Health Services - Employee Benefits	26,172.00	1,558.00	27,730.00	25,899.46	1,830.54
Other Support Services - Students - Related Services - Employee Benefits:					
Unemployment Compensation	300.00	15.16	315.16	315.16	
Workmen's Compensation	400.00		400.00	132.26	267.74
Health Benefits	22,362.00	1,941.00	24,303.00	22,395.60	1,907.40
Total Other Support Services - Students - Related Services - Employee Benefits	23,062.00	1,956.16	25,018.16	22,843.02	2,175.14
Other Support Services - Students - Regular - Employee Benefits:					
Unemployment Compensation	500.00		500.00	190.65	309.35
Workmen's Compensation	200.00		200.00	132.20	67.80
Health Benefits	21,994.00	(300.00)	21,694.00		21,694.00
Total Other Support Services - Students - Regular - Employee Benefits	22,694.00	(300.00)	22,394.00	322.85	22,071.15
Improvement of Instruction Services - Employee Benefits					
Social Security Contributions	3,500.00	14.99	3,514.99	3,514.99	
Unemployment Compensation	500.00		500.00	435.28	64.72
Workmen's Compensation	1,500.00		1,500.00	176.27	1,323.73
Health Benefits	29,410.00	1,617.00	31,027.00	29,132.38	1,894.62
Other Employee Benefits	1,227.00		1,227.00	1,226.34	0.66
Total Improvement of Instruction Services - Employee Benefits	36,137.00	1,631.99	37,768.99	34,485.26	3,283.73
Educational Media Services - School Library- Employee Benefits:					
Social Security Contributions	1,200.00		1,200.00	1,075.20	124.80
Unemployment Compensation	400.00		400.00	329.35	70.65
Workmen's Compensation	500.00		500.00	132.20	367.80
Health Benefits	8,400.00	864.00	9,264.00	8,276.86	987.14
Total Educational Media Services - School Library- Employee Benefits	10,500.00	864.00	11,364.00	9,813.61	1,550.39

(Continued)

## TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Support Services - General Administration - Employee Benefits:					
Social Security Contributions	\$ 4,200.00		\$ 4,200.00	\$ 4,089.46	\$ 110.54
Unemployment Compensation	350.00		350.00	220.10	129.90
Workmen's Compensation	800.00		800.00	132.20	667.80
Health Benefits	13,957.00	\$ 1,444.00	15,401.00	14,834.64	566.36
Total Support Services - General Administration - Employee Benefits	19,307.00	1,444.00	20,751.00	19,276.40	1,474.60
Support Services - School Administration - Employee Benefits:					
Social Security Contributions	2,600.00	434.01	3,034.01	3,034.01	
Unemployment Compensation	500.00	0.49	500.49	500.49	
Workmen's Compensation	500.00	(323.73)	176.27	176.27	
Health Benefits	16,744.00	626.00	17,370.00	16,929.53	440.47
Other Employee Benefits		4,766.65	4,766.65	4,766.65	
Total Support Services - School Administration - Employee Benefits	20,344.00	5,503.42	25,847.42	25,406.95	440.47
Support Services - Central Services - Employee Benefits:					
Social Security Contributions	8,200.00	(3,250.00)	4,950.00	4,664.98	285.02
Unemployment Compensation	500.00		500.00		500.00
Workmen's Compensation	1,000.00		1,000.00	176.27	823.73
Health Benefits	49,719.00	(24,114.21)	25,604.79	23,830.20	1,774.59
Total Support Services - Central Services - Employee Benefits	59,419.00	(27,364.21)	32,054.79	28,671.45	3,383.34
Operation and Maintenance of Plant Services - Employee Benefits:					
Social Security Contributions	28,000.00		28,000.00	25,860.71	2,139.29
Unemployment Compensation	2,000.00		2,000.00	1,121.94	878.06
Workmen's Compensation	20,000.00	(440.49)	19,559.51	18,000.00	1,559.51
Health Benefits	62,953.00	(2,254.37)	60,698.63	58,017.01	2,681.62
Other Employee Benefits	9,021.00	440.49	9,461.49	9,461.49	
Total Operation and Maintenance of Plant Services - Employee Benefits	121,974.00	(2,254.37)	119,719.63	112,461.15	7,258.48

(Continued)

## TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Student Transportation Services - Employee Benefits:					
Social Security Contributions	\$ 6,000.00		\$ 6,000.00	\$ 4,074.07	1,925.93
Unemployment Compensation	800.00		800.00	202.71	\$ 597.29
Workmen's Compensation	5,253.00		5,253.00	4,040.96	1,212.04
Total Student Transportation Services - Employee Benefits	12,053.00		12,053.00	8,317.74	3,735.26
Unallocated Benefits - Employee Benefits:					
Other Retirement Contributions - Regular	61,099.00	\$ (5,151.00)	55,948.00	55,948.00	
Tuition Reimbursement	2,000.00	(341.00)	1,659.00		1,659.00
Other Employee Benefits	45,915.00		45,915.00	42,792.87	3,122.13
Total Unallocated Benefits - Employee Benefits	109,014.00	(5,492.00)	103,522.00	98,740.87	4,781.13
Undistricted Expenditures - Enterprise Funds:					
Amounts to Cover Deficit	1,000.00	(1,000.00)	-	-	-
On-behalf TPAF Pension Contributions				168,285.00	(168,285.00)
On-behalf TPAF Medical Contributions				190,287.00	(190,287.00)
Reimbursed TPAF Social Security Contributions				182,518.14	(182,518.14)
Total TPAF Contributions	-	-	-	541,090.14	(541,090.14)
Total Undistributed Expenses	3,321,702.00	(46,070.35)	3,319,381.65	3,389,480.65	(70,099.00)
Total Expenditures - Current Expense	8,603,488.00	(97,154.88)	8,565,083.12	8,284,799.26	280,283.86
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	25.00		25.00		25.00
Total - Interest Deposit to Capital Reserve	25.00	-	25.00	-	25.00

(Continued)

## TOWNSHIP OF DELANCO SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
CAPITAL OUTLAY (CONT'D):					
Equipment:					
Administrative Information Technology		\$ 32,785.00	\$ 32,785.00	\$ 32,677.18	\$ 107.82
Operating and Maintenance			7,835.00	7,835.00	
Security			2,975.00	2,975.00	
Grades 1-5	\$ 20,000.00	893.00	20,893.00	14,003.00	6,890.00
Grades 6-8	10,000.00	1,902.00	11,902.00	10,147.00	1,755.00
Total Equipment	30,000.00	35,580.00	76,390.00	67,637.18	8,752.82
Facilities Acquisition and Construction Services:					
Other Objects	29,758.00		29,758.00	29,758.00	
Total - Facilities Acquisition and Construction Services	29,758.00	-	29,758.00	29,758.00	-
Total Capital Outlay	59,783.00	35,580.00	106,173.00	97,395.18	8,777.82
Total Expenditures	\$ 8,663,271.00	\$ (61,574.88)	\$ 8,671,256.12	\$ 8,382,194.44	\$ 289,061.68
<b>Calculation of Deficiency of Revenues Under Expenditures:</b>					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(768,405.00)	(7,985.12)	(776,390.12)	146,729.14	923,119.26
Other Financing Sources (Uses):					
Transfer to Enterprise Fund - Board Contribution		(1,000.00)	(1,000.00)		1,000.00
Total - Other Financing Sources (Uses)	-	(1,000.00)	(1,000.00)	-	1,000.00
<b>Calculation of Deficiency of Revenues Under Expenditures (Cont'd):</b>					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(768,405.00)	(8,985.12)	(777,390.12)	146,729.14	924,119.26
Fund Balances, July 1	2,306,926.47	-	2,306,926.47	2,306,926.47	-
Fund Balances, June 30	\$ 1,538,521.47	\$ (8,985.12)	\$ 1,529,536.35	\$ 2,453,655.61	\$ 924,119.26

(Continued)

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>Recapitulation:</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 111,841.46	
Excess Surplus -- Designated for Subsequent Year's Expenditures				1,166,762.50	
Excess Surplus				863,027.65	
Assigned Fund Balance:					
Reserve for Encumbrances				7,026.50	
Designated for Subsequent Year's Expenditures				1,043.50	
Unassigned Fund Balance				<u>303,954.00</u>	
				2,453,655.61	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(207,303.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,246,352.61</u>	

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources:					
Title I	\$ 57,105.00	\$ 36,896.73	\$ 94,001.73	\$ 72,401.22	\$ (21,600.51)
Title II Part A	16,662.00	(209.00)	16,453.00	8,793.80	(7,659.20)
I.D.E.I.A., Part B Basic	123,009.00	19,726.00	142,735.00	142,735.00	
I.D.E.I.A., Part B, Preschool Incentive	3,096.00	519.00	3,615.00	3,615.00	
Race to the Top	5,358.00	(8.00)	5,350.00	5,350.00	
	<u>205,230.00</u>	<u>56,924.73</u>	<u>262,154.73</u>	<u>232,895.02</u>	<u>(29,259.71)</u>
Total - Federal Sources	<u>205,230.00</u>	<u>56,924.73</u>	<u>262,154.73</u>	<u>232,895.02</u>	<u>(29,259.71)</u>
Total Revenues	<u>\$ 205,230.00</u>	<u>\$ 56,924.73</u>	<u>\$ 262,154.73</u>	<u>\$ 232,895.02</u>	<u>\$ (29,259.71)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 57,105.00	\$ 4,545.00	\$ 61,650.00	\$ 47,397.00	\$ (14,253.00)
Other Purchased Services	3,096.00	519.00	3,615.00	3,615.00	
General Supplies	22,020.00	10,439.35	32,459.35	17,957.35	(14,502.00)
	<u>82,221.00</u>	<u>15,503.35</u>	<u>97,724.35</u>	<u>68,969.35</u>	<u>(28,755.00)</u>
Total Instruction	<u>82,221.00</u>	<u>15,503.35</u>	<u>97,724.35</u>	<u>68,969.35</u>	<u>(28,755.00)</u>
Support Services:					
Personal Services - Employee Benefits		8,544.98	8,544.98	8,040.27	(504.71)
Purchased Professional & Technical Services	123,009.00	19,726.00	142,735.00	142,735.00	
Other Purchased Services		13,150.40	13,150.40	13,150.40	
	<u>123,009.00</u>	<u>41,421.38</u>	<u>164,430.38</u>	<u>163,925.67</u>	<u>(504.71)</u>
Total Support Services	<u>123,009.00</u>	<u>41,421.38</u>	<u>164,430.38</u>	<u>163,925.67</u>	<u>(504.71)</u>
Total Expenditures	<u>\$ 205,230.00</u>	<u>\$ 56,924.73</u>	<u>\$ 262,154.73</u>	<u>\$ 232,895.02</u>	<u>\$ (29,259.71)</u>

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2013

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 8,528,923.58	\$ 232,895.02
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		5,533.24
The last State aid payment is 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) received July 2012.	202,845.00	
The last State aid payment is 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) received July 2013.	<u>(207,303.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,524,465.58</u>	<u>\$ 238,428.26</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 8,382,194.44	\$ 232,895.02
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>5,533.24</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 8,382,194.44</u>	<u>\$ 238,428.26</u>

REQUIRED SUPPLEMENTARY INFORMATION  
PART III

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Required Supplementary Information  
 Schedule of Funding Progress for Health Benefits Plan  
 For the Fiscal Year Ended June 30, 2013

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Actuarial Valuation Date <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) - Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>[(b-a)/c]</u>
06/30/13	-	\$ 46,998.05	\$ 46,998.05	-	N/A	N/A
06/30/12	-	54,697.53	54,697.53	-	N/A	N/A
06/30/11	-	64,149.02	64,149.02	-	N/A	N/A

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2013

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**Other Postemployment Benefits**

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date	June 30, 2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	None
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	3.0%
Rate of Salary Increases	N/A
Rate of Medical, Prescription AND Dental Inflation	10.0%

For determining the annual required contribution (ARC), the rate of employer contributions to the Plan is composed of the normal cost plus amortization of the unfunded actuarial accrued liability (UAAL), multiplied by the sum of 1 plus the discount rate, or 1.03. The normal cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The actuarial accrued liability (AAL) is that portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability (UAL).

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Special Revenue Fund  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2013

	Total	I.A.S.A.			I.D.E.I.A. Part B Basic	I.D.E.I.A. Part B Preschool	Race to the Top
		Title I	Title II Part A				
<b>REVENUES:</b>							
Federal Sources	\$ 232,895.02	\$ 60,174.49	\$ 12,226.73	\$ 8,793.80	\$ 142,735.00	\$ 3,615.00	\$ 5,350.00
State Sources	-						
Local Sources	-						
<b>Total Revenues</b>	<b>\$ 232,895.02</b>	<b>\$ 60,174.49</b>	<b>\$ 12,226.73</b>	<b>\$ 8,793.80</b>	<b>\$ 142,735.00</b>	<b>\$ 3,615.00</b>	<b>\$ 5,350.00</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	\$ 47,397.00	\$ 36,247.00	\$ 11,150.00				
Other Purchased Services	3,615.00					\$ 3,615.00	
General Supplies	17,957.35	14,240.20	223.75	\$ 1,090.40			\$ 2,403.00
<b>Total Instruction</b>	<b>68,969.35</b>	<b>50,487.20</b>	<b>11,373.75</b>	<b>1,090.40</b>	<b>-</b>	<b>3,615.00</b>	<b>2,403.00</b>
<b>Support Services:</b>							
Personal Services - Employee Benefits	8,040.27	7,187.29	852.98				
Purchased Professional & Technical Services	142,735.00				\$ 142,735.00		
Other Purchased Services	13,150.40	2,500.00		7,703.40			2,947.00
<b>Total Support Services</b>	<b>163,925.67</b>	<b>9,687.29</b>	<b>852.98</b>	<b>7,703.40</b>	<b>142,735.00</b>	<b>-</b>	<b>2,947.00</b>
<b>Facilities Acquisition and Construction Services:</b>							
Instructional Equipment	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 232,895.02</b>	<b>\$ 60,174.49</b>	<b>\$ 12,226.73</b>	<b>\$ 8,793.80</b>	<b>\$ 142,735.00</b>	<b>\$ 3,615.00</b>	<b>\$ 5,350.00</b>

## PROPRIETARY FUNDS

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Net Position  
June 30, 2013

	<u>Food Service</u>	<u>Ex Care Program</u>	<u>Total</u>
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 875.93	\$ 24,260.94	\$ 25,136.87
Accounts Receivable:			
State	80.18		80.18
Federal	3,397.69		3,397.69
Inventories	<u>3,325.03</u>		<u>3,325.03</u>
Total Current Assets	<u>7,678.83</u>	<u>24,260.94</u>	<u>31,939.77</u>
<b>Noncurrent Assets:</b>			
Restricted Cash and Cash Equivalents			
Furniture, Machinery and Equipment	181,933.00		181,933.00
Less Accumulated Depreciation	<u>(89,306.31)</u>		<u>(89,306.31)</u>
Total Noncurrent Assets	<u>92,626.69</u>	<u>-</u>	<u>92,626.69</u>
Total Assets	<u>100,305.52</u>	<u>24,260.94</u>	<u>124,566.46</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	3,712.23		3,712.23
Unearned Revenue		650.00	650.00
Total Liabilities	<u>3,712.23</u>	<u>650.00</u>	<u>4,362.23</u>
<b>NET POSITION:</b>			
Invested in Capital Assets, Net of Related			
Debt -- Restricted for Contributed Capital	92,626.69		92,626.69
Unrestricted	<u>3,966.60</u>	<u>23,610.94</u>	<u>27,577.54</u>
Total Net Position	<u>\$ 96,593.29</u>	<u>\$ 23,610.94</u>	<u>\$ 120,204.23</u>

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Enterprise Fund  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Ex Care Program</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
School Lunch Program	\$ 46,454.29		\$ 46,454.29
School Breakfast Program	1,487.26		1,487.26
Daily Sales - Non-Reimbursable Programs	19,673.95		19,673.95
Community Service Activities		\$ 104,841.23	104,841.23
Special Functions	515.06		515.06
	<u>68,130.56</u>	<u>104,841.23</u>	<u>172,971.79</u>
Total Operating Revenues			
<b>OPERATING EXPENSES:</b>			
Direct Expenses	7,556.87		7,556.87
Cost of Sales	56,420.69		56,420.69
Management Fees	13,296.36		13,296.36
Salaries	73,635.42	40,795.16	114,430.58
Benefits		3,350.39	3,350.39
Purchased Professional Services		2,500.00	2,500.00
Supplies and Materials	3,555.05	2,953.59	6,508.64
Rent		50,000.00	50,000.00
Audit Fee	2,000.00		2,000.00
Depreciation	10,484.13		10,484.13
	<u>166,948.52</u>	<u>99,599.14</u>	<u>266,547.66</u>
Total Operating Expenses			
Operating Income / (Loss)	<u>(98,817.96)</u>	<u>5,242.09</u>	<u>(93,575.87)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
State Sources:			
State School Lunch Program	1,739.83		1,739.83
Federal Sources:			
National School Lunch Program	59,392.13		59,392.13
National School PB Lunch Program	1,360.80		1,360.80
National School Breakfast Program	11,530.49		11,530.49
Food Distribution Program	11,319.63		11,319.63
Interest Revenue	7.37	50.38	57.75
	<u>85,350.25</u>	<u>50.38</u>	<u>85,400.63</u>
Total Nonoperating Revenues (Expenses)			
Income (Loss) before Contributions and Transfers	(13,467.71)	5,292.47	(8,175.24)
Capital Contributions	-	-	-
Change in Net Assets	(13,467.71)	5,292.47	(8,175.24)
Net Position -- July 1	110,061.00	18,318.47	128,379.47
Net Position -- June 30	<u>\$ 96,593.29</u>	<u>\$ 23,610.94</u>	<u>\$ 120,204.23</u>

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Ex Care Program</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from Customers	\$ 68,130.56	\$ 105,416.43	\$ 173,546.99
Payments to Management Company	(138,737.99)		(138,737.99)
Payments to Employees		(40,795.16)	(40,795.16)
Payments for Employee Benefits		(3,808.37)	(3,808.37)
Payments to Audit Company	(2,000.00)	(2,500.00)	(4,500.00)
Payments to Suppliers	(11,319.63)	(52,953.59)	(64,273.22)
Net Cash Provided by (used for) Operating Activities	<u>(83,927.06)</u>	<u>5,359.31</u>	<u>(78,567.75)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
State Sources	1,725.54		1,725.54
Federal Sources	82,773.88		82,773.88
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>84,499.42</u>	<u>-</u>	<u>84,499.42</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchases of Capital Assets	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest Revenue	7.37	50.38	57.75
Net Increase (Decrease) in Cash and Cash Equivalents	579.73	5,409.69	5,989.42
Cash and Cash Equivalents -- July 1	296.20	18,851.25	19,147.45
Cash and Equivalents -- June 30	<u>\$ 875.93</u>	<u>\$ 24,260.94</u>	<u>\$ 25,136.87</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (98,817.96)	\$ 5,242.09	\$ (93,575.87)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	10,484.13		10,484.13
(Increase) Decrease in Accounts Receivable, net	1,126.74	825.20	1,951.94
Increase (Decrease) in Unearned Revenue		(250.00)	(250.00)
(Increase) Decrease in Inventories	(432.20)		(432.20)
Increase (Decrease) in Accounts Payable	3,712.23	(457.98)	3,254.25
Total Adjustments	<u>14,890.90</u>	<u>117.22</u>	<u>15,008.12</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (83,927.06)</u>	<u>\$ 5,359.31</u>	<u>\$ (78,567.75)</u>



**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
**INTERNAL SERVICE FUND**  
 Substitute Calling  
 Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2013

<b>OPERATING REVENUES:</b>	
Charges for Services:	
Substitute Calling Fees from Other LEA's Within the State	<u>\$ 7,121.17</u>
Total Operating Revenues	<u>7,121.17</u>
<b>OPERATING EXPENSES:</b>	
Salaries	5,779.00
Benefits	480.18
Purchased Professional Services	626.61
Supplies and Materials	<u>240.12</u>
Total Operating Expenses	<u>7,125.91</u>
Operating Income / (Loss)	<u>(4.74)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest Revenue	<u>4.74</u>
Total Nonoperating Revenues (Expenses)	<u>4.74</u>
Income (Loss) before Contributions and Transfers	-
Capital Contributions	<u>-</u>
Change in Net Assets	-
Net Position -- July 1	<u>-</u>
Net Position -- June 30	<u><u>-</u></u>

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
**INTERNAL SERVICE FUND**  
 Substitute Calling  
 Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2013

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from Customers	\$ 6,857.66
Payments to Employees	(5,779.00)
Payments for Employee Benefits	(559.58)
Payments for Professional Services	(326.61)
Payments to Suppliers	<u>(240.12)</u>
Net Cash Provided by (used for) Operating Activities	<u>(47.65)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest Revenue	<u>4.74</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(42.91)
Cash and Cash Equivalents -- July 1	<u>1,473.29</u>
Cash and Equivalents -- June 30	<u>\$ 1,430.38</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>	
by Operating Activities:	
Operating Income (Loss)	\$ (4.74)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Increase (Decrease) in Other Current Liabilities	<u>(42.91)</u>
Total Adjustments	<u>(42.91)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (47.65)</u>

## FIDUCIARY FUNDS

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2013

	<u>Trust Fund</u>	<u>Agency Funds</u>		
	<u>Scholarship Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 2,466.64	\$ 17,928.08	\$ (2,713.53)	\$ 17,681.19
Due From State of New Jersey			2,973.37	2,973.37
<b>Total Assets</b>	<u>2,466.64</u>	<u>\$ 17,928.08</u>	<u>\$ 259.84</u>	<u>20,654.56</u>
<b>LIABILITIES:</b>				
Interfund Accounts Payable:				
Due General Fund			\$ 138.44	138.44
Payroll Deductions Payable			121.40	121.40
Payable to Student Groups		<u>\$ 17,928.08</u>		<u>17,928.08</u>
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 17,928.08</u>	<u>\$ 259.84</u>	<u>18,187.92</u>
<b>NET POSITION:</b>				
Held in Trust for Other Purposes	<u>\$ 2,466.64</u>			<u>\$ 2,466.64</u>

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Fiduciary Funds  
Combining Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2013

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	Scholarship <u>Trust</u>
ADDITIONS:	
Investment Earnings:	
Interest	\$ <u>3.72</u>
Total Additions	<u>3.72</u>
DEDUCTIONS:	
Scholarship Awards	<u>-</u>
Total Deductions	<u>-</u>
Change in Net Position	3.72
Net Position -- July 1	<u>2,462.92</u>
Net Position -- June 30	<u>\$ 2,466.64</u>

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Fiduciary Funds  
Student Activity Agency Fund Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2013

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	<u>Balance June 30, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2013</u>
MIDDLE SCHOOL: Walnut Ave School	\$ 13,549.66	\$ 17,378.81	\$ 15,858.55	\$ 15,069.92
ELEMENTARY SCHOOL: Pearson School	<u>5,083.85</u>	<u>6,540.59</u>	<u>8,766.28</u>	<u>2,858.16</u>
Total All Schools	<u><u>\$ 18,633.51</u></u>	<u><u>\$ 23,919.40</u></u>	<u><u>\$ 24,624.83</u></u>	<u><u>\$ 17,928.08</u></u>

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 2.90	\$ 3,255,529.71	\$ 3,258,246.14	\$ (2,713.53)
Due from State of New Jersey		2,973.37		2,973.37
Interfund Accounts Receivable: Due General Fund				
	<u>\$ 2.90</u>	<u>\$ 3,258,503.08</u>	<u>\$ 3,258,246.14</u>	<u>\$ 259.84</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings		\$ 1,479,347.37	\$ 1,479,225.97	121.40
Net Payroll		1,779,020.17	1,779,020.17	
Interfund Accounts Payable Due General Fund	<u>\$ 2.90</u>	<u>135.54</u>		<u>\$ 138.44</u>
Total Liabilities	<u>\$ 2.90</u>	<u>\$ 3,258,503.08</u>	<u>\$ 3,258,246.14</u>	<u>\$ 259.84</u>

## LONG-TERM DEBT

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2012	Issued	Decreased	Balance June 30, 2013
			Date	Amount					
School District Bonds-- Series 2005	05/01/05	\$ 6,761,569.00	08/01/13	\$ 190,000.00	4.125%	\$ 6,076,000.00	\$ 5,466,000.00	\$ 610,000.00	
			08/01/14	200,000.00	4.125%				
			08/01/15	220,000.00	4.125%				
School District Refunding Bonds -- Series 2013	04/24/13	\$ 5,600,000.00	08/01/13	75,000.00	2.000%				
			08/01/14	35,000.00	2.000%				
			08/01/15	35,000.00	2.000%				
			08/01/16	275,000.00	3.000%				
			08/01/17	375,000.00	3.000%				
			08/01/18	390,000.00	3.000%				
			08/01/19	410,000.00	3.000%				
			08/01/20	435,000.00	3.000%				
			08/01/21	455,000.00	5.000%				
			08/01/22	480,000.00	2.000%				
			08/01/23	490,000.00	2.125%				
			08/01/24	500,000.00	2.250%				
			08/01/25	520,000.00	3.000%				
			08/01/26	555,000.00	3.000%				
			08/01/27	570,000.00	3.000%				
						\$ 5,600,000.00		5,600,000.00	
						\$ 6,076,000.00	5,600,000.00	\$ 5,466,000.00	\$ 6,210,000.00
Disbursed							\$ 170,000.00		
Refunded							5,296,000.00		
							\$ 5,466,000.00		

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 421,108.00	-	\$ 421,108.00	\$ 421,108.00	-
Total Revenues	<u>421,108.00</u>	<u>-</u>	<u>421,108.00</u>	<u>421,108.00</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	253,912.00	-	253,912.00	253,911.50	\$ 0.50
Redemption of Principal	<u>170,000.00</u>	<u>-</u>	<u>170,000.00</u>	<u>170,000.00</u>	<u>-</u>
Total Regular Debt Service	<u>423,912.00</u>	<u>-</u>	<u>423,912.00</u>	<u>423,911.50</u>	<u>0.50</u>
Total Expenditures	<u>423,912.00</u>	<u>-</u>	<u>423,912.00</u>	<u>423,911.50</u>	<u>0.50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,804.00)	-	(2,804.00)	(2,803.50)	(0.50)
Other Financing Sources:					
Operating Transfers In:					
Transfer from Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(2,804.00)	-	(2,804.00)	(2,803.50)	(0.50)
Fund Balance, July 1	<u>2,805.16</u>	<u>-</u>	<u>2,805.16</u>	<u>2,805.16</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 1.16</u>	<u>-</u>	<u>\$ 1.16</u>	<u>\$ 1.66</u>	<u>\$ (0.50)</u>

STATISTICAL SECTION

## Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Net Assets by Component  
 Last Ten Fiscal Years (Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 8,256,626.64	\$ 8,642,216.90	\$ 8,756,189.55	\$ 8,935,363.98	\$ 9,116,732.86	\$ 9,838,124.51	\$ 9,861,899.11	\$ 6,543,794.02	\$ 6,549,412.65	\$ 6,502,290.74
Restricted	1,874,636.69	1,855,645.29	951,358.55	702,688.48	922,047.20	979,109.69	1,135,298.68	4,329,156.37	3,969,454.91	86,191.70
Unrestricted	57,294.37	(11,724.81)	(4,976.16)	12,442.95	406,511.01	(38,616.14)	(24,918.24)	(151,656.18)	(87,218.96)	108,783.25
<b>Total Governmental Activities Net Position</b>	<b>\$ 10,188,557.70</b>	<b>\$ 10,486,137.38</b>	<b>\$ 9,702,571.94</b>	<b>\$ 9,650,495.41</b>	<b>\$ 10,445,291.07</b>	<b>\$ 10,778,618.06</b>	<b>\$ 10,972,279.55</b>	<b>\$ 10,721,294.21</b>	<b>\$ 10,431,648.60</b>	<b>\$ 6,697,265.69</b>
<b>Business-type Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 92,626.69	\$ 103,110.82	\$ 113,594.95	\$ 125,435.27	\$ 138,631.80	\$ 157,428.32	\$ 11,223.81	\$ 14,426.69	\$ 17,889.32	\$ 21,351.97
Unrestricted	27,577.54	25,268.65	22,559.90	17,004.58	14,851.87	8,588.87	5,749.30	109.03	1,966.51	159.80
<b>Total Business-type Activities Net Position</b>	<b>\$ 120,204.23</b>	<b>\$ 128,379.47</b>	<b>\$ 136,154.85</b>	<b>\$ 142,439.85</b>	<b>\$ 153,483.67</b>	<b>\$ 166,017.19</b>	<b>\$ 16,973.11</b>	<b>\$ 14,535.72</b>	<b>\$ 19,855.83</b>	<b>\$ 21,511.77</b>
<b>District-wide:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 8,349,253.33	\$ 8,745,327.72	\$ 8,869,784.50	\$ 9,060,799.25	\$ 9,255,364.66	\$ 9,995,552.83	\$ 9,873,122.92	\$ 6,558,220.71	\$ 6,567,301.97	\$ 6,523,642.71
Restricted	1,874,636.69	1,855,645.29	951,358.55	702,688.48	922,047.20	979,109.69	1,135,298.68	4,329,156.37	3,969,454.91	86,191.70
Unrestricted	84,871.91	13,543.84	17,583.74	29,447.53	421,362.88	(30,027.27)	(19,168.94)	(151,547.15)	(85,252.45)	108,943.05
<b>Total District-wide Net Position</b>	<b>\$ 10,308,761.93</b>	<b>\$ 10,614,516.85</b>	<b>\$ 9,838,726.79</b>	<b>\$ 9,792,935.26</b>	<b>\$ 10,598,774.74</b>	<b>\$ 10,944,635.25</b>	<b>\$ 10,989,252.66</b>	<b>\$ 10,735,829.93</b>	<b>\$ 10,451,504.43</b>	<b>\$ 6,718,777.46</b>

Source: Exhibit A-1

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Changes in Net Position  
 Last Ten Fiscal Years (Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 2,519,755.41	\$ 2,403,744.01	\$ 2,438,176.51	\$ 2,498,349.20	\$ 2,829,794.23	\$ 2,157,409.12	\$ 2,045,518.93	\$ 1,864,065.57	\$ 1,544,233.03	\$ 1,826,974.65
Special Education	678,056.55	601,499.35	653,469.00	721,804.01	560,948.23	796,520.14	541,284.41	601,038.54	468,313.60	463,461.70
Other Special Education	63,336.37	53,464.74	147,763.41	117,076.39	119,587.46	56,710.77	41,610.73	34,461.80	28,670.04	21,507.15
Other Instruction	34,484.55	34,046.01	37,206.20	76,069.47	97,933.72	93,531.17	99,786.41	79,772.89	67,106.68	65,293.86
Support Services:										
Tuition	2,636,234.48	2,261,169.17	2,562,492.24	2,326,835.16	1,875,992.43	1,802,135.99	1,861,389.68	1,562,887.73	1,447,056.10	1,471,098.20
Student and Instruction Related Services	900,880.19	902,208.78	897,656.94	872,313.01	890,673.06	689,179.84	752,096.60	867,989.99	1,169,696.29	357,602.21
School Administrative Services	172,702.10	169,325.54	179,778.51	172,750.43	147,044.42	163,496.63	137,113.02	99,319.10	156,315.19	315,414.86
General and Business Administrative Services	324,721.53	314,146.94	343,138.57	454,455.39	414,979.20	461,633.13	417,905.11	322,613.52	324,799.23	475,498.56
Plant Operations and Maintenance	653,238.02	597,542.37	650,754.21	768,245.36	720,984.67	750,491.17	690,155.63	531,252.40	477,939.12	438,667.32
Pupil Transportation	304,423.20	244,161.74	190,287.20	302,590.41	174,622.61	174,497.13	213,411.08	191,663.20	217,216.85	161,171.70
Unallocated Benefits	541,090.14	427,896.10	363,956.25	369,968.48	364,921.58	556,507.23	509,477.64	314,172.79	290,700.41	293,965.54
Interest on Long-term Debt	659,784.89	284,484.02	285,724.04	278,185.77	280,857.52	272,575.83	167,885.65	402,937.15	(57,417.03)	156.50
Transfer to Charter School	-	-	3,861.00	-	-	-	-	-	-	-
Unallocated Depreciation	-	-	-	-	-	-	29,817.92	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>9,488,707.43</b>	<b>8,293,688.77</b>	<b>8,754,264.08</b>	<b>8,958,643.08</b>	<b>8,478,339.13</b>	<b>7,974,688.15</b>	<b>7,507,452.81</b>	<b>6,872,174.68</b>	<b>6,134,629.51</b>	<b>5,890,812.25</b>
Business-type Activities:										
Food Service	166,948.52	162,660.22	160,124.54	160,164.92	145,909.21	176,601.49	115,416.56	119,142.79	116,672.45	112,842.50
Other	99,599.14	90,662.80	83,770.52	-	-	-	-	-	-	-
<b>Total Business-type Activities Expense</b>	<b>266,547.66</b>	<b>253,323.02</b>	<b>243,895.06</b>	<b>160,164.92</b>	<b>145,909.21</b>	<b>176,601.49</b>	<b>115,416.56</b>	<b>119,142.79</b>	<b>116,672.45</b>	<b>112,842.50</b>
<b>Total District Expenses</b>	<b>\$ 9,755,255.09</b>	<b>\$ 8,547,011.79</b>	<b>\$ 8,998,159.14</b>	<b>\$ 9,118,808.00</b>	<b>\$ 8,624,248.34</b>	<b>\$ 8,151,289.64</b>	<b>\$ 7,622,869.37</b>	<b>\$ 6,991,317.47</b>	<b>\$ 6,251,301.96</b>	<b>\$ 6,003,654.75</b>
<b>Program Revenues:</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 779,518.40	\$ 661,527.60	\$ 643,845.40	\$ 678,431.94	\$ 594,189.51	\$ 836,708.16	\$ 650,713.33	\$ 455,325.79	\$ 455,542.57	\$ 463,310.14
Charges for Services	7,121.17	6,856.11	6,294.09	8,997.95	14,064.00	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>786,639.57</b>	<b>668,383.71</b>	<b>650,139.49</b>	<b>687,429.89</b>	<b>608,253.51</b>	<b>836,708.16</b>	<b>650,713.33</b>	<b>455,325.79</b>	<b>455,542.57</b>	<b>463,310.14</b>
Business-type activities:										
Charges for services										
Food service	68,130.56	69,996.07	74,670.83	81,654.10	81,223.50	83,068.33	69,034.91	63,868.25	68,852.85	69,217.71
Other	104,841.23	99,590.10	92,878.83	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	191,000.00	15,000.00	20,000.00	27,273.20	29,821.69
Operating Grants and Contributions	85,342.88	75,940.75	69,669.64	67,312.03	51,914.25	51,232.87	33,398.06	29,639.20	18,633.65	10,874.28
<b>Total Business-type Activities Program Revenues</b>	<b>258,314.67</b>	<b>245,526.92</b>	<b>237,219.30</b>	<b>148,966.13</b>	<b>133,137.75</b>	<b>325,301.20</b>	<b>117,432.97</b>	<b>113,507.45</b>	<b>114,759.70</b>	<b>109,913.68</b>
<b>Total District Program Revenues</b>	<b>\$ 1,044,954.24</b>	<b>\$ 913,910.63</b>	<b>\$ 887,358.79</b>	<b>\$ 836,396.02</b>	<b>\$ 741,391.26</b>	<b>\$ 1,162,009.36</b>	<b>\$ 768,146.30</b>	<b>\$ 568,833.24</b>	<b>\$ 570,302.27</b>	<b>\$ 573,223.82</b>

(Continued)

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Changes in Net Position  
Last Ten Fiscal Years (Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (8,702,067.86)	\$ (7,625,305.06)	\$ (8,104,124.59)	\$ (8,271,213.19)	\$ (7,870,085.62)	\$ (7,137,979.99)	\$ (6,856,739.48)	\$ (6,416,848.89)	\$ (5,679,086.94)	\$ (5,427,502.11)
Business-type Activities	(8,232.99)	(7,796.10)	(6,675.76)	(11,198.79)	(12,771.46)	148,699.71	2,016.41	(5,635.34)	(1,912.75)	(2,928.82)
Total District-wide Net Expense	\$ (8,710,300.85)	\$ (7,633,101.16)	\$ (8,110,800.35)	\$ (8,282,411.98)	\$ (7,882,857.08)	\$ (6,989,280.28)	\$ (6,854,723.07)	\$ (6,422,484.23)	\$ (5,680,999.69)	\$ (5,430,430.93)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 5,434,251.00	\$ 5,529,152.00	\$ 5,420,737.00	\$ 4,999,989.00	\$ 4,796,752.00	\$ 4,688,783.00	\$ 4,493,107.00	\$ 4,177,925.00	\$ 3,779,956.00	\$ 3,473,202.00
Taxes Levied for Debt Service	421,108.00	370,277.00	387,209.00	396,112.00	347,112.00	137,499.00	333,175.00	138,612.00	-	-
Unrestricted Grants and Contributions	2,447,834.00	2,428,808.52	2,252,842.48	1,936,458.00	2,326,435.60	2,196,494.00	2,096,696.00	2,087,916.00	5,535,947.00	2,030,414.40
Investment Earnings	2,700.21	1,148.28	20,674.08	32,648.12	40,576.04	110,260.44	87,949.29	63,113.99	27,115.49	10,431.16
Other	98,594.97	79,484.70	74,742.85	21,974.31	25,882.99	-	80,219.14	232,349.76	57,974.42	30,365.18
Assets Acquired Under Capital Lease	-	-	-	89,236.00	-	7,282.06	31,578.39	26,577.75	31,110.59	10,765.86
Cancellation of Special Revenue Appropriations	-	-	(4.29)	0.10	-	-	-	-	-	-
Transfers	-	-	-	-	-	(196,000.00)	(15,000.00)	(20,000.00)	(18,633.65)	(10,874.28)
Total Governmental Activities	8,404,488.18	8,408,870.50	8,156,201.12	7,476,417.53	7,536,758.63	6,944,318.50	7,107,724.82	6,706,494.50	9,413,469.85	5,544,304.32
Business-type Activities:										
Investment Earnings	57.75	20.72	390.76	154.97	237.94	344.37	420.98	315.23	256.81	69.55
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities	57.75	20.72	390.76	154.97	237.94	344.37	420.98	315.23	256.81	69.55
Total District-wide	\$ 8,404,545.93	\$ 8,408,891.22	\$ 8,156,591.88	\$ 7,476,572.50	\$ 7,536,996.57	\$ 6,944,662.87	\$ 7,108,145.80	\$ 6,706,809.73	\$ 9,413,726.66	\$ 5,544,373.87
<b>Change in Position:</b>										
Governmental Activities	\$ (297,579.68)	\$ 783,565.44	\$ 52,076.53	\$ (794,795.66)	\$ (333,326.99)	\$ (193,661.49)	\$ 250,985.34	\$ 289,645.61	\$ 3,734,382.91	\$ 116,802.21
Business-type Activities	(8,175.24)	(7,775.38)	(6,285.00)	(11,043.82)	(12,533.52)	149,044.08	2,437.39	(5,320.11)	(1,655.94)	(2,859.27)
Total District	\$ (305,754.92)	\$ 775,790.06	\$ 45,791.53	\$ (805,839.48)	\$ (345,860.51)	\$ (44,617.41)	\$ 253,422.73	\$ 284,325.50	\$ 3,732,726.97	\$ 113,942.94

Source: Exhibit A-2

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Reserved				\$ 683,690.65	\$ 1,000,677.89	\$ 878,922.17	\$ 808,737.39	\$ 856,156.25	\$ 429,854.05	\$ 87,373.10
Unreserved				254,768.12	485,932.21	362,615.58	254,027.90	133,377.40	163,078.09	343,824.01
Restricted	\$ 1,934,328.61	\$ 1,734,116.27	\$ 843,547.37							
Assigned	8,070.00	118,921.20	54,189.93							
Unassigned	303,954.00	251,044.00	251,392.00							
<b>Total General Fund</b>	<b><u>\$ 2,246,352.61</u></b>	<b><u>\$ 2,104,081.47</u></b>	<b><u>\$ 1,149,129.30</u></b>	<b><u>\$ 938,458.77</u></b>	<b><u>\$ 1,486,610.10</u></b>	<b><u>\$ 1,241,537.75</u></b>	<b><u>\$ 1,062,765.29</u></b>	<b><u>\$ 989,533.65</u></b>	<b><u>\$ 592,932.14</u></b>	<b><u>\$ 431,197.11</u></b>
All Other Governmental Funds:										
Reserved				\$ 32,850.00	\$ 19,592.79	\$ 50,574.99	\$ 412,727.63	\$ 3,396,101.58	\$ 700,126.58	
Unreserved, Reported in:										
Special Revenue Fund						(3,306.40)	(1,181.40)	(1,181.40)	(1,181.40)	\$ (1,181.40)
Capital Projects Fund				55,377.60	159,349.44	321,170.81	402,114.46	1,427,683.49	9,273,353.29	
Debt Service Fund				29,917.73	4,588.99	5,488.33	231,649.24	377,108.09	35,469.14	
Restricted										
Capital Projects Fund			\$ 2,771.50							
Debt Service Fund	\$ 1.66	\$ 2,805.16	50,267.57							
<b>Total All Other Governmental Funds</b>	<b><u>\$ 1.66</u></b>	<b><u>\$ 2,805.16</u></b>	<b><u>\$ 53,039.07</u></b>	<b><u>\$ 118,145.33</u></b>	<b><u>\$ 183,531.22</u></b>	<b><u>\$ 373,927.73</u></b>	<b><u>\$ 1,045,309.93</u></b>	<b><u>\$ 5,199,711.76</u></b>	<b><u>\$ 10,007,767.61</u></b>	<b><u>\$ (1,181.40)</u></b>

(1) In accordance with GASB 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify fund balance was changed. See the notes to the financial statements.

Source: Exhibit B-1

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Changes in Fund Balances, Governmental Funds  
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>										
Tax Levy	\$ 5,855,359.00	\$ 5,899,429.00	\$ 5,807,946.00	\$ 5,396,101.00	\$ 5,143,864.00	\$ 4,826,282.00	\$ 4,826,282.00	\$ 4,316,537.00	\$ 3,779,956.00	\$ 3,473,202.00
Other Local Revenue	101,290.44	80,631.43	95,362.72	57,538.85	80,523.03	110,260.44	168,168.43	320,145.75	84,520.91	40,796.34
State Sources	2,988,924.14	2,772,698.10	2,611,812.25	1,920,865.48	2,694,663.58	2,817,004.23	2,630,836.64	2,431,278.63	5,851,678.57	2,353,490.54
Federal Sources	238,428.26	317,638.02	284,875.63	694,024.46	225,961.53	216,197.93	116,572.69	116,525.00	139,811.00	140,234.00
<b>Total Revenue</b>	<b>9,184,001.84</b>	<b>9,070,396.55</b>	<b>8,799,996.60</b>	<b>8,068,529.79</b>	<b>8,145,012.14</b>	<b>7,969,744.60</b>	<b>7,741,859.76</b>	<b>7,184,486.38</b>	<b>9,855,966.48</b>	<b>6,007,722.88</b>
<b>Expenditures:</b>										
Instruction										
Regular Instruction	2,232,696.46	2,131,637.49	2,135,203.38	2,196,081.35	2,194,866.06	2,096,905.95	2,003,692.30	1,786,735.23	1,463,132.99	1,736,517.13
Special Education Instruction	678,056.55	601,499.35	653,469.00	721,804.01	560,948.23	796,520.14	541,284.41	603,738.38	468,313.60	463,461.70
Other Special Instruction	63,336.37	53,464.74	147,763.41	117,076.39	119,587.46	56,710.77	41,610.73	34,461.80	28,670.04	21,507.15
Other Instruction	34,484.55	34,046.01	37,206.20	76,069.47	97,933.72	93,531.17	99,786.41	79,772.89	65,001.53	65,293.86
Support Services:										
Tuition	2,636,234.48	2,261,169.17	2,562,492.24	2,326,835.16	1,875,992.43	1,802,135.99	1,861,389.68	1,562,887.73	1,447,056.10	1,471,098.20
Student and Instruction Related Services	900,880.19	902,208.78	897,656.94	872,313.01	889,751.73	687,337.20	750,253.95	868,009.34	1,169,696.29	355,234.55
School Administrative Services	172,702.10	162,467.88	173,430.21	166,668.90	146,254.54	161,916.89	135,533.27	97,739.35	156,315.19	313,835.12
Other Administrative Services	324,721.53	323,598.23	343,138.57	383,931.53	413,385.95	461,610.71	415,827.32	300,216.51	318,920.51	465,101.56
Plant Operations and Maintenance	647,182.19	590,688.54	640,483.96	757,593.04	711,812.49	739,474.89	681,254.21	523,019.94	474,447.67	435,431.06
Pupil Transportation	291,842.96	231,581.50	206,048.28	231,813.64	169,478.71	166,125.11	201,810.92	180,063.04	205,616.70	147,211.51
Unallocated Benefits	541,090.14	427,896.10	363,956.25	369,968.48	364,921.58	556,507.23	509,477.64	338,854.79	290,700.41	293,965.54
Transfer to Charter School			3,861.00							
Debt Service:										
Principal	170,000.00	160,000.00	150,000.00	125,000.00	120,000.00	100,000.00	30,000.00			
Interest and Other Charges	253,911.50	260,511.50	266,711.50	272,211.50	277,111.50	281,512.00	497,645.13			
Capital Outlay	97,395.18	24,909.00	73,007.10	153,936.63	148,291.90	235,089.40	4,038,463.98	5,200,441.72	352,247.64	155,452.86
<b>Total Expenditures</b>	<b>9,044,534.20</b>	<b>8,165,678.29</b>	<b>8,654,428.04</b>	<b>8,771,303.11</b>	<b>8,090,336.30</b>	<b>8,235,377.45</b>	<b>11,808,029.95</b>	<b>11,575,940.72</b>	<b>6,440,118.67</b>	<b>5,924,110.24</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	139,467.64	904,718.26	145,568.56	(702,773.32)	54,675.84	(265,632.85)	(4,066,170.19)	(4,391,454.34)	3,415,847.81	83,612.64
<b>Other Financing Sources (Uses):</b>										
Capital Leases (Non-budgeted)				89,236.00					11,900.88	61,726.86
Sale of Bonds									6,761,569.00	
Cancellation of Special Revenue Appropriations			(4.29)	0.10						
Transfers In		2,772.09	49,814.38	26,428.24	49,100.16	17,852.09	49,011.28	203,026.95	35,469.14	
Transfers Out		(2,772.09)	(49,814.38)	(26,428.24)	(49,100.16)	(22,852.09)	(64,011.28)	(223,026.95)	(54,102.79)	(10,874.28)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(4.29)</b>	<b>89,236.10</b>	<b>-</b>	<b>(5,000.00)</b>	<b>(15,000.00)</b>	<b>(20,000.00)</b>	<b>6,754,836.23</b>	<b>50,852.58</b>
<b>Net Change in Fund Balances</b>	<b>\$ 139,467.64</b>	<b>\$ 904,718.26</b>	<b>\$ 145,564.27</b>	<b>\$ (613,537.22)</b>	<b>\$ 54,675.84</b>	<b>\$ (270,632.85)</b>	<b>\$ (4,081,170.19)</b>	<b>\$ (4,411,454.34)</b>	<b>\$ 10,170,684.04</b>	<b>\$ 134,465.22</b>
Debt Service as a Percentage of Noncapital Expenditures	4.7%	5.2%	4.9%	4.6%	5.0%	4.8%	6.8%	-	-	-

Source: Exhibit B-2

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 General Fund - Other Local Revenue by Source  
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30.									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Interest on Investments	\$ 2,700.21	\$ 1,148.28	\$ 20,674.08	\$ 32,595.04	\$ 40,576.04	\$ 61,812.63	\$ 87,949.29	\$ 65,485.64	\$ 27,115.49	\$ 10,431.16
Miscellaneous Facility Use	1,590.00	790.00	790.00		815.15	3,413.00	2,004.00	1,492.00	2,323.00	5,665.00
Rental of Library	7,605.00	17,706.00		3,490.00	19,400.00	17,000.00	17,000.00	17,000.00	17,000.00	17,000.00
Refund of Prior Year Expenditures		6,197.36	10,719.95	13,105.52	961.99	595.12		63.59		
E-Rate		3,506.05								
Tuition	33,283.59				14,064.00	7,972.60	3,532.80	7,543.20	1,860.60	
JIF Safety Award	3,000.00									
Sale of Assets	3,000.00									
Donation			5,871.00							
Cancellation of Prior Year Outstanding Checks			68.67							
Ex Care Facility Use	50,000.00	50,000.00	42,750.00							
Ex Care Services			7,507.00							
Other		1,283.15	6,864.68	4,964.55	117.36	1,615.00	8,671.06	852.37	752.68	7,700.18
<b>Total Miscellaneous Revenues</b>	<u>\$ 101,178.80</u>	<u>\$ 80,630.84</u>	<u>\$ 95,245.38</u>	<u>\$ 54,155.11</u>	<u>\$ 75,934.54</u>	<u>\$ 92,408.35</u>	<u>\$ 119,157.15</u>	<u>\$ 92,436.80</u>	<u>\$ 49,051.77</u>	<u>\$ 40,796.34</u>

Source: District Records

## Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Assessed Value and Actual Value of Taxable Property  
 Last Ten Fiscal Years  
*Unaudited*

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (2)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (3)
2013	\$ 6,858,350.00	\$ 416,473,860.00	\$ 1,022,600.00	\$ 23,627,300.00	\$ 34,768,800.00	\$ 1,365,000.00	\$ 484,115,910.00	\$ 418,616.00	\$ 484,534,526.00	Unavailable	\$ 419,071,204.00	1.221
2012	6,856,850.00	423,461,460.00	780,500.00	25,002,300.00	35,082,100.00	3,421,300.00	494,604,510.00	459,692.00	495,064,202.00	\$ 62,264,400.00	459,729,183.00	1.182
2011	8,499,850.00	425,961,860.00	777,000.00	26,102,300.00	33,519,300.00	2,028,100.00	496,888,410.00	462,497.00	497,350,907.00	41,456,000.00	477,139,790.00	1.186
2010	10,675,800.00	422,944,500.00	777,000.00	26,352,300.00	40,513,500.00	3,235,200.00	504,498,300.00	573,514.00	505,071,814.00	40,195,200.00	495,665,074.00	1.150
2009	12,860,300.00	411,938,800.00	782,000.00	27,602,300.00	40,513,500.00	3,235,200.00	496,932,100.00	547,114.00	497,479,214.00	39,655,200.00	497,479,214.00	1.085
2008	15,622,700.00	382,597,200.00	1,032,000.00	27,602,300.00	40,513,500.00	1,730,000.00	469,097,700.00	488,213.00	469,585,913.00	40,944,400.00	469,585,913.00	1.095
2007 (1)	15,464,700.00	373,804,400.00	1,054,200.00	42,074,500.00	27,120,000.00	1,730,000.00	461,247,800.00	451,248.00	461,699,048.00	28,309,800.00	461,699,048.00	1.046
2006	10,927,800.00	169,659,200.00	563,200.00	19,720,600.00	12,290,000.00	1,146,400.00	214,307,200.00	261,319.00	214,568,519.00	7,759,700.00	214,568,519.00	2.250
2005	11,245,300.00	157,747,600.00	708,500.00	19,703,600.00	12,290,000.00	1,146,400.00	202,841,400.00	294,915.00	203,136,315.00	7,508,700.00	203,136,315.00	2.125
2004	12,383,700.00	136,341,600.00	705,100.00	20,244,700.00	12,290,000.00	1,146,400.00	183,111,500.00	342,779.00	183,454,279.00	7,296,700.00	183,454,279.00	2.061

(1) Revaluation

(2) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(3) Tax Rates are per \$100.00 of Assessed Valuation

Source: Burlington County Board of Taxation

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (Rate per \$100 of Assessed Value)  
*Unaudited*

Year Ended <u>Dec. 31</u>	<u>District Direct Rate</u>			<u>Overlapping Rates</u>				<u>Total Direct and Overlapping Tax Rate</u>
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct School Tax Rate</u>	<u>Regional High School District</u>	<u>Township of Delanco</u>	<u>Township of Delanco Fire District</u>	<u>Burlington County</u>	
2013	\$ 1.133	\$ 0.088	\$ 1.221	-	\$ 0.724	\$ 0.067	\$ 0.329	\$ 2.341
2012	1.108	0.074	1.182	-	0.676	0.066	0.358	2.282
2011	1.107	0.079	1.186	-	0.648	0.064	0.365	2.263
2010	1.066	0.084	1.150	-	0.638	0.063	0.379	2.230
2009	1.012	0.073	1.085	-	0.629	0.062	0.379	2.155
2008	1.064	0.031	1.095	-	0.580	0.064	0.373	2.112
2007 (1)	0.974	0.072	1.046	-	0.549	0.065	0.375	2.035
2006	2.095	0.155	2.250	-	0.939	0.118	0.698	4.005
2005	2.061	0.064	2.125	-	0.835	0.105	0.636	3.701
2004	2.061	-	2.061	-	0.795	0.116	0.610	3.582

(1) Revaluation

Source: Municipal Tax Collector

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Principal Property Tax Payers  
Current Year and Nine Years Ago  
*Unaudited*

<u>Taxpayer</u>	2013			2004		
	<u>Taxable Assessed Value (1)</u>	Rank	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	Rank	<u>% of Total District Net Assessed Value</u>
First Industrial, LP	\$ 6,539,800.00	1	1.35%			
EREG Delanco 800, LLC	6,100,800.00	2	1.26%			
EREG Delanco 2700, LLC	6,025,500.00	3	1.24%			
John Bruce Investment Company LLC	3,500,000.00	4	0.72%	\$ 2,765,300.00	4	1.51%
FEDEX Operating Taxes	3,400,000.00	5	0.70%			
Costume Gallery, Inc.	2,523,200.00	6	0.52%			
Delanco Realty	2,300,000.00	7	0.48%	1,150,000.00	8	0.63%
Boise Cascade Building	2,100,000.00	8	0.43%			
Colson Development LLC	1,963,000.00	9	0.41%			
Delanco Savings & Loan	1,950,000.00	10	0.40%			
Jevic Transportation				9,005,900.00	1	4.91%
River Associates				3,248,700.00	2	1.77%
Pulte Homes of NJ				3,008,200.00	3	1.64%
Conwed Corp.				2,200,000.00	5	1.20%
REB L LLC				1,650,000.00	6	0.90%
Gres & Kaluzy Land Development LLC				1,425,000.00	7	0.78%
Furman Lumber				990,900.00	9	0.54%
Abundant Life Fellowship, Inc.				883,700.00	10	0.48%
Total	<u>\$ 36,402,300.00</u>		<u>7.52%</u>	<u>\$ 26,327,700.00</u>		<u>14.35%</u>

(1) Revaluation in 2007

Source: Municipal Tax Assessor

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years  
*Unaudited*

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2013	\$ 5,855,359.00	\$ 5,855,359.00	100.00%	-
2012	5,899,429.00	5,899,429.00	100.00%	-
2011	5,807,946.00	5,807,946.00	100.00%	-
2010	5,396,101.00	5,396,101.00	100.00%	-
2009	5,143,864.00	5,143,864.00	100.00%	-
2008	4,826,282.00	4,826,282.00	100.00%	-
2007	4,826,282.00	4,826,282.00	100.00%	-
2006	4,316,537.00	4,316,537.00	100.00%	-
2005	3,779,956.00	3,779,956.00	100.00%	-
2004	3,473,202.00	3,473,202.00	100.00%	-

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

Source: District Records

## Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities	Total District	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2013	\$ 6,210,000.00	-	-	-	-	\$ 6,210,000.00	Unavailable	Unavailable
2012	6,076,000.00	-	-	-	-	6,076,000.00	Unavailable	Unavailable
2011	6,236,000.00	-	\$ 29,855.20	-	-	6,265,855.20	3.02%	\$ 1,460.23
2010	6,386,000.00	-	58,196.52	-	-	6,444,196.52	3.17%	1,503.19
2009	6,511,000.00	-	-	-	-	6,511,000.00	2.93%	1,362.99
2008	6,631,000.00	-	-	-	-	6,631,000.00	3.00%	1,388.11
2007	6,731,000.00	-	7,282.06	-	-	6,738,282.06	3.40%	1,453.78
2006	6,761,000.00	-	38,860.45	-	-	6,799,860.45	3.75%	1,559.60
2005	6,761,000.00	-	70,200.92	-	-	6,831,200.92	4.28%	1,632.70
2004	-	-	-	-	-	-	-	-

## Sources:

- (1) District Records
- (2) Personal income has been estimated based upon Burlington County population and per capita
- (3) Per Capita personal income of Burlington County-estimated based upon the 2000 Census published

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2013	\$ 6,210,000.00	-	\$ 6,210,000.00	1.28%	\$ 1,338.94
2012	6,076,000.00	-	6,076,000.00	1.23%	1,415.99
2011	6,236,000.00	-	6,236,000.00	1.25%	1,454.63
2010	6,386,000.00	-	6,386,000.00	1.26%	1,336.82
2009	6,511,000.00	-	6,511,000.00	1.31%	1,362.99
2008	6,631,000.00	-	6,631,000.00	1.41%	1,430.64
2007	6,731,000.00	-	6,731,000.00	1.46%	1,543.81
2006	6,761,000.00	-	6,761,000.00	3.15%	1,615.92
2005	6,761,000.00	-	6,761,000.00	3.33%	1,722.55
2004	-	-	-	0.00%	-

**Sources:**

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development  
2012 is based on 2011 population.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2012  
*Unaudited*

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Delanco Township</u>
Municipal Debt: (1)				
Local School District	\$ 5,906,000.00	\$ 5,906,000.00		
Delanco Township	<u>2,977,000.00</u>		<u>\$ 2,977,000.00</u>	<u>\$ 2,977,000.00</u>
	<u>8,883,000.00</u>	<u>5,906,000.00</u>	<u>2,977,000.00</u>	<u>2,977,000.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Burlington: (2)				
General:				
Bonds	270,043,353.00	26,412,514.00 (3)	243,630,839.00	2,243,090.72 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	310,740,000.00	310,740,000.00 (4)		
Solid Waste Utility	<u>62,496,713.00</u>	<u>62,496,713.00</u>		
	<u>643,280,066.00</u>	<u>399,649,227.00</u>	<u>243,630,839.00</u>	<u>2,243,090.72</u>
	<u>\$ 652,163,066.00</u>	<u>\$ 405,555,227.00</u>	<u>\$ 246,607,839.00</u>	<u>\$ 5,220,090.72</u>

## Sources:

- (1) 2012 Report of Audit
- (2) County's 2012 Audit Report
- (3) Includes cash on hand, accounts receivable and County College Bonds paid with State Aid.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Township's share of the total 2012 Equalized Value, which is .92%.

The source for this computation was the 2012 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
*Unaudited*

**Legal Debt Margin Calculation for Fiscal Year 2013**

	Equalized valuation basis (1)	
	2012	\$ 427,451,828.00
	2011	461,234,948.00
	2010	<u>483,977,648.00</u>
	<b>[A]</b>	<u>\$ 1,372,664,424.00</u>
Average equalized valuation of taxable property	<b>[A/3]</b>	\$ 457,554,808.00
Debt limit (3% of average equalization value) (2)	<b>[B]</b>	13,726,644.24
Total Net Debt Applicable to Limit	<b>[C]</b>	<u>6,210,000.00</u>
Legal Debt Margin	<b>[B-C]</b>	<u>\$ 7,516,644.24</u>

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit	\$ 13,726,644.24	\$ 14,328,790.34	\$ 14,330,819.18	\$ 13,849,838.77	\$ 12,775,644.23	\$ 11,311,955.57	\$ 9,452,633.97	\$ 7,747,609.00	\$ 6,460,778.21	\$ 5,664,726.35
Total net debt applicable to limit (3)	<u>6,210,000.00</u>	<u>6,076,000.00</u>	<u>6,236,000.00</u>	<u>6,386,000.00</u>	<u>6,511,000.00</u>	<u>6,631,000.00</u>	<u>6,731,000.00</u>	<u>6,761,000.00</u>	<u>6,761,000.00</u>	-
Legal debt margin	<u>\$ 7,516,644.24</u>	<u>\$ 8,252,790.34</u>	<u>\$ 8,094,819.18</u>	<u>\$ 7,463,838.77</u>	<u>\$ 6,264,644.23</u>	<u>\$ 4,680,955.57</u>	<u>\$ 2,721,633.97</u>	<u>\$ 986,609.00</u>	<u>\$ (300,221.79)</u>	<u>\$ 5,664,726.35</u>
Total net debt applicable to the limit as a percentage of debt limit	45.24%	42.40%	43.51%	46.11%	50.96%	58.62%	71.21%	87.27%	104.65%	0.00%

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

## Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years  
*Unaudited*

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2012	4,638	Unavailable	Unavailable	14.0%
2011	4,291	\$ 207,332,538.00	\$ 48,318.00	13.5%
2010	4,287	203,165,217.00	47,391.00	13.9%
2009	4,777	222,111,392.00	46,496.00	13.1%
2008	4,635	220,964,355.00	47,673.00	7.7%
2007	4,360	198,031,200.00	45,420.00	5.7%
2006	4,184	181,439,160.00	43,365.00	6.3%
2005	3,925	159,692,550.00	40,686.00	5.8%
2004	3,671	145,063,236.00	39,516.00	3.1%
2003	3,434	130,347,772.00	37,958.00	3.3%

## Sources:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita income
- (3) Per Capita personal income by municipality-estimated based upon mid-year population estimates on a county basis
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Principal Non-Governmental Employers  
Current Year and Nine Years Ago  
*Unaudited*

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Jevic Transportation	(1)		(1)	(1)		(1)
Stylex	(1)		(1)	(1)		(1)
Fedex Freight East Inc.	(1)		(1)	(1)		(1)
NVR	(1)		(1)	(1)		(1)
Med Laurel, Inc.	(1)		(1)	(1)		(1)
Boise-Cascade	(1)		(1)	(1)		(1)
Powerhouse Equipment	(1)		(1)	(1)		(1)
Distributec	(1)		(1)	(1)		(1)
SCP, Distributors, LLC	(1)		(1)	(1)		(1)
NA	(1)		(1)	(1)		(1)
	-		-	-		-
	-		-	-		-

Source: Individual Employers

(1) Unavailable

## Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years  
*Unaudited*

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Instruction										
Regular	26.0	22.9	24.4	38.3	34	34	34	34	30	29
Special education	19.0	12.3	9.5	1.4	-	-	-	-	5	6
Other special education	-	-	-	-	-	-	-	-	1	2
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	3.0	7.4	5.1	7.8	11	11	6	8	3	3
General administrative services	2.0	1.1	1.9	1.0	3	3	3	2	4	4
School administrative services	-	1.6	1.6	1.7	2	2	1	2	6	6
Business administrative services	1.0	1.5	1.5	1.7	2	1	1	-	-	-
Plant operations and maintenance	9.0	5.2	5.2	7.4	6	6	6	4	4	4
Pupil transportation	2.0	1.3	2.4	1.3	1	1	2	2	2	2
Other Support Services	-	-	-	-	-	-	-	-	1	1
Food Service	-	-	-	-	-	-	1	1	2	2
<b>Total</b>	<b>62.0</b>	<b>53.3</b>	<b>51.6</b>	<b>60.6</b>	<b>59</b>	<b>59</b>	<b>53</b>	<b>52</b>	<b>58</b>	<b>57</b>

Source: District Records

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Operating Statistics  
 Last Ten Fiscal Years  
*Unaudited*

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Fiscal Year Ended <u>June 30.</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>		<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
						<u>Elementary</u>	<u>Middle School</u>				
2013	387	\$ 8,523,227.52	\$ 22,023.84	12.45%	37	16.0	7.0	386	369	-1.78%	95.60%
2012	388	7,720,257.79	19,897.57	2.08%	36	12.0	8.8	393	377	1.94%	95.93%
2011	397	8,164,709.44	20,566.02	16.45%	32	11.1	8.7	386	368	-2.89%	95.37%
2010	393	8,220,154.98	20,916.42	18.44%	40	9.8	9.8	397	379	10.58%	95.47%
2009	388	7,544,932.90	19,445.70	17.23%	38	10.2	10.2	390	371	7.68%	95.13%
2008	389	7,618,776.05	19,585.54	25.28%	37	11.8	11.8	391	371	6.45%	94.76%
2007	376	7,328,920.84	19,491.81	24.68%	35	10.5	10.5	369	353	0.35%	95.61%
2006	361	6,375,499.00	17,660.66	6.47%	37	12.4	12.6	359	341	-0.88%	94.99%
2005	367	6,087,871.03	16,588.20	6.11%	39	11.4	11.4	362	344	-1.50%	95.00%
2004	369	5,768,657.38	15,633.22	5.11%	38	12.0	12.0	368	352	-0.94%	95.68%

Sources: District Records

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 School Building Information  
 Last Ten Fiscal Years  
*Unaudited*

	Fiscal Year Ended June 30,									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Pearson Elementary (1961)										
Square Feet	54,212	54,212	54,212	54,212	54,212	54,212	54,212	54,212	30,665	30,665
Capacity (students)	432	432	432	432	432	432	432	432	231	231
Enrollment	285	265	266	257	257	258	250	239	226	233
<b><u>Middle School</u></b>										
Walnut Street Middle School (1925)										
Square Feet	29,475	29,475	29,475	29,475	29,475	29,475	29,475	29,475	27,410	27,410
Capacity (students)	207	207	207	207	207	207	207	207	152	152
Enrollment	102	123	131	136	131	131	126	125	131	135
<b><u>Other</u></b>										
Maintenance Building (1997)										
Square Feet	907	907	907	907	907	907	907	907	907	907
Number of Schools at June 30, 2013										
Elementary = 1										
Middle School = 1										

(1) Unavailable

Source: District Records

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Schedule of Required Maintenance  
 Last Ten Fiscal Years  
*Unaudited*

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

* School Facilities	Project # (s)	Fiscal Year Ended June 30,									
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Pearson Elementary School	30	\$ 17,603.42	\$ 24,180.32	\$ 14,822.33	\$ 38,323.01	\$ 27,393.36	\$ 26,426.77	\$ 34,227.93	\$ 16,807.03	\$ 20,334.78	\$ 22,400.75
Walnut Street Middle School	60	14,285.02	10,685.25	9,214.56	22,723.37	12,096.32	13,599.45	6,715.12	15,761.95	13,930.23	8,320.10
Total School Facilities		<u>31,888.44</u>	<u>34,865.57</u>	<u>24,036.89</u>	<u>61,046.38</u>	<u>39,489.68</u>	<u>40,026.22</u>	<u>40,943.05</u>	<u>32,568.98</u>	<u>34,265.01</u>	<u>30,720.85</u>
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		<u>\$ 31,888.44</u>	<u>\$ 34,865.57</u>	<u>\$ 24,036.89</u>	<u>\$ 61,046.38</u>	<u>\$ 39,489.68</u>	<u>\$ 40,026.22</u>	<u>\$ 40,943.05</u>	<u>\$ 32,568.98</u>	<u>\$ 34,265.01</u>	<u>\$ 30,720.85</u>

\* School Facilities as defined under EFCFA. (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Insurance Schedule  
 June 30, 2013  
*Unaudited*

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	<u>Coverage</u>	<u>Deductible</u>
Burlington County Insurance Pool Joint Insurance Fund:		
Property and Auto Physical Damage/	\$ 150,000,000.00	\$ 500.00
Boiler and Machinery	125,000,000.00	1,000.00
General and Auto Liability	10,000,000.00	
Comprehensive Crime	500,000.00	500.00
Educator's Legal Liability	10,000,000.00	
Pollution Legal Liability	3,000,000.00	25,000.00
Workers Compensation	Statutory	
National Union Fire Insurance Company:		
Student Accident Liability	1,000,000.00	
Travelers Casualty and Surety Company of America:		
Public Official Bond - Treasurer	200,000.00	
Public Official Bond - School Business Administrator/Board Secretary	2,500.00	

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND  
STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Township of Delanco School District  
County of Burlington  
Delanco, New Jersey 08075

***Report on Compliance for the one Major State Program***

We have audited the Township of Delanco School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on the School District's one major state program for the fiscal year ended June 30, 2013. The School District's one major state program is 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 School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Township of Delanco 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 the one major state program. However, our audit does not provide a legal determination of the School District's compliance.

***Opinion on the one Major State Program***

In our opinion, the Township of Delanco 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 state programs for the fiscal year ended June 30, 2013.

***Report on Internal Control Over Compliance***

Management of the Township of Delanco 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 School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, 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 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 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 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 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 OMB Circular A-133 and State of New Jersey Circular 04-04-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants



Joseph J. Hoffmann  
Certified Public Accountant  
Public School Accountant No. CS 00759

Voorhees, New Jersey  
October 1, 2013

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2013

<u>Pass-through</u> <u>Grantor / Program Title</u>	<u>CFDA</u> <u>Number</u>	<u>State Project</u> <u>Number</u>	<u>Award</u> <u>Amount</u>	<u>Grant Period</u>		<u>Balance</u> <u>June 30, 2012</u>
				<u>From</u>	<u>To</u>	
<b>General Fund</b>						
U.S. Department of Education:						
Passed-through State Department of Education:						
Education Jobs	84.410A	N/A	\$ 88,993.00	8-10-10	9-30-12	<u>\$ (12,519.67)</u>
Total General Fund						<u>(12,519.67)</u>
<b>Special Revenue Fund:</b>						
U.S. Department of Education Passed-through						
State Department of Education:						
I.A.S.A. (N.C.L.B.):						
Title I	84.010A	IASA-1030-12	72,782.00	9-1-12	8-31-13	
Title I	84.010A	IASA-1030-11	67,182.00	9-1-11	8-31-12	(13,298.27)
Title II Part A	84.367A	IASA-1030-12	16,453.00	9-1-12	8-31-13	
Title II Part A	84.367A	IASA-1030-11	19,602.00	9-1-11	8-31-12	(24,584.00)
Title II Part D	84.318X	IASA-1030-11	125.00	9-1-11	8-31-12	(125.00)
I.D.E.A. Part B:						
Basic & Capacity	84.027	FT103012	142,735.00	9-1-12	8-31-13	
Basic & Capacity	84.027	FT103011	144,716.00	9-1-11	8-31-12	(144,716.00)
Preschool	84.173	PS103012	3,615.00	9-1-12	8-31-13	
Race to the Top	84.416	N/A	5,350.00	9-1-11	11-30-15	
Total Special Revenue Fund						<u>(182,723.27)</u>
<b>Enterprise Fund:</b>						
U.S. Department of Agriculture:						
Food Distribution Program	10.555	Unavailable	11,319.63	7-1-12	6-30-13	
Food Distribution Program	10.555	Unavailable	10,387.45	7-1-11	6-30-12	1,002.15
Passed-through State Department of Education:						
National School Lunch Program	10.555	Unavailable	60,752.93	7-1-12	6-30-13	
National School Lunch Program	10.555	Unavailable	54,763.96	7-1-11	6-30-12	(2,135.79)
School Breakfast Program	10.553	Unavailable	11,530.49	7-1-12	6-30-13	
School Breakfast Program	10.553	Unavailable	9,053.68	7-1-11	6-30-12	(432.73)
Total Enterprise Fund						<u>(1,566.37)</u>
Total Federal Financial Assistance						<u>\$ (196,809.31)</u>

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

These funds were not audited in accordance with U.S. OMB Circular A-133 since the total of all grant expenditures did not exceed \$500,000.00.

Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2013		
					(Accounts Receivable)	Unearned Revenue	Due to Grantor
	\$ 12,519.67						
-	12,519.67	-	-	-	-	-	-
	43,203.00	\$ 60,174.49			\$ (38,572.00)	\$ 21,600.51	
	25,525.00	12,226.73					
	7,909.00	8,793.80			(8,544.00)	7,659.20	
	24,584.00						
	125.00						
		142,735.00			(142,735.00)		
	144,716.00						
		3,615.00			(3,615.00)		
		5,350.00			(5,350.00)		
-	246,062.00	232,895.02	-	-	(198,816.00)	29,259.71	-
	11,319.83	10,160.45				1,159.38	
		1,002.15					
	57,927.40	60,752.93			(2,825.53)		
	2,135.79						
	10,958.33	11,530.49			(572.16)		
	432.73						
-	82,774.08	83,446.02	-	-	(3,397.69)	1,159.38	-
-	\$ 341,355.75	\$ 316,341.04	-	-	\$ (202,213.69)	\$ 30,419.09	-

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2013

<u>State Grantor/ Program Title</u>	<u>State Project Number</u>	<u>Award Amount</u>	<u>Grant Period</u>		<u>Balance at June 30, 2012</u>		<u>Carryover / Walkover Amount</u>
			<u>From</u>	<u>To</u>	<u>Unearned Revenue/ Accounts Receivable</u>	<u>Due to Grantor</u>	
General Fund:							
Current Expense:							
Equalization Aid	13-495-034-5120-078	\$ 2,049,597.00	7-1-12	6-30-13			
Equalization Aid	12-495-034-5120-078	2,061,300.00	7-1-11	6-30-12	\$ (177,652.67)		
Transportation Aid	13-495-034-5120-014	21,868.00	7-1-12	6-30-13			
Nonpublic School Transportation Aid	13-495-034-5120-014	3,306.00	7-1-12	6-30-13			
Nonpublic School Transportation Aid	12-495-034-5120-014	1,044.00	7-1-11	6-30-12	(1,044.00)		
Special Education Categorical Aid	13-495-034-5120-089	310,385.00	7-1-12	6-30-13			
Special Education Categorical Aid	12-495-034-5120-089	292,306.00	7-1-11	6-30-12	(25,192.33)		
Security Aid	13-495-034-5120-084	16,488.00	7-1-12	6-30-13			
Extraordinary Aid	13-100-034-5120-473	50,648.00	7-1-12	6-30-13			
T.P.A.F. Social Security Aid	13-495-034-5095-002	182,518.14	7-1-12	6-30-13			
T.P.A.F. Social Security Aid	12-495-034-5095-002	180,842.10	7-1-11	6-30-12	(9,085.48)		
Total General Fund					(212,974.48)	-	-
Enterprise Fund:							
State School Lunch Aid	13-100-010-3350-023	1,739.83	7-1-12	6-30-13			
State School Lunch Aid	12-100-010-3350-023	1,735.66	7-1-11	6-30-12	(65.89)		
Total Enterprise Fund					(65.89)	-	-
Total State Financial Assistance					\$ (213,040.37)	-	-

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

Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2013			Memo	
				(Accounts Receivable)	Unearned Revenue Interfunds Payable	Due to Grantor	Budgetary Receivable June 30, 2011	Cumulative Total Expenditures
\$ 1,872,437.81	\$ 2,049,597.00			\$ (177,159.19)			\$ (177,159.19)	\$ 2,049,597.00
177,652.67								
19,977.82	21,868.00			(1,890.18)			(1,890.18)	21,868.00
	3,306.00			(3,306.00)				3,306.00
1,044.00								
283,556.53	310,385.00			(26,828.47)			(26,828.47)	310,385.00
25,192.33								
15,062.84	16,488.00			(1,425.16)			(1,425.16)	16,488.00
182,518.14	50,648.00			(50,648.00)				50,648.00
9,085.48	182,518.14							182,518.14
<u>2,586,527.62</u>	<u>2,634,810.14</u>	<u>-</u>	<u>-</u>	<u>(261,257.00)</u>	<u>-</u>	<u>-</u>	<u>(207,303.00)</u>	<u>2,634,810.14</u>
1,659.65	1,739.83			(80.18)				1,739.83
65.89								
<u>1,725.54</u>	<u>1,739.83</u>	<u>-</u>	<u>-</u>	<u>(80.18)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,739.83</u>
<u>\$ 2,588,253.16</u>	<u>\$ 2,636,549.97</u>	<u>-</u>	<u>-</u>	<u>\$ (261,337.18)</u>	<u>-</u>	<u>-</u>	<u>\$ (207,303.00)</u>	<u>\$ 2,636,549.97</u>

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2013

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**Note 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Township of Delanco School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District'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, are included on the schedules 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 using the budgetary basis of accounting, with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; 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 N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$4,458.00 for the general fund and \$5,533.24 for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$5,533.24 for the special revenue fund and no adjustment is required for the general fund expenditures. See Exhibit C-3, 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.

**Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)**

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 2,988,924.14	\$ 2,988,924.14
Special Revenue	\$ 238,428.26		238,428.26
Capital Projects			-
Debt Service			-
Food Service	<u>83,446.02</u>	<u>1,739.83</u>	<u>85,185.85</u>
Total Awards and Financial Assistance	<u>\$ 238,428.26</u>	<u>\$ 2,988,924.14</u>	<u>\$ 3,227,352.40</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: OTHER**

Revenues and expenditures reported under the food distribution program represent current year value received and current year distribution, respectively. 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 fiscal year ended June 30, 2013.

**Note 6: MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

TOWNSHIP OF DELANCO SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?        yes   X   no

Significant deficiency(ies) identified?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

**Federal Awards**

**Not Applicable**

Internal control over major programs:

Material weakness(es) identified?        yes        no

Significant deficiency(ies) identified?        yes        none reported

Type of auditor's report issued on compliance for major programs \_\_\_\_\_

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

Identification of major programs:

**CFDA Number(s)**

**Name of Federal Program or Cluster**

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to determine Type A programs \$ \_\_\_\_\_

Auditee qualified as low-risk auditee?        yes        no



**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

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***Section 2- Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

Not Applicable.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013

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***Section 4- Schedule of State Financial Assistance Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

None.

**TOWNSHIP OF DELANCO SCHOOL DISTRICT**  
Summary Schedule of Prior Year Audit Findings  
and Questioned Costs as Prepared by Management

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This section identifies the status of prior year findings related to the financial statements State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARDS**

Not Applicable.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

None.

