SCHOOL DISTRICT
OF

JEFFERSON TOWNSHIP

Jefferson Township School District
Jefferson Township, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012

Comprehensive Annual Financial Report

of the

Jefferson Township School District

Jefferson Township, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

Jefferson Township School District
Business Office

JEFFERSON TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

Jefferson Township Public Schools

31 Route 181
Lake Hopatcong, New Jersey 07849
(973) 663-5780 FAX (973) 663-2790

Joseph G. Kraemer
Superintendent of Schools

Dora E. Zeno
Business Administrator/Board Secretary

Mary K. Thornton, Ph.D.
Assistant Superintendent of Schools/ Curriculum and Instruction

Estrella M. Molinet
Assistant Business Administrator

September 10, 2012

The Honorable President and Members of
the Board of Education
Jefferson Township School District
Lake Hopatcong, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Jefferson Township School District (the "District") for the fiscal year ended June 30, 2012, 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 Jefferson Township Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, financial trends and fiscal capacity, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Information related to this single audit, including the auditors' reports on internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped youngsters. The District completed the 2011-12 fiscal year with an enrollment of 3,464 students, which is a decrease of 76 students from the previous year's enrollment.

The Honorable President and Members of
the Board of Education
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The following details the changes in student enrollment of the District over the last five years:

Fiscal Year	Year End Student Enrollment	Percent Change
2011-2012	3,464	-2.15%
2010-2011	3,540	-1.03%
2009-2010	3,577	-1.11%
2008-2009	3,617	-0.17%
2007-2008	3,623	0.03%

2) ECONOMIC CONDITION AND OUTLOOK:

The Jefferson Township Public School District continues to maintain excellent fiscal accountability. Working within financial constraints, the District offered students additional honors and advanced curriculum courses, expanded its technology literacy, security initiatives and continued to upgrade its infrastructure. District educational facilities benefit from team cleaning, and maintenance staff possess key technical skills, greatly reducing the need to outsource many repairs and improvement projects.

Shared services continue to result in efficiencies, such as bulk purchasing and transportation jointures. Additionally, the District and Township share multiple services, including: snow removal, computerized vehicle maintenance, recycling, excavation projects, paving/pothole repair, sewer treatment plant management and fuel.

The School District plans to continue its sound fiscal management to meet future challenges.

3) MAJOR INITIATIVES:

The School District changed food service providers which has resulted in increased participation and aggressively pursued increased revenue derived from its food service program by generating a higher guarantee from its food service provider. This enterprise fund operates at a profit.

The District Report Card was issued by the State of New Jersey during the 2011-2012 school year for the 2010-2011 school year. The report card, issued for each school in a district, compares more than fifteen areas to the state average, including, but not limited to: student attendance rate, student/faculty ratios, student/computer ratios, financial data, and statewide assessment results.

The District continues to phase in its JT2015 Master Plan over the next several years.

Professional development is offered to all District staff.

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

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state award 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 approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2012.

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

7) DEBT ADMINISTRATION: As of June 30, 2012, the District's outstanding debt totals $23,057,695. This debt consists of serial bonds dated September 15, 2002, in the amount of $980,000, for the improvements to school facilities, refunding bonds in the amount of $21,715,000 and capital leases of $362,695.

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

9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees risk management for the District. A schedule of insurance coverage can be found on Exhibit J-20.

10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations,* and New Jersey OMB's Circular 04-04 *Single*

The Honorable President and Members of
the Board of Education
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September 10, 2012

Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. The independent auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Jefferson Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

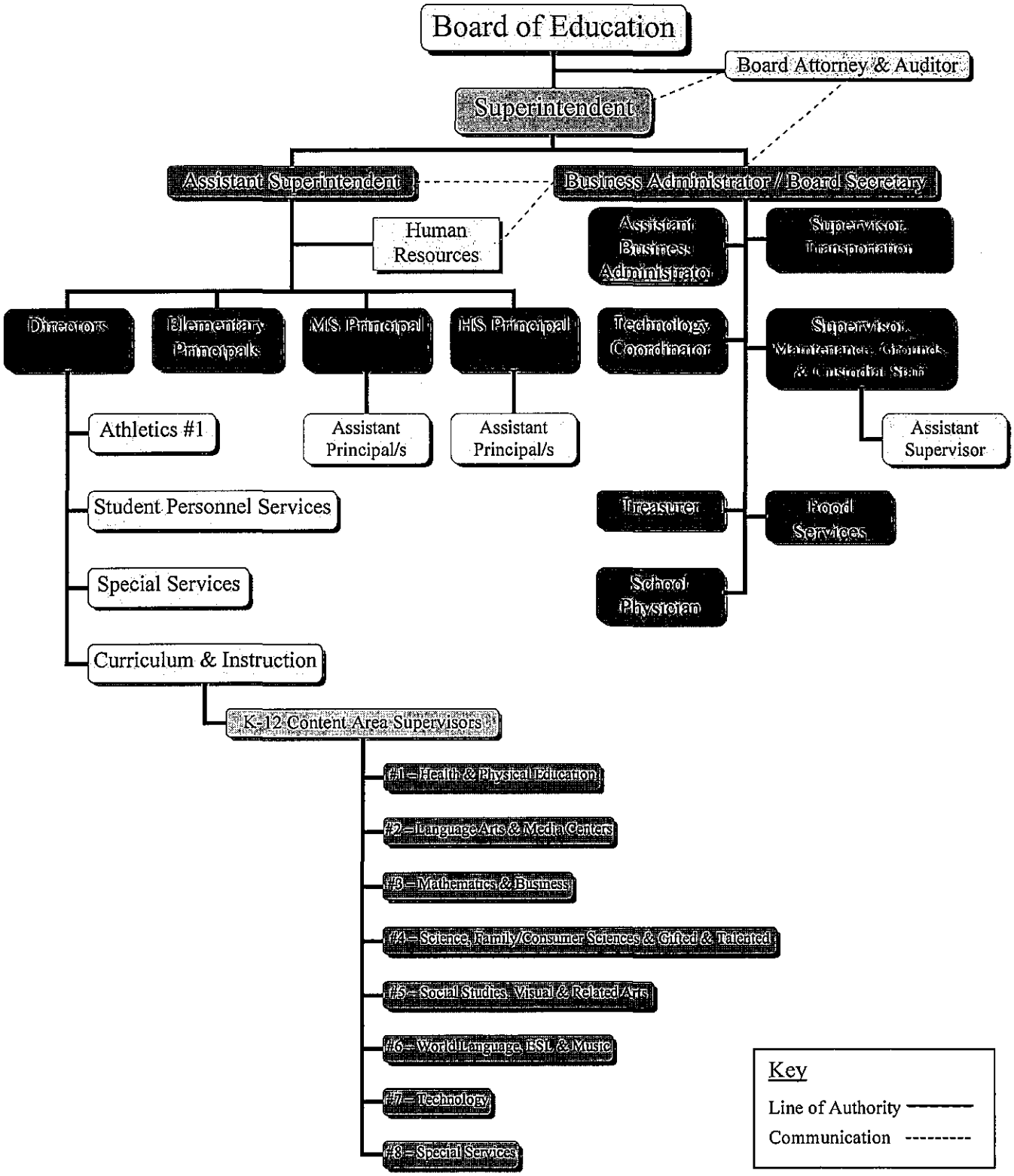
Respectfully submitted,

Superintendent
Joseph G. Kraemer

Business Administrator/Board Secretary
Dora E. Zeno

GOVERNANCE MANUAL **FILE CODE: 1110**
Policy Series 1000 – Administration

ORGANIZATIONAL CHART **DOCUMENT: Policy**



TOWNSHIP OF JEFFERSON BOARD OF EDUCATION
LAKE HOPATCONG, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2012

Members of the Board of Education		**Term Expires**
Mrs. Judy Castiglione	Member	2012
Mr. Frank J. Cuccio	Member	2014
Mr. Matthew Millar	Vice President	2013
Mrs. Stacey Poulas	Member	2014
Mrs. Cynthia R. Scott	Member	2013
Mrs. Melissa Senatore	Member	2012
Mr. H. Ronald Smith	President	2014
Mr. Michael Stewart	Member	2012
Mrs. Jill Van Ness	Member	2012

Other Officials

Joseph G. Kraemer, Superintendent

Mary Thornton, Ph.D., Assistant Superintendent

Dora E. Zeno, Business Administrator/Board Secretary

William Eagen, Treasurer

TOWNSHIP OF JEFFERSON

BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Bond Counsel

McManimon & Scotland, L.L.C.
Newark, NJ 07102

Audit Firm

Nisivoccia LLP
200 Valley Road, Suite 300
Mount Arlington, NJ 07856-1320

Attorneys

Schwartz, Simon, Edelstein & Celso, LLC
Whippany, New Jersey 07981

Insurance Agent

William H. Connolly & Co.
Montclair, NJ 07042

Official Depositories

Lakeland State Bank
CITI Bank
Cash Management of NJ/ARM
Fulton Bank
Wells Fargo

FINANCIAL SECTION

NISIVOCCIA LLP
Certified Public Accountants & Advisors

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973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Jefferson Township School District
Lake Hopatcong New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Jefferson Township Board of Education in the County of Morris, as of and for the fiscal year ended June 30, 2012 which collectively comprise the Board of Education's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Board of Education of the Jefferson Township Board of Education in the County of Morris as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated September 10, 2012, on our consideration of the Board of Education of the Jefferson Township Board of Education'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members
of the Board of Education
Jefferson Township School District
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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report, and Budgetary Comparison Information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Jefferson Township Board of Education's financial statements. The accompanying supplementary information schedules such as the combining and individual non-major fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

September 10, 2012
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

Management's Discussion and Analysis
(Unaudited)

This section of Jefferson Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- In total, net assets increased by $580,740 or 2.01%. Net assets of governmental activities increased $488,901 while net assets of business-type activities increased by $91,839.
- Revenues totaled $60,106,250 for this fiscal year.
- The District had $58,468,662 in expenses related to governmental activities. Expenses relating to business-type activities totaled $1,056,848.
- The District continued to pay down its debt by retiring $1,245,000 of outstanding bonds.
- The District refunded existing debt issues in 2011/12.

Overview of the Financial Statements

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

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

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

Figure A-1
Organization of Jefferson Township School District's Financial Report

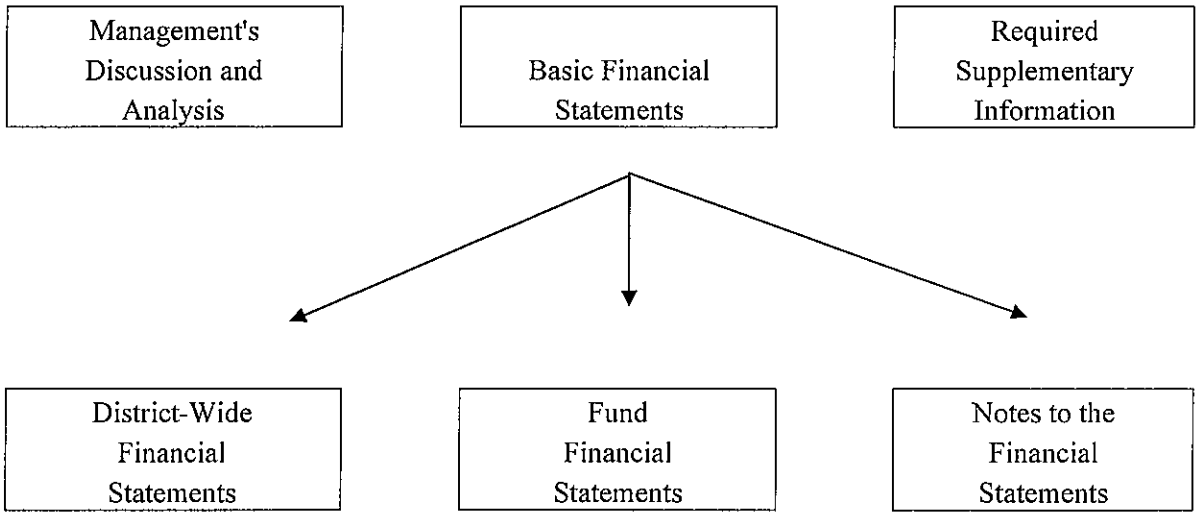

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenue, expenditures, and changes in fund balances	• Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows	• Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets 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 District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position.*

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

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

Financial Analysis of the District as a Whole

Net Assets. The Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a school's financial position.

The District's financial position is the product of financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Figure A-3
Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Percentage
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	Change
Current and Other Assets	$ 2,856,739	$ 2,113,722	$ 203,257	$ 301,092	$ 3,059,996	$ 2,414,814	-21.08%
Capital Assets	51,708,393	51,660,118	122,568	107,738	51,830,961	51,767,856	-0.12%
Total Assets	54,565,132	53,773,840	325,825	408,830	54,890,957	54,182,670	-1.29%
Long-Term Debt Outstanding	25,733,866	22,604,156	31,564	15,753	25,765,430	22,619,909	-12.21%
Other Liabilities	247,372	2,096,879	29,244	36,251	276,616	2,133,130	671.15%
Total Liabilities	25,981,238	24,701,035	60,808	52,004	26,042,046	24,753,039	-4.95%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	26,532,940	28,602,423	122,568	107,738	26,655,508	28,710,161	7.71%
Restricted for:							
Debt Service	748	46,176			748	46,176	6073.26%
Capital Projects	139,648	264,965			139,648	264,965	89.74%
Other Purposes	2,687,312	639,325			2,687,312	639,325	-76.21%
Unrestricted/(Deficit)	(776,754)	(480,094)	142,449	249,118	(634,305)	(230,976)	-63.59%
Total Net Assets	$ 28,583,894	$ 29,072,795	$ 265,017	$ 356,856	$ 28,848,911	$ 29,429,651	2.01%

Changes in Net Assets. The District's *combined* net assets were $29,429,651 on June 30, 2012, $580,740 or 2.01% more than they were the year before. (See Figure A-3). The major factor for the increase is a reduction in long term debt outstanding, and the District reduced its debt associated with capital assets by $1,412,241. The net assets of the business-type activities increased $91,839, which is attributable to revenues exceeding expenditures in the enterprise food service fund (See Figure A-4).

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	
Revenue:							
Program Revenue:							
Charges for Services			$ 916,339	$ 863,684	$ 916,339	$ 863,684	-5.75%
Operating Grants and Contributions	$19,503,943	$20,380,460	234,597	284,587	19,738,540	20,665,047	4.69%
Capital Grants and Contributions		75,093				75,093	100.00%
General Revenue:							
Property Taxes	37,747,726	37,753,847			37,747,726	37,753,847	0.02%
Unrestricted Federal and State Aid	402,650	637,788			402,650	637,788	58.40%
Other	207,865	110,375	744	416	208,609	110,791	-46.89%
Total Revenue	57,862,184	58,957,563	1,151,680	1,148,687	59,013,864	60,106,250	1.85%
Expenses:							
Instruction	29,565,147	29,694,310			29,565,147	29,694,310	0.44%
Pupil and Instruction Services	9,827,685	12,159,990			9,827,685	12,159,990	23.73%
Administrative and Business	5,613,535	5,913,774			5,613,535	5,913,774	5.35%
Maintenance and Operations	5,620,938	5,725,399			5,620,938	5,725,399	1.86%
Transportation	3,595,367	3,674,480			3,595,367	3,674,480	2.20%
Other	1,618,400	1,300,709	1,133,659	1,056,848	2,752,059	2,357,557	-14.33%
Total Expenses	55,841,072	58,468,662	1,133,659	1,056,848	56,974,731	59,525,510	4.48%
Increase/(Decrease) in Net Assets	$ 2,021,112	$ 488,901	$ 18,021	$ 91,839	$2,039,133	$ 580,740	-71.52%

Revenue Sources. The District's total revenue for the 2011/12 school year was $60,106,250. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for $37,753,847 of the total, or 62.81 percent. (See Figure A-5). Another 34.42 percent came from operating grants and contributions, and the remainder from federal and state unrestricted aid, miscellaneous sources and charges for services. The District basically conducts its operations from the revenue it receives from its local taxpayers and state aid.

Figure A-5
Sources of Revenue for Fiscal Year 2012

	Amount	Percentage
Sources of Income:		
Operating Grants and Contributions	$ 20,665,047	34.42%
Property Taxes	37,753,847	62.89%
Federal and State Unrestricted Aid	637,788	1.06%
Charges for Services	863,684	1.44%
Other	110,791	0.18%
	$ 60,031,157	100.00%

The total cost of all programs and services was $59,525,510. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (76.38 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.92 percent of total costs.

Figure A-6
Expenses for Fiscal Year 2012

	Amount	Percentage
Expense Category:		
Instruction	$ 29,694,310	49.89%
Pupil and Instruction Services	12,159,990	20.43%
Administrative and Business	5,913,774	9.93%
Maintenance and Operations	5,725,399	9.62%
Transportation	3,674,480	6.17%
Other	2,357,557	3.97%
	$ 59,525,510	100.00%

Governmental Activities

Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. In recent years retiring teachers are being replaced by teachers of less experience. Such changes have generated salary savings, but these have not been sufficient enough to offset increased special education programs and increased health benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost saving items during the year were:

- Increased use of federal funds for tuition and related service costs.
- Poised to restructure debt when 3.00% or greater yield is viable.
- Refunding bonds were issued for the $29,245,000 bond of September 15, 2002 for improvements to school facilities.

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

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2010/11	2011/12	2010/11	2011/12
Sources of Income:				
Instruction	$ 29,565,147	$ 29,694,310	$11,578,068	$11,699,053
Pupil and Instruction Services	9,827,685	12,159,990	9,235,110	10,721,816
Administrative and Business	5,613,535	5,913,774	5,240,915	5,492,769
Maintenance and Operations	5,620,938	5,725,399	5,350,480	5,430,157
Transportation	3,595,367	3,674,480	3,319,756	3,443,698
Other	1,618,400	1,300,709	1,612,800	1,300,709
	$ 55,841,072	$ 58,468,662	$ 36,337,129	$ 38,088,202

- The cost of all governmental activities this year was $58.47 million.
- The federal and state governments subsidized certain programs with grants and contributions ($20.67 million).
- Most of the District's costs however, were financed by District taxpayers.
- The remainder of the funding came from charges for services, unrestricted state and federal aid, miscellaneous revenue and investment earnings.

Business-Type Activities

Net assets from the District's business-type activity increased by $91,839. (Refer to Figure A-4). The factor contributing to this result was:

- Food services revenue exceeded expenses by $91,839.

Financial Analysis of the District's Funds

The District's financial position remains relatively stable despite difficult economic conditions. Expenditures related to special needs children have increased due to additional students, requiring related services and material needs. Salaries of staff have been increased by prior year negotiated agreements and health benefits. The debt service requirement for the 2002 bond issue and the aforementioned required increases in expenditures resulted in a higher tax rate in 2012. The ability to generate fund balance and to have increased ratables is essential since there is not a guaranteed state aid increase.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. Material budget amendments fall into the following categories:

- Changes made within budgetary line items for changes in student-based needs for related services.
- The higher than normal fuel costs required this year as a result of market conditions.

Capital Asset and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	Change
Land	$ 883,279	$ 883,279			$ 883,279	$ 883,279	0.00%
Buildings and Improvements	48,755,814	48,082,587			48,755,814	48,082,587	-1.38%
Machinery and Equipment	2,069,300	2,694,252	$ 122,568	$ 107,738	2,191,868	2,801,990	27.84%
	$ 51,708,393	$ 51,660,118	$ 122,568	$ 107,738	$ 51,830,961	$ 51,767,856	-0.12%

Long-term Debt

At year-end, the District had $24,640,000 in general obligation bonds outstanding – a reduction of $1,010,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.)

Figure A-9
Outstanding Long-Term Debt

	Total School District		Percentage
	2010/11	2011/12	Change
General Obligation Bonds (Financed with Property Taxes), net	$ 24,640,000	$ 21,791,970	-11.56%
Capital Leases	535,453	362,695	-32.26%
Other Long-Term Liabilities	558,413	449,491	-19.51%
	$ 25,733,866	$ 22,604,156	-12.16%

- The District continued to pay down its debt, retiring $1,245,000 of outstanding bonds.
- The District refunded existing debt issues in 2011/12.
- The District continued to pay down its leases, retiring $172,758 of outstanding capital leases.

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of the following circumstance that could significantly affect its financial health in the future:

- The continued impact of S1701 legislation. S1701, adopted by the State of New Jersey on June 17, 2004, places limits on the District's ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to appropriate available fund balance as needed, and the ability to transfer available funds between appropriation accounts. Taking away the option of transferring available funds during the budget year will severely impact our ability to maintain and improve our facilities. In addition, the limitation of unassigned fund balance to 2% of expenditures reduces the District's ability to respond to emergent conditions and limits the use of fund balance in future budgets.

Contacting the District's Financial Management

This financial report is designed to provide the District's 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 the Board of Education Office, 28 Bowling Green Parkway, Lake Hopatcong, New Jersey 07849.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 708,258	$ 256,079	$ 964,337
Receivables from Other Governments	651,070	18,208	669,278
Other Receivables	10,814	154	10,968
Interfund Receivable	1,704		1,704
Inventory		26,651	26,651
Unamortized Bond Issuance Costs	255,417		255,417
Restricted Assets:			
Capital Reserve Account - Cash	486,459		486,459
Capital Assets:			
Sites (Land)	883,279		883,279
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	50,776,839	107,738	50,884,577
Total Assets	53,773,840	408,830	54,182,670
LIABILITIES			
Accounts Payable - Vendors	12,239	30,208	42,447
Accrued Salaries Payable	7,719		7,719
Accrued Interest Payable	258,286		258,286
Unamortized Bond Premium	1,817,271		1,817,271
Deferred Revenue	1,364	6,043	7,407
Noncurrent Liabilities:			
Due Within One Year	1,393,870		1,393,870
Due Beyond One Year	21,210,286	15,753	21,226,039
Total Liabilities	24,701,035	52,004	24,753,039
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	28,602,423	107,738	28,710,161
Restricted for:			
Debt Service	46,176		46,176
Capital Projects	264,965		264,965
Other Purposes	639,325		639,325
Unrestricted/(Deficit)	(480,094)	249,118	(230,976)
Total Net Assets	$ 29,072,795	$ 356,856	$ 29,429,651

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities:							
Instruction:							
Regular	$ 21,450,873		$ 15,210,199	$ 75,093	$ (6,165,581)		$ (6,165,581)
Special Education	6,169,726		2,622,613		(3,547,113)		(3,547,113)
Other Special Instruction	1,149,683		99,679		(1,050,004)		(1,050,004)
Other Instruction	924,028		62,766		(861,262)		(861,262)
Support services:							
Tuition	3,211,400		739,600		(2,471,800)		(2,471,800)
Student & Instruction Related Services	8,948,590		698,574		(8,250,016)		(8,250,016)
General Administrative Services	1,519,865		55,529		(1,464,336)		(1,464,336)
School Administrative Services	2,793,423		236,297		(2,557,126)		(2,557,126)
Central Services	978,331		75,320		(903,011)		(903,011)
Administrative Information Technology	622,155		53,859		(568,296)		(568,296)
Plant Operations and Maintenance	5,725,399		295,242		(5,430,157)		(5,430,157)
Pupil Transportation	3,674,480		230,782		(3,443,698)		(3,443,698)
Interest on Long-Term Debt	794,287				(794,287)		(794,287)
Unallocated Depreciation	379,568				(379,568)		(379,568)
Capital Outlay	66,803				(66,803)		(66,803)
Transfer to Charter School	60,051				(60,051)		(60,051)
Total Governmental Activities	58,468,662	$ -0-	20,380,460	75,093	(38,013,109)	$ -0-	(38,013,109)

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Business-Type Activities:							
Food Service	$ 1,056,848	$ 863,684	$ 284,587			$ 91,423	$ 91,423
Total Business-Type Activities	1,056,848	863,684	284,587			91,423	91,423
Total Primary Government	$ 59,525,510	$ 863,684	$ 20,665,047	$ 75,093	$ (38,013,109)	91,423	(37,921,686)

General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	35,716,268		35,716,268
Taxes Levied for Debt Service	2,037,579		2,037,579
Federal and State Aid not Restricted	637,788		637,788
Interest on Capital and Maintenance Reserve Accounts	1,027		1,027
Miscellaneous Income	109,348	416	109,764
Total General Revenue	38,502,010	416	38,502,426
Change in Net Assets	488,901	91,839	580,740
Net Assets - Beginning	28,583,894	265,017	28,848,911
Net Assets - Ending	$ 29,072,795	$ 356,856	$ 29,429,651

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 656,659		$ 5,422	$ 46,176	$ 708,257
Intergovernmental Accounts Receivable - State	627,288				627,288
Intergovernmental Accounts Receivable - Federal		$ 23,782			23,782
Interfund Receivable	169,026				169,026
Other Receivable	10,814				10,814
Restricted Cash and Cash Equivalents	486,460				486,460
Total Assets	$ 1,950,247	$ 23,782	$ 5,422	$ 46,176	$ 2,025,627
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors	$ 7,371	$ 4,868			$ 12,239
Accrued Salaries and Benefits	7,719				7,719
Interfund Payable		17,550	$ 149,782		167,332
Deferred Revenue		1,364			1,364
Total Liabilities	15,090	23,782	149,782		188,654
Fund Balances:					
Restricted for:					
Capital Reserve Account	264,965				264,965
Maintenance Reserve Account	221,495				221,495
Excess Surplus - Designated for Subsequent Year's Expenditures	417,830				417,830
Debt Service				$ 46,176	46,176
Assigned:					
Designated for Subsequent Year's Expenditures	790,584				790,584
Year-end Encumbrances	240,283				240,283
Unassigned/(Deficit)			(144,360)		(144,360)
Total Fund Balances	1,935,157		(144,360)	46,176	1,836,973
Total Liabilities and Fund Balances	$ 1,950,247	$ 23,782	$ 5,422	$ 46,176	

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (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 $66,842,301 and the accumulated depreciation is $15,182,183.	51,660,118
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(258,286)
Bond issuance premiums are reported as a revenue in the Governmental Funds in the year of receipt. The original premium is $1,930,850 and accumulated amortization is $113,579.	(1,817,271)
Bond issuance costs are reported as expenditures in the Governmental Funds in the year of expenditure. The costs are $271,381 and accumulated amortization is $15,964.	255,417
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	(22,604,156)
Net Assets of Governmental Activities	$ 29,072,795

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	$ 35,716,268			$ 2,037,579	$ 37,753,847
Miscellaneous	104,334			6,041	110,375
Total - Local Sources	35,820,602			2,043,620	37,864,222
State Sources	19,541,135		$ 75,903	42,326	19,659,364
Federal Sources	594,652	$ 839,325			1,433,977
Total Revenue	55,956,389	839,325	75,903	2,085,946	58,957,563
EXPENDITURES:					
Current:					
Regular Instruction	15,105,886	61,125			15,167,011
Special Education Instruction	4,243,341	38,600			4,281,941
Other Special Instruction	794,807				794,807
Other Instruction	700,567				700,567
Support Services and Undistributed Costs:					
Tuition	2,471,800	739,600			3,211,400
Student & Instruction Related Services	5,936,664				5,936,664
General Administrative Services	1,096,173				1,096,173
School Administrative Services	2,124,918				2,124,918

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Central Services	$ 710,175				$ 710,175
Administrative Information Technology	430,408				430,408
Plant Operations and Maintenance	4,643,740				4,643,740
Pupil Transportation	3,104,866				3,104,866
Unallocated Benefits	14,339,781				14,339,781
Debt Service:					
Principal				$ 1,245,000	1,245,000
Interest and Other Charges				795,518	795,518
Capital Outlay	972,408		$ 332,870		1,305,278
Transfer to Charter School	60,051				60,051
Total Expenditures	56,735,585	$ 839,325	332,870	2,040,518	59,948,298
Excess/(Deficiency) of Revenue over Expenditures	(779,196)		(256,967)	45,428	(990,735)
OTHER FINANCING SOURCES/(USES):					
School Bonds Issued				21,200,000	21,200,000
School Bonds Defeased				(21,900,000)	(21,900,000)
School Bond Deferred Interest				959,469	959,469
School Bond Issuance Costs				271,381	271,381
School Bond Premium				(1,930,850)	(1,930,850)
Transfers In	(224,674)				(224,674)
Transfers Out			224,674		224,674
Total Other Financing Sources/(Uses)	(224,674)		224,674	(1,400,000)	(1,400,000)
Net Change in Fund Balances	(1,003,870)		(32,293)	(1,354,572)	(2,390,735)
Fund Balance/(Deficit)---July 1	2,939,027		(112,067)	748	2,827,708
Fund Balance/(Deficit)—June 30	$ 1,935,157	$ -0-	$ (144,360)	$ (1,353,824)	$ 436,973

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

JEFFERSON TOWNSHIP 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, 2012

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)			$ (2,390,735)
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 differ from depreciation in the period.			
	Depreciation expense	$ (1,286,750)	
	Capital outlays	1,238,475	
			(48,275)
Debt issued for the advanced refunding less the amount of bonds defeased are not recorded in the governmental funds.			
	School Bonds Issued	(21,200,000)	
	School Bonds Defeased	21,900,000	
	School Bond Deferred Interest	959,469	
	School Bond Issuance Costs	271,381	
	School Bond Premium	(1,930,850)	
			-0-
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 (+).			108,922
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 accrued interest is an addition in the reconciliation. (+)			(39,945)
The governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (-)			(15,964)

JEFFERSON TOWNSHIP 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, 2012

The governmental funds report the effect of bond premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (+)	$ 113,579
The governmental funds report the effect of deferred interest costs relative to advance refunding when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (-)	(56,439)
Repayment of serial bonds and capital leases 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.	1,417,758
Change in Net Assets of Governmental Activities (Exhibit A-2)	$ (911,099)

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

Exhibit B-4

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 256,079
Intergovernmental Accounts Receivable:	
Federal	17,353
State	885
Accounts Receivable	154
Inventories	26,651
Total Current Assets	301,122
Non-Current Assets:	
Capital Assets	466,511
Less: Accumulated Depreciation	(358,773)
Total Non-Current Assets	107,738
Total Assets	408,860
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	30,208
Deferred Revenue	6,043
Long-Term Liabilities:	
Accounts Payable - Vendors	15,753
Total Current Liabilities	52,004
NET ASSETS:	
Investment in Capital Assets Net of Related Debt	107,738
Unrestricted	249,118
Total Net Assets	$ 356,856

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

Exhibit B-5

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	$ 854,224
Special Events	9,460
Total Operating Revenue	863,684
Operating Expenses:	
Cost of Sales	459,939
Salaries and Payroll Taxes	458,681
Employee Benefits	43,053
Management Fee	67,515
Professional and Technical Services	12,830
Depreciation Expense	14,830
Total Operating Expenses	1,056,848
Operating Income/(Loss)	(193,164)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	11,572
Federal Sources	
National School Lunch Program	214,562
Food Distribution Program	58,453
Local Sources	
Interest Revenue	416
Total Non-Operating Revenue	285,003
Change in Net Assets	91,839
Net Assets - Beginning of Year	265,017
Net Assets - End of Year	$ 356,856

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

Exhibit B-6

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities- Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	$ 863,684
Payments to Food Service Vendor	(1,002,028)
Net Cash Used for Operating Activities	(138,344)
Cash Flows from Investing Activities:	
Investment Income	416
Net Cash Provided by Investing Activities	416
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	13,216
Federal Sources:	
National School Lunch Program	237,162
Net Cash Provided by Noncapital Financing Activities	250,378
Net Increase in Cash and Cash Equivalents	112,450
Cash and Cash Equivalents, July 1	143,629
Cash and Cash Equivalents, June 30	$ 256,079
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	$ (193,164)
Adjustment to Reconcile Operating Income to Cash Used for Operating Activities:	
Depreciation	14,830
Federal Food Distribution Program	58,453
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	2,999
(Increase) in Inventory	(12,659)
(Decrease) in Accounts Payable	(10,626)
Increase in Deferred Revenue	1,823
Net Cash Used for Operating Activities	$ (138,344)

Non-Cash Investing, Capital and Financing Activities:
The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at $60,275 and $58,453, respectively, for the fiscal year ended June 30, 2012.

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

Exhibit B-7

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Agency	Unemployment Compensation Trust	Scholarship and Memorial Trust Funds
ASSETS:			
Cash and Cash Equivalents	$ 878,320	$ 277,503	$ 53,661
Total Assets	878,320	277,503	53,661
LIABILITIES:			
Accrued Salaries and Wages	486,197		
Payroll Deductions and Withholdings	173,964		
Due to Student Groups	216,425		
Interfund Payable	1,694		
	40		
Total Liabilities	878,320		
NET ASSETS:			
Held in Trust for Unemployment Claims		277,503	
Scholarships			53,661
Total Net Assets	$ -	$ 277,503	$ 53,661

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

Exhibit B-8

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Scholarship and Memorial Trust Fund
ADDITIONS:		
Contributions:		
District Contributions	$ 150,000	
Plan Member	70,994	
Donations		$ 11,322
Total Contributions	220,994	11,322
Investment Earnings:		
Interest	404	81
Net Investment Earnings	404	81
Total Additions	221,398	11,403
DEDUCTIONS:		
Unemployment Compensation Claims	185,797	
Scholarships Awarded		11,942
Total Deductions	185,797	11,942
Change in Net Assets	35,601	(539)
Net Assets - Beginning of the Year	241,902	54,200
Net Assets - End of the Year	$ 277,503	$ 53,661

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

The District reports the following governmental funds:

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

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

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

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

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

The District reports the following proprietary funds:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

Reports for the District's Food Service Fund and Internal Service Funds are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the school election on the fourth Wednesday in April, 2011. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1 Budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	$ 56,057,674	$ 839,325
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenues on the Budgetary Basis but not on the GAAP Basis		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,370,516	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,471,801)	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	$ 55,956,389	$ 839,325
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 56,735,586	$ 839,325
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 56,735,586	$ 839,325

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

	Revenue	Projects Fund
Restricted Revenue - Budgetary Basis	$ -0-	$ 532,715
Reconciliation to Governmental Funds Statements (GAAP):		
NJSDA Grant Receivable not Recognized on GAAP Basis	75,903	(677,075)
Fund Balance/Deficit per Governmental Funds (GAAP)	$ 75,903	$ (144,360)

E. Cash and Cash Equivalents, and Investments:

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

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

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenue. 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 revenue/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

H. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenue 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.

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

K. Capital Assets: (Cont'd)

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

	Estimated Useful Life
Buildings	40 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, however twelve month employees are subject to having salary accruals at year end. Accrued salaries and wages as of June 30, 2011 totaled $7,719.

N. Compensated Absences:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

N. Compensated Absences: (Cont'd)

In the district-wide Statement of Net Assets, the liabilities, whose average maturities are greater than on year, should be reported in two components - the amount due within one year and the amount due in more than one year.

O. Deferred Revenue:

Deferred revenue represents cash and/or commodities which have been received but not yet earned.

P. Fund Balance Restrictions, Commitments, and Assignments:

General Fund: Of the $1,935,157 General Fund balance at June 30, 2012, $240,283 is assigned for encumbrances, $264,965 is restricted in the capital reserve account; $221,495 is restricted in the maintenance reserve account; $790,584 is assigned for subsequent year's expenditures; $417,830 is prior year excess surplus which will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2013, and $-0- is unassigned which is $1,471,801 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2012.

Capital Projects Fund: The ($144,360) Capital Projects Fund balance at June 30, 2012 is unassigned.

Debt Service Fund: The $46,176 Debt Service Fund balance at June 30, 2012 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by $1,471,801 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Fund Balances/Net Assets:

The $480,094 deficit in unrestricted net assets for the governmental activities at June 30, 2012 resulted primarily from the accrual of $258,286 in interest payable and $449,491 in compensated absences payable. The District had a $144,360 deficit in unassigned fund balance in the capital projects fund which resulted from the New Jersey School Development Authority grant funding not being recognized as revenue on a GAAP basis as of June 30, 2012.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

Q. Deficit Fund Balances/Net Assets: (Cont'd)

These deficits do not indicate that the District is facing financial difficulties and is permitted practice under generally accepted accounting principles.

R. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

S. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* during the prior fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

Fund balance restrictions have been established for debt service, excess surplus, a capital reserve and a maintenance reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2012.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2012.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified-accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

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

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

U. Operating Revenue and Expenses:

Operating revenue are those revenue that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenue are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are permitted under state statute as detailed below.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

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

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

Investments:

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

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

Investments: (Cont'd)

(5) Local government investment pools;

(6) Deposits with the State of New Jersey Cash Management Fund; or

(7) Agreements for the repurchase of fully collateralized securities if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in statute; and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2012, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	$ 2,173,821	$ 486,460	$ 2,660,281

During the period ended June 30, 2012, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2012, was $2,660,281 and the bank balance was $3,358,057.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Jefferson Township of Education by inclusion of $1 on October 16, 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.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	$ 251,715
Add:	
Increase per Board Resolution June 18, 2012	12,703
Interest Earned in Capital Reserve Account	547
Ending Balance, June 30, 2012	$ 264,965

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects at June 30, 2012 is equal to or greater than $264,965. There were no withdrawals from the capital reserve account for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2012, the District transferred a total of $312,728 to capital outlay accounts for equipment which did not require approval from the County Superintendent.

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Student and Instructional Support	$ 524,864
General Administration	225,999
Operations and Maintenance of Plant	30,538
Transportation	125,781
Unallocated	379,568
	$ 1,286,750

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 6: CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	$ 883,279			$ 883,279
Total Capital Assets Not Being Depreciated	883,279			883,279
Capital Assets Being Depreciated:				
Buildings and Building Improvements	60,144,516	$ 332,870		60,477,386
Machinery and Equipment	4,576,031	905,605		5,481,636
Total Capital Assets Being Depreciated	64,720,547	1,238,475		65,959,022
Governmental Activities Capital Assets	65,603,826	1,238,475		66,842,301
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(11,388,702)	(1,006,097)		(12,394,799)
Machinery and Equipment	(2,506,731)	(280,653)		(2,787,384)
	(13,895,433)	(1,286,750)		(15,182,183)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 51,708,393	$ (48,275)	$ - 0 -	$ 51,660,118
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	$ 466,511			$ 466,511
Less: Accumulated Depreciation	(343,943)	$ (14,830)		(358,773)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	$ 122,568	$ (14,830)	$ -0-	$ 107,738

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2011	Issued/ Accrued	Defeased	Retired	Balance 6/30/2012
Serial Bonds Payable	$24,640,000	$21,200,000	$21,900,000	$1,245,000	$ 22,695,000
Less: Deferred Interest Payable		(959,469)		56,439	(903,030)
Serial Bonds Payable, Net	24,640,000	20,240,531	21,900,000	1,301,439	21,791,970
Compensated Absences Payable	558,413	84,107		193,029	449,491
Capital Leases Payable	535,453			172,758	362,695
	$25,733,866	$20,324,638	$21,900,000	$1,667,226	$ 22,604,156

A. Bonds Payable:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

On July19, 2011 the District issued $12,785,000 refunding bonding with interest rates ranging from 1.50% to 5.00% to refund $12,820,000 of the $29,245,000 school bonds dated September 15, 2002 with rates ranging from 4.00% to 4.50%. The refunding bonds will mature on September 15, 2011 through September 15, 2022 and constitute a current refunding. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent who will pay the debt service requirements of the refunded bonds on July 19, 2011 and will redeem the refunded bonds, at a redemption price equal to 100% of par, on September 15, 2013, which is the first optional redemption date. The refunding met the requirements on an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by $400,925, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt). Interest in the amount of $759,379 was deferred upon issuance; $714,710 is deferred at June 30, 2012.

On February 6, 2012 the District issued $8,415,000 refunding bonding with an interest rate of 4.00% to refund $9,115,000 of the $29,245,000 school bonds dated September 15, 2002 with rates ranging from 4.00% to 4.50%. The refunding bonds will mature on September 15, 2011 through September 15, 2022 and constitute a current refunding. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent who will pay the debt service requirements of the refunded bonds on July 19, 2011 and will redeem the refunded bonds, at a redemption price equal to 100% of par, on September 15, 2013, which is the first optional redemption date. The refunding met the requirements on an in-substance debt defeasance and the school bonds were removed from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by $1,275,183, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt). Interest in the amount of $200,090 was deferred upon issuance; $188,320 is deferred at June 30, 2012.

The District had bonds outstanding as of June 30, 2012 as follows:

Maturity Date	Interest Rate	Amount
9/15/2027	3.00%-5.00%	$21,990,000
9/1/2016	4.00%	705,000
		$22,695,000

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

Year	Principal	Interest	Total
2013	$ 1,110,000	$ 867,381	$ 1,977,381
2014	1,160,000	842,481	2,002,481
2015	1,210,000	806,131	2,016,131
2016	1,250,000	768,381	2,018,381
2017	1,310,000	729,331	2,039,331
2018-2022	6,715,000	2,827,606	9,542,606
2023-2027	8,120,000	1,377,650	9,497,650
2028	1,820,000	72,800	1,892,800
	$22,695,000	$ 8,291,761	$30,986,761

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Authorized but not Issued:

As of June 30, 2012, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District is leasing transportation, computer and copier equipment, under capital leases. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2012.

Year	Amount
2013	$ 190,314
2014	190,314
	380,628
Less: Amount representing interest	(17,933)
Present value of net minimum lease payments	$ 362,695

The current portion of Capital Leases payable at June 30, 2012 is $178,422 and the long-term portion is $184,273. Capital leases will be liquidated through the general fund.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is $105,448 and is separated from the long-term liability balance of compensated absences of $344,043. Governmental Funds compensated absences will be liquidated by the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the Food Service Fund.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at a specified age or after 55 according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS and TPAF went from 5.5% to 6.5% of employees' annual compensation, as defined. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

District contributions to PERS amounted to $752,500, $736,070 and $551,815 for the fiscal years ended June 30, 2012, 2011 and 2010 respectively.

During the fiscal years ended June 30, 2012, 2011, and 2010 the State of New Jersey contributed $745,178, $-0- and $-0-, respectively, to the TPAF for pension benefits on-behalf of the District.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits thought the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. 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 attributed to P.L. 1992, c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to $1,498,001 $1,594,688, and $1,502,232 for 2012, 2011 and 2010, respectively.

NOTE 10. RISK MANAGEMENT

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

Property and Liability
The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

The District is a member of a joint insurance fund for workers' compensation. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

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

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

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

The PIP's June 30, 2012 audited financial statements were not available as of the date of our report; however, selected, summarized financial information as of June 30, 2011 is as follows:

	Pooled Insurance Program
Total Assets	$ 20,051,565
Net Assets	$ 4,980,116
Total Revenue	$ 7,886,927
Total Expenses	$ 6,116,398
Change in Net Assets	$ 1,770,529
Net Assets Distribution to Participating Members	$ 1,184,665

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

Burton Agency
44 Bergen Street
PO Box 270
Westwood, NJ 07675
(201) 664-0310

New Jersey Unemployment Compensation Insurance

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

Fiscal Year	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2011-2012	$ 150,000	$ 404	$ 70,994	$ 185,797	$ 277,503
2010-2011	300,000	534	68,989	350,064	241,902
2009-2010	309,684	130	70,477	168,395	222,443

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. INTERFUNDS PAYABLE AND RECEIVABLE

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 169,026	
Special Revenue Fund		$ 17,550
Capital Projects Fund		149,782
Agency Funds		1,694
	$ 169,026	$ 169,026

The General Fund is owed $149,782 from the Capital Projects Fund which are interfunds advanced to cover the expenses for the Milton School window replacement project. The General Fund is owed $17,550 from the Special Revenue Fund for a cash deficit which will be reimbursed when grant money is received from the federal grantors. The General Fund is also owed $1,694 from Agency funds from a prior year interfund which was not yet liquidated.

NOTE 13. DEFERRED COMPENSATION

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

VALIC
Equitable Financial Companies
Great American
Thomas Seeley Agency
Lincoln Investment Planning
Vanguard

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 14. TAX CALENDAR

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

Taxes are collected by the constituent municipality and are remitted to the school district on a predetermined, agreed-upon schedule.

NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in claims and pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bonds. The amount of liability at June 30, 2012, if any, is unknown.

Encumbrances

At June 30, 2012, there were encumbrances as detailed below in the governmental funds.

General Fund	Total Governmental Activities
$ 240,283	$ 240,283

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 16. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of $100,000 was established by the District in the 2003-04 budget. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

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

The activity of the maintenance reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance July 1, 2011	$ 221,015
Add:	
Interest Earnings	480
Ending Balance June 30, 2012	$ 221,495

BUDGETARY COMPARISON SCHEDULES

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 35,716,268		$ 35,716,268	$ 35,716,268	
Tuition		$ 16,016	16,016	41,239	$ 25,223
Interest Earned on Capital Reserve	450		450	547	97
Interest Earned on Maintenance Reserve	400		400	480	80
Miscellaneous	17,000		17,000	62,068	45,068
Total - Local Sources	35,734,118	16,016	35,750,134	35,820,602	70,468
State Sources:					
Equalization Aid	12,526,515		12,526,515	12,664,359	137,844
Transportation Aid				89,499	89,499
Special Education Aid	2,047,750		2,047,750	2,047,705	(45)
Security Aid				304,075	304,075
Extraordinary Aid	295,000		295,000	514,234	219,234
Nonpublic Transportation Aid				25,338	25,338
On-Behalf TPAF Pension Plans (Non-Budgeted)				745,178	745,178
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,498,001	1,498,001
TPAF Social Security (Reimbursed - Non-Budgeted)				1,754,031	1,754,031
Total State Sources	14,869,265		14,869,265	19,642,420	4,773,155
Federal Sources:					
Medicaid Reimbursement	32,759		32,759	23,973	(8,786)
Education Jobs Fund	553,344		553,344	570,679	17,335
Total Federal Sources	586,103		586,103	594,652	8,549
TOTAL REVENUES	51,189,486	16,016	51,205,502	56,057,674	4,852,172

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	$ 415,551	$ (94,006)	$ 321,545	$ 320,766	$ 779
Grades 1-5 - Salaries of Teachers	5,072,398	(370,322)	4,702,076	4,693,776	8,300
Grades 6-8 - Salaries of Teachers	4,187,814	(407,328)	3,780,486	3,774,798	5,688
Grades 9-12 - Salaries of Teachers	5,361,468	(207,674)	5,153,794	5,150,426	3,368
Regular Programs - Home Instruction:					
Salaries of Teachers	70,000	6,432	76,432	76,432	
Purchased Professional - Educational Services	10,000	1,994	11,994	9,279	2,715
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	30,133	24,247	54,380	52,295	2,085
Purchased Professional - Educational Services	2,500	(1,000)	1,500	1,450	50
Other Purchased Services (400-500 series)	344,277	(57,768)	286,509	283,879	2,630
General Supplies	607,075	64,933	672,008	662,404	9,604
Textbooks	226,519	(148,714)	77,805	77,805	
Other Objects	2,404	517	2,921	2,576	345
Total Regular Programs - Instruction	16,330,139	(1,188,689)	15,141,450	15,105,886	35,564
Special Education - Instruction:					
Cognitive - Mild:					
Other Salaries for Instruction	25,542	27,147	52,689	52,689	
Total Cognitive - Mild	25,542	27,147	52,689	52,689	
Learning and or Language Disabilities:					
Salaries of Teachers	520,652	(54,554)	466,098	465,534	564
Other Salaries for Instruction	291,904	90,626	382,530	382,322	208
General Supplies	7,000	(1,559)	5,441	3,909	1,532
Total Learning and or Language Disabilities	819,556	34,513	854,069	851,765	2,304

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Visual Impairments:					
Other Salaries for Instruction	$ 24,856	$ 26,892	$ 51,748	$ 51,716	$ 32
Total Visual Impairments	24,856	26,892	51,748	51,716	32
Behavioral Disabilities:					
Salaries of Teachers	289,853	(2,649)	287,204	286,683	521
Other Salaries for Instruction	105,348	69,329	174,677	174,677	
General Supplies	4,750	(2,276)	2,474	2,275	199
Total Behavioral Disabilities	399,951	64,404	464,355	463,635	720
Multiple Disabilities:					
Salaries of Teachers	430,241	9,281	439,522	439,522	
Other Salaries for Instruction	243,215	54,011	297,226	296,995	231
General Supplies	9,500	(4,889)	4,611	4,611	
Total Multiple Disabilities	682,956	58,403	741,359	741,128	231
Resource Room/Resource Center:					
Salaries of Teachers	1,406,186	37,199	1,443,385	1,442,471	914
Other Salaries for Instruction	239,643	(89,131)	150,512	150,512	
General Supplies	9,000	(8,088)	912	912	
Textbooks	1,340	(1,340)			
Total Resource Room/Resource Center	1,656,169	(61,360)	1,594,809	1,593,895	914

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Autistic:					
Salaries of Teachers	$ 56,129	$ 558	$ 56,687	$ 56,687	
Other Salaries for Instruction	117,508	(16,924)	100,584	100,584	
General Supplies	900	(791)	109	109	
Total Autistic	174,537	(17,157)	157,380	157,380	
Preschool Handicapped - Part-time:					
Salaries of Teachers	215,688	(2,711)	212,977	212,977	
Other Salaries for Instruction	138,702	(25,642)	113,060	113,060	
General Supplies	9,025	(3,929)	5,096	5,096	
Total Preschool Handicapped - Part-time	363,415	(32,282)	331,133	331,133	
Total Special Education Instruction	4,146,982	100,560	4,247,542	4,243,341	$ 4,201
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	786,560	(42,005)	744,555	744,555	
Other Salaries for Instruction		67	67	67	
Total Basic Skills/Remedial - Instruction	786,560	(41,938)	744,622	744,622	
Bilingual Education - Instruction:					
Salaries of Teachers	49,760		49,760	49,760	
Other Purchased Services (400-500 series)	400	(144)	256	125	131
General Supplies	325		325	300	25
Total Bilingual Education - Instruction	50,485	(144)	50,341	50,185	156

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	$ 174,465		$ 174,465	$ 168,203	$ 6,262
Other Purchased Services (300-500 series)	5,450	$ (1,097)	4,353	3,712	641
Supplies and Materials	22,600	(4,974)	17,626	16,523	1,103
Other Objects	23,943	(127)	23,816	22,130	1,686
Total School-Sponsored Cocurricular Activities - Instruction	226,458	(6,198)	220,260	210,568	9,692
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	314,045	15,615	329,660	328,375	1,285
Other Purchased Services (300-500 series)	121,000	(31,552)	89,448	74,633	14,815
Supplies and Materials	50,813	10,681	61,494	59,820	1,674
Other Objects	22,865	4,306	27,171	27,171	
Total School-Sponsored Cocurricular Athletics - Instruction	508,723	(950)	507,773	489,999	17,774
Total Instruction	22,049,347	(1,137,359)	20,911,988	20,844,601	67,387
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	619,187	(166,612)	452,575	448,696	3,879
Tuition to County Vocational School District - Regular	487,367	(5,669)	481,698	481,596	102
Tuition to County Vocational School District - Special	29,496	(10,786)	18,710	18,681	29
Tuition to County Special Services and Day School	120,321	(74,074)	46,247	46,247	
Tuition to Private Schools for the Handicapped - Within State	902,268	481,528	1,383,796	1,361,559	22,237
Tuition to State Facilities	115,021		115,021	115,021	
Total Undistributed Expenditures - Instruction:	2,273,660	224,387	2,498,047	2,471,800	26,247
Health Services:					
Salaries	484,943	(21,406)	463,537	463,087	450
Purchased Professional and Technical Services	24,150	1,350	25,500	25,500	
Other Purchased Services (400-500 series)	68,398	(995)	67,403	67,403	
Supplies and Materials	13,262	2,154	15,416	15,416	
Total Health Services	590,753	(18,897)	571,856	571,406	450

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	$ 838,187	$ (65,848)	$ 772,339	$ 772,339	
Purchased Professional - Educational Services	40,360	801	41,161	41,161	
Supplies and Materials	3,150	(1,507)	1,643	1,643	
Total Speech, OT, PT and Related Services	881,697	(66,554)	815,143	815,143	
Other Support Services - Students - Extra Services:					
Purchased Professional - Educational Services	64,275	(32,250)	32,025	30,923	$ 1,102
Supplies and Materials	5,000	5,605	10,605	10,605	
Total Other Support Services - Students - Extra Services	69,275	(26,645)	42,630	41,528	1,102
Guidance:					
Salaries of Other Professional Staff	1,133,881	108,703	1,242,584	1,242,584	
Salaries of Secretarial and Clerical Assistants	167,347	14,705	182,052	182,052	
Purchased Professional - Educational Services	5,915	(1,926)	3,989	3,989	
Other Purchased Professional - Technical Services	20,805	(12,894)	7,911	7,196	715
Other Purchased Services (400-500 series)	68,173	(66,601)	1,572	1,572	
Supplies and Materials	9,145	2,688	11,833	11,833	
Other Objects	250	(130)	120	120	
Total Guidance	1,405,516	44,545	1,450,061	1,449,346	715
Child Study Team:					
Salaries of Other Professional Staff	1,372,547	(70,507)	1,302,040	1,302,040	
Salaries of Secretarial and Clerical Assistants	142,487	(1,268)	141,219	141,219	
Purchased Professional - Educational Services	53,200	(27,489)	25,711	24,740	971
Other Purchased Professional - Technical Services	30,000	(3,238)	26,762	26,762	
Other Purchased Services (400-500 series)	6,081	125	6,206	6,206	
Supplies & Materials	15,000	(413)	14,587	14,587	
Other Objects	1,140	(192)	948	948	
Total Child Study Team	1,620,455	(102,982)	1,517,473	1,516,502	971

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	$ 397,996	$ (36,192)	$ 361,804	$ 361,804	
Salaries of Other Professional Staff	736,113	(31,972)	704,141	704,141	
Salaries of Secretarial and Clerical Assistants	109,681	(70,079)	39,602	39,602	
Purchased Professional - Educational Services	1,200	(136)	1,064	1,064	
Other Purchased Professional and Technical Services	11,976	(1,281)	10,695	10,535	$ 160
Supplies and Materials	2,300	(735)	1,565	1,565	
Other Objects	10,567	(82)	10,485	10,485	
Total Improvement of Instructional Services	1,269,833	(140,477)	1,129,356	1,129,196	160
Educational Media Services/School Library:					
Salaries	392,167	(70,501)	321,666	321,606	60
Salaries of Other Professional Staff	27,906	2,031	29,937	29,937	
Supplies and Materials	30,726	(1,041)	29,685	29,311	374
Total Educational Media Services/School Library	450,799	(69,511)	381,288	380,854	434
Instructional Staff Training Services:					
Salaries of Other Professional Staff		7,696	7,696	7,696	
Purchased Professional - Educational Services	5,000	1,243	6,243	6,243	
Other Purchased Services (400-500 series)	18,775	(1,359)	17,416	17,393	23
Supplies and Materials	1,750	(392)	1,358	1,358	
Total Instructional Staff Training Services	25,525	7,188	32,713	32,690	23

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	$ 452,570	$ (9,945)	$ 442,625	$ 442,600	$ 25
Legal Services	155,000	42,876	197,876	197,876	
Audit Fees	29,700		29,700	29,700	
Architectural/Engineering Services	58,807	29,957	88,764	71,876	16,888
Other Purchased Professional Services	2,395	12,865	15,260	13,260	2,000
Purchased Technical Services	12,962	(2,286)	10,676	10,676	
Communications/Telephone	221,521	(52,091)	169,430	169,430	
Miscellaneous Purchased Services (400-500 series)	78,078	(14,077)	64,001	63,312	689
Supplies and Materials	11,050	1,306	12,356	12,173	183
BOE In-House Training/meeting Supplies	1,500	(1,228)	272	272	
Judgements Against the School District	64,317	85,500	149,817	49,817	100,000
Miscellaneous Expenditures	35,690	(1,706)	33,984	33,984	
Board of Education Dues and Fees		1,197	1,197	1,197	
Total Support Services - General Administration	1,123,590	92,368	1,215,958	1,096,173	119,785
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,137,607	52,333	1,189,940	1,189,940	
Salaries of Secretarial and Clerical Assistants	558,819	134,685	693,504	693,504	
Purchased and Technical Services	51,650	92,870	144,520	144,460	60
Other Purchased Services (400-500 series)	79,382	(6,804)	72,578	70,529	2,049
Supplies and Materials	16,633	(1,796)	14,837	14,278	559
Other Objects	9,970	2,247	12,217	12,207	10
Total Support Services - School Administration	1,854,061	273,535	2,127,596	2,124,918	2,678

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	$ 594,778	$ 5,577	$ 600,355	$ 600,355	
Purchased Professional - Services	8,700		8,700	5,400	$ 3,300
Miscellaneous Purchased Technical Services	21,740	11,805	33,545	33,345	200
Miscellaneous Purchased Services (400-500 series)	7,860	(990)	6,870	6,870	
Supplies and Materials	11,996	(1,991)	10,005	9,591	414
Interest on Lease Purchase Agreements	53,250		53,250	53,250	
Miscellaneous Expenditures	2,100	(719)	1,381	1,364	
Total Central Services	700,424	13,682	714,106	710,175	3,914
Administration Information Technology:					
Salaries	418,203	11,086	429,289	429,289	
Other Purchased Services (400-500 series)	2,000		2,000	1,119	881
Supplies and Materials	1,000	(1,000)			
Total Administration Information Technology	421,203	10,086	431,289	430,408	881
Required Maintenance of School Facilities:					
Salaries	477,745	(39,821)	437,924	436,424	1,500
Cleaning, Repair and Maintenance Services	143,886	133,906	277,792	244,252	33,540
Other Purchased Services (400-500 series)		9,564	9,564	8,522	1,042
General Supplies	173,000	(11,868)	161,132	156,083	5,049
Total Required Maintenance of School Facilities	794,631	91,781	886,412	845,281	41,131

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	$ 1,654,471	$ (23,362)	$ 1,631,109	$ 1,623,300	$ 7,809
Purchased Professional and Technical Services	186,948	42,408	229,356	221,781	7,575
Cleaning, Repair and Maintenance Services	46,600	(3,392)	43,208	40,076	3,132
Rental of Land and Building	50,429	22,067	72,496	72,496	
Other Purchased Property Services	49,602	13,600	63,202	50,442	12,760
Insurance	149,526	22,811	172,337	172,337	
Miscellaneous Purchased Services	2,425		2,425	1,329	1,096
General Supplies	150,000	(21,003)	128,997	121,917	7,080
Energy (Electricity)	810,680	(274,118)	536,562	536,017	545
Other Objects	225	1,050	1,275	1,275	
Energy (Natural Gas)	67,000	11,817	78,817	76,127	2,690
Energy (Oil)	567,000	(40,348)	526,652	523,456	3,196
Total Custodial Services	3,734,906	(248,470)	3,486,436	3,440,553	45,883
Care and Upkeep of Grounds:					
Salaries	163,228	6,835	170,063	168,416	1,647
Cleaning, Repair and Maintenance Services	17,300	(6,125)	11,175	11,175	
General Supplies	45,000	(19,251)	25,749	25,749	
Total Care and Upkeep of Grounds	225,528	(18,541)	206,987	205,340	1,647
Security:					
Salaries	114,200	10,940	125,140	125,140	
Cleaning, Repair and Maintenance Services	23,139	(2,929)	20,210	18,419	1,791
General Supplies	23,778	(14,771)	9,007	9,007	
Total Security	161,117	(6,760)	154,357	152,566	1,791

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services:					
Salaries of Non-Instructional Aides	$ 38,668	$ 6,227	$ 44,895	$ 44,895	
Salaries for Pupil Transportation - Regular	858,165	62,665	920,830	918,756	$ 2,074
Salaries for Pupil Transportation - Special Education		1,081	1,081	1,081	
Salaries for Pupil Transportation - Other	37,868	957	38,825	28,935	9,890
Purchased Professional and Technical Services	8,665	8,215	16,880	16,696	184
Cleaning, Repair and Maintenance Services	10,000	9,614	19,614	17,695	1,919
Lease Purchase Payments - School Buses	213,275	(121,220)	92,055	92,055	
Contracted Services:					
Aid in Lieu - Non Public Schools	110,500	(11,365)	99,135	97,230	1,905
Aid in Lieu - Charter School	2,652		2,652	2,411	241
Between Home and School - Vendors	564,696	(13,680)	551,016	550,532	484
Other than Between Home and School - Vendors	69,909	15,444	85,353	85,277	76
ESC Regular Students	320,597	(17,970)	302,627	299,480	3,147
ESC Special Education Students	696,540	20,150	716,690	716,690	
Miscellaneous Purchased Services-Transportation	18,514		18,514	18,287	227
Transportation Supplies	201,000	20,481	221,481	213,296	8,185
Other Objects	2,937	(500)	2,437	1,550	887
Total Student Transportation Services	3,153,986	(19,901)	3,134,085	3,104,866	29,219
Unallocated Benefits:					
Social Security Contributions	685,614	(3,784)	681,830	664,964	16,866
Other Retirement Contributions - PERS	771,579	(19,079)	752,500	752,500	
Workmen's Compensation	392,382	(98,965)	293,417	293,417	
Unemployment Compensation	150,000		150,000	150,000	
Health Benefits	8,411,826	(285,965)	8,125,861	8,124,997	864
Tuition Reimbursement	140,793	(14,494)	126,299	82,178	44,121
Other Employee Benefits	289,985	16,985	306,970	274,515	32,455
Total Unallocated Benefits	10,842,179	(405,302)	10,436,877	10,342,571	94,306

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
On-Behalf Contributions:					
On-Behalf TPAF Pension Plans (Non-Budgeted)				$ 745,178	$ (745,178)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,498,001	(1,498,001)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,754,031	(1,754,031)
Total On-Behalf Contributions				3,997,210	(3,997,210)
Total Personal Services - Employee Benefits	$ 10,842,179	$ (405,302)	$ 10,436,877	14,339,781	(3,902,904)
Total Undistributed Expenses	31,599,138	(366,468)	31,232,670	34,858,526	(3,625,873)
TOTAL CURRENT EXPENSE	53,648,485	(1,503,827)	52,144,658	55,703,127	(3,558,469)
CAPITAL OUTLAY					
Equipment:					
Other Support Services - Students - Regular		92,685	92,685	92,685	
Required Maintenance for School Facilities	25,531		25,531	25,531	
Custodial Services	19,000		19,000		
Security		76,045	76,045	66,745	9,300
Student Transportation- Non- Instructional Equipment	265,498	116,255	381,753	381,372	381
Regular Programs - Instruction:					
Grades 1-5	10,416	19,897	30,313	18,262	12,051
Grades 6-8		7,846	7,846	7,846	
Grades 9-12	24,401		24,401	18,039	6,362
Total Equipment	344,846	312,728	657,574	610,480	28,094
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	15,765	(15,675)	90		90
Other Objects	66,803		66,803	66,803	
Construction Services	527,434	(208,309)	319,125	295,125	24,000
Total Facilities Acquisition and Construction Services	610,002	(223,984)	386,018	361,928	24,090
TOTAL CAPITAL OUTLAY	954,848	88,744	1,043,592	972,408	52,184

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Transfer to Charter School	$ 53,771	$ 12,191	$ 65,962	$ 60,051	$ 5,911
Total Transfer to Charter School	53,771	12,191	65,962	60,051	5,911
TOTAL EXPENDITURES	54,657,104	(1,402,892)	53,254,212	56,735,586	(3,500,374)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(3,467,618)	1,418,908	(2,048,710)	(677,912)	1,370,798
Other Financing Sources/(Uses):					
From Capital Outlay to Capital Projects Fund				(224,674)	(224,674)
Total Other Financing Sources/(Uses)				(224,674)	(224,674)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(3,467,618)	1,418,908	(2,048,710)	(902,586)	1,146,124
Fund Balance, July 1	4,309,543		4,309,543	4,309,543	
Fund Balance, June 30	$ 841,925	$ 1,418,908	$ 2,260,833	$ 3,406,957	$ 1,146,124

Recapitulation:	
Restricted Fund Balance:	
Capital Reserve	$ 264,965
Maintenance Reserve	221,495
Excess Surplus Designated for Subsequent Year's Expenditures	417,830
Assigned Fund Balance:	
Year-end Encumbrances	240,283
Subsequent Year's Expenditures	958,552
Unassigned Fund Balance	1,303,833
	3,406,958
Reconciliation to Governmental Fund Statement (GAAP):	
Last Two State Aid Payments not Recognized on GAAP Basis	(1,471,801)
Fund Balance per Governmental Funds GAAP	$ 1,935,157

Exhibit C-2

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	$ 825,281	$ 22,200	$ 847,481	$ 839,325	$ (8,156)
Total Revenues	825,281	22,200	847,481	839,325	(8,156)
EXPENDITURES:					
Instruction					
Salaries of Teachers	52,805	(517)	52,288	51,968	320
Other Purchased Services	748,917	(9,317)	739,600	739,600	
General Supplies		9,216	9,216	9,157	59
Total Instruction	801,722	(618)	801,104	800,725	379
Support Services					
Salaries of Other Professional Staff					
Personal Service - Employee Benefits	18,550	3,732	22,282	14,757	7,525
Purchased Professional - Technical Services	4,811	13,138	17,949	17,848	101
Other Purchased Services		151	151		151
Supplies and Materials		5,995	5,995	5,995	
Total Support Services	23,361	23,016	46,377	38,600	7,777
Total Expenditures	825,083	22,398	847,481	839,325	8,156
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

Exhibit C-3

JEFFERSON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	$ 56,057,674	$ 839,325
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,370,516	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,471,801)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	$ 55,956,389	$ 839,325
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 56,735,586	$ 839,325
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 56,735,586	$ 839,325

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the school election on the fourth Wednesday in April, 2011. Budgets are prepared using the modified accrual basis of accounting. The legal level c budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most spec level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substanial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary intergration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	No Child Left Behind			IDEA ARRA	IDEA ARRA
	Title II	Title II Carryover	Title III	Preschool	Basic
REVENUE:					
Federal Sources	$ 64,915	$ 5,331	$ 7,840	$ 21,193	$ 446
EXPENDITURES:					
Instruction:					
Salaries of Teachers	31,795			20,173	
Other Purchased Services - Tuition					
General Supplies			7,691	1,020	446
Total Instruction	31,795		7,691	21,193	446
Support Services:					
Personal Service - Employee Benefits	14,757				
Purchased Professional - Technical Services	17,699		149		
Supplies and Materials	664	5,331			
Total Support Services	33,120	5,331	149		
Total Expenditures	$ 64,915	$ 5,331	$ 7,840	$ 21,193	$ 446

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	IDEA Part B - Preschool	IDEA Part B - Preschool Carryover	IDEA Part B - Basic	Total
REVENUE:				
Federal Sources	$ 31,747	$ 3,529	$ 704,324	$ 839,325
EXPENDITURES:				
Instruction:				
Salaries of Teachers				51,968
Other Purchased Services - Tuition	31,747	3,529	704,324	739,600
General Supplies				9,157
Total Instruction	31,747	3,529	704,324	768,978
Support Services:				
Personal Service - Employee Benefits				14,757
Purchased Professional - Technical Services				17,848
Supplies and Materials				5,995
Total Support Services				38,600
Total Expenditures	$ 31,747	$ 3,529	$ 704,324	$ 839,325

CAPITAL PROJECTS FUND

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Revenue and Other Financing Sources:		
Transfer from Capital Outlay	$	224,674
State Sources - SDA Grant		149,782
Total Revenue and Other Financing Sources		374,456
Expenditures and Other Financing Uses:		
Construction Services		332,870
Total Expenditures		332,870
Fund Balance - Beginning of Year		491,129
Fund Balance - End of Year	$	532,715
Recapitulation:		
Fund Balance Budgetary Basis	$	532,715
SDA Grant Receivable not Recognized on a GAAP Basis		(677,075)
Fund Balance/(Deficit) GAAP Basis	$	(144,360)

F-1a

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
RENOVATIONS AND ADDITIONS AT THE MIDDLE SCHOOL/HIGH SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:			
State Sources - SDA Grant	$ 7,079,704	$ 7,079,704	$ 7,079,704
Bond Proceeds and Transfers	19,067,907	19,067,907	19,067,907
Total Revenue and Other Financing Sources	26,147,611	26,147,611	26,147,611
Expenditures:			
Purchased Professional and Technical Services	2,825,814	2,825,814	2,760,000
Construction Services	22,729,624	22,729,624	22,933,611
Equipment	495,627	495,627	454,000
Total Expenditures	26,051,065	26,051,065	26,147,611
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	$ 96,546	$ 96,546	$ -0-

Additional Project Information:	
Project Number:	
Renovations and Additions at the Middle School/High School	SP # 202371
Grant Date	8/8/2002
Bonds Authorized Date	3/12/2002
Original Authorized Cost	$ 26,147,611
Bonds Authorized	19,067,907
Percentage Decrease over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	9/1/2004
Revised Target Completion Date	9/1/2010

F-1b

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL/MIDDLE SCHOOL CONSUMER LIFE SCIENCE CONSTRUCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:			
State Sources - SDA Grant	$ 482,250	$ 482,250	$ 482,250
Transfer from Capital Reserve	113,805	113,805	113,805
Transfer from Capital Outlay	609,570	609,570	609,570
Total Revenue and Other Financing Sources	1,205,625	1,205,625	1,205,625
Expenditures:			
Purchased Professional and Technical Services	38,900	38,900	92,645
Construction Services	749,023	749,023	1,100,643
Equipment	23,119	23,119	12,337
Total Expenditures	811,042	811,042	1,205,625
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	$ 394,583	$ 394,583	$ -0-

Additional Project Information:

Project Number:	
Renovations and Additions at the	
Middle School/High School	2380-040-09-1001
High School Consumer Life Science	2380-040-09-1002
Middle School Consumer Life Science	2380-040-09-1003
Grant Date	9/1/2010
Original Authorized Cost	$ 1,205,625
Revised Authorized Cost	1,205,625
Percentage Decrease over Original Authorized Cost	0.00%
Percentage Completion	67.27%
Original Target Completion Date	9/1/2011

F-1c

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MILTON ELEMENTARY SCHOOL REPLACEMENT OF WINDOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:			
State Sources - SDA Grant	$ 149,782	$ 149,782	$ 149,782
Transfer from Capital Reserve	224,674	224,674	224,674
Total Revenue and Other Financing Sources	374,456	374,456	374,456
Expenditures:			
Purchased Professional and Technical Services			26,275
Construction Services	332,870	332,870	348,181
Total Expenditures	332,870	332,870	374,456
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	$ 41,586	$ 41,586	$ -0-

Additional Project Information:	
Project Number:	
Milton Elementary School Window Replacement Project	2380-050-10-1005
Grant Date	8/26/2010
Original Authorized Cost	$ 374,456
Revised Authorized Cost	374,456
Percentage Decrease over Original Authorized Cost	0.00%
Percentage Completion	88.89%
Original Target Completion Date	9/1/2012

PROPRIETARY FUNDS

Exhibit G-1

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 256,079
Intergovernmental Accounts Receivable:	
Federal	17,353
State	885
Other Accounts Receivable	154
Inventories	26,651
Total Current Assets	301,122
Non-Current Assets:	
Capital Assets	466,511
Less: Accumulated Depreciation	(358,773)
Total Non-Current Assets	107,738
Total Assets	408,860
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	30,208
Long Term Liabilities:	
Accounts Payable - Vendors	15,753
Deferred Revenue	6,043
Total Liabilities	52,004
NET ASSETS:	
Investment in Capital Assets Net of Related Debt	107,738
Unrestricted	249,118
Total Net Assets	$ 356,856

Exhibit G-2

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	$ 854,224
Special Events	9,460
Total Operating Revenue	863,684
Operating Expenses:	
Cost of Sales	459,939
Salaries, Benefits & Payroll Taxes	458,681
Supplies, Insurance & Other Costs	43,053
Management Fee	67,515
Miscellaneous Expenditues	12,830
Depreciation Expense	14,830
Total Operating Expenses	1,056,848
Operating (Loss)	(193,164)
Non-Operating Revenue:	
Local Sources:	
Interest Income	416
State Sources:	
State School Lunch Program	11,572
Federal Sources:	
National School Lunch Program	214,562
Food Distribution Program	58,453
Total Non-Operating Revenue	285,003
Change in Net Assets	91,839
Net Assets - Beginning of Year	265,017
Net Assets - End of Year	$ 356,856

Exhibit G-3

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Receipts from Customers	$ 863,684
Payments to Food Service Vendor	(1,002,028)
Net Cash Used for Operating Activities	(138,344)
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	416
Net Cash Provided by Investing Activities	416
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	13,216
Federal Sources:	
National School Lunch Program	237,162
Net Cash Provided by Noncapital Financing Activities	250,378
Net Increase in Cash and Cash Equivalents	112,450
Cash and Cash Equivalents, July 1	143,629
Cash and Cash Equivalents, June 30	$ 256,079
Reconciliation of Operating Loss to Net Cash Provided/(Used) for Operating Activities:	
Operating (Loss)	$ (193,164)
Adjustment to Reconcile Operating Income to Cash Provided/(Used) for Operating Activities:	
Depreciation	14,830
Federal Food Distribution Program	58,453
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	2,999
(Increase)/Decrease in Inventory	(12,659)
Increase/(Decrease) in Accounts Payable	(10,626)
Increase/(Decrease) in Deferred Revenue	1,823
Net Cash Used for Operating Activities	$ (138,344)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at $60,275 and $58,453, respectively, the fiscal year ended June 30, 2012.

FIDUCIARY FUNDS

Exhibit H-1

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	Agency				Unemployment Compensation Trust	Scholarship and Memorial Trust Fund
	Student Activity	Payroll	Summer Savings	Total		
ASSETS:						
Cash and Cash Equivalents	$ 216,425	$ 275,217	$ 486,197	$ 977,839	$ 277,503	$ 53,661
Total Assets	216,425	275,217	486,197	977,839	277,503	53,661
LIABILITIES:						
Accrued Salaries and Wages			486,197	486,197		
Payroll Deductions and Withholdings		273,483		273,483		
Due to Student Groups	216,425			216,425		
Interfund Payable		1,694		1,694		
Net Payroll		40		40		
Total Liabilities	216,425	275,217	486,197	977,839		
NET ASSETS:						
Held in Trust for Unemployment Claims					277,503	
Reserve for Scholarships						53,661
Total Net Assets	$ -0-	$ -0-	$ -0-	$ -0-	$ 277,503	$ 53,661

Exhibit H-2

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Scholarship and Memorial Trust Fund
ADDITIONS:		
Contributions:		
District Contributions	$ 150,000	
Plan Member	70,994	
Donations		$ 11,322
Total Contributions	220,994	11,322
Investment Earnings:		
Interest	404	81
Net Investment Earnings	404	81
Total Additions	221,398	11,403
DEDUCTIONS:		
Unemployment Compensation Claims	185,797	
Scholarships Awarded		11,942
Total Deductions	185,797	11,942
Change in Net Assets	35,601	(539)
Net Assets - Beginning of the Year	241,902	54,200
Net Assets - End of the Year	$ 277,503	$ 53,661

Exhibit H-3

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS:				
Cash and Cash Equivalents	$ 216,046	$ 631,797	$ 631,418	$ 216,425
Total Assets	$ 216,046	$ 631,797	$ 631,418	$ 216,425
LIABILITIES:				
Liabilities:				
Due to Student Groups	$ 216,046	$ 631,797	$ 631,418	$ 216,425
Total Liabilities	$ 216,046	$ 631,797	$ 631,418	$ 216,425

Exhibit H-4

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Cash Receipts	Cash Disbursements	Balance June 30, 2012
Elementary Schools:				
Cozy Lake	$ 3,012	$ 7,016	$ 8,098	$ 1,930
Ellen T. Briggs	5,751	7,420	7,836	5,335
Milton	732	3,660	2,395	1,997
Stanlick	2,425	16204	15,249	3,380
White Rock	1,326	18,936	17,586	2,676
Junior High School:				
Jefferson Middle School	93,977	218,374	208,856	103,495
Senior High School:				
Jefferson High School Activities	107,130	267,597	277,659	97,068
Athletic Account	1,693	92,590	93,739	544
Total	$ 216,046	$ 631,797	$ 631,418	$ 216,425

Exhibit H-5

JEFFERSON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS:				
Cash and Cash Equivalents	$ 351,146	$ 36,087,872	$ 36,163,801	$ 275,217
Total Assets	$ 351,146	$ 36,087,872	$ 36,163,801	$ 275,217
LIABILITIES:				
Net Payroll		$ 21,014,535	$ 21,014,495	$ 40
Payroll Deductions and Withholdings	$ 349,452	15,073,337	15,149,306	273,483
Interfund Payable	1,694			1,694
Total Liabilities	$ 351,146	$ 36,087,872	$ 36,163,801	$ 275,217

LONG-TERM DEBT

JEFFERSON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2012 Date	Amount	Interest Rate	Balance June 30, 2011	Issued	Defeased	Matured	Balance June 30, 2012
Improvements to School Facilities	9/15/2002	$ 29,245,000	9/15/2012	$ 980,000	4.000%	$ 23,815,000		$ 21,900,000	$ 935,000	$ 980,000
Refunding School Bonds - Series 2012	7/19/2011	12,785,000	9/15/2013	1,025,000	3.000%		$ 12,785,000		190,000	12,595,000
			9/15/2014	1,065,000	3.000%					
			9/15/2015	1,105,000	3.000%					
			9/15/2016	1,160,000	5.000%					
			9/15/2017	1,225,000	5.000%					
			9/15/2018	1,285,000	3.086%					
			9/15/2019	1,345,000	4.000%					
			9/15/2020	1,400,000	3.036%					
			9/15/2021	1,460,000	3.992%					
			9/15/2022	1,525,000	5.000%					
Refunding School Bonds - Series 2012	2/6/2012	8,415,000	9/15/2023	1,545,000	4.000%		8,415,000			8,415,000
			9/15/2024	1,610,000	4.000%					
			9/15/2025	1,685,000	4.000%					
			9/15/2026	1,755,000	4.000%					
			9/15/2027	1,820,000	4.000%					
School Refunding Bond Series - 2005	9/1/2005	2,120,000	9/1/2012	130,000	4.000%	825,000			120,000	705,000
			9/1/2013	135,000	4.000%					
			9/1/2014	145,000	4.000%					
			9/1/2015	145,000	4.000%					
			9/1/2016	150,000	4.000%					
						$ 24,640,000	$ 21,200,000	$ 21,900,000	$ 1,245,000	$ 22,695,000

Exhibit I-2

JEFFERSON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Item	Interest Rate	Original Issue	Balance June 30, 2011	Matured	Balance June 30, 2012
2009-10 Vehicles and Other Equipment	4.723%	$ 890,525	$ 535,453	$ 172,758	$ 362,695
			$ 535,453	$ 172,758	$ 362,695

Exhibit I-3

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 2,037,579		$ 2,037,579	$ 2,037,579	
State Sources:					
Debt Service State Aid Support	42,326		42,326	42,326	
Miscellaneous Revenue				6,041	$ 6,041
Total Revenue	2,079,905		2,079,905	2,085,946	6,041
EXPENDITURES:					
Regular Debt Service:					
Interest	1,024,905	$ (190,000)	834,905	795,518	39,387
Redemption of Principal	1,055,000	190,000	1,245,000	1,245,000	
Total Regular Debt Service	2,079,905		2,079,905	2,040,518	39,387
Total Expenditures	2,079,905		2,079,905	2,040,518	39,387
Excess of Revenues Over Expenditures				45,428	45,428
OTHER FINANCING SOURCES:					
School Bonds Issued				(21,200,000)	(21,200,000)
School Bonds Defeased				21,900,000	21,900,000
School Bond Deferred Interest				959,469	959,469
School Bond Issuance Costs				271,381	271,381
School Bond Premium				(1,930,850)	(1,930,850)
Total Other Financing Sources					
Fund Balance, July 1	748		748	748	
Fund Balance, June 30	$ 748	$ -0-	$ 748	$ 46,176	$ 45,428
Recapitulation of Fund Balance:					
Restricted for Subsequent Years' Expenditures				$ 46,176	

STATISTICAL SECTION

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

Contents

	Exhibit
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	$ 17,426,060	$ 19,572,374	$ 20,661,641	$ 22,886,764	$ 24,977,258	$ 26,198,886	$ 26,532,940	$ 28,602,423
Restricted	3,182,778	1,567,802	1,969,595	598,710	557,191	1,821,187	2,827,708	950,466
Unrestricted/(Deficit)	(328,557)	(49,297)	(574,106)	(257,908)	(377,974)	(1,457,291)	(776,754)	(480,094)
Total Governmental Activities Net Assets	$ 20,280,281	$ 21,090,879	$ 22,057,130	$ 23,227,566	$ 25,156,475	$ 26,562,782	$ 28,583,894	$ 29,072,795
Business-type Activities								
Invested in Capital Assets, Net of Related Debt	$ -	$ 2,090	$ 1,940	$ 172,924	$ 155,161	$ 137,398	$ 122,568	$ 107,738
Unrestricted	(26,942)	61,907	130,734	110,255	107,606	109,598	142,449	249,118
Total Business-type Activities Net Assets	$ (26,942)	$ 63,997	$ 132,674	$ 283,179	$ 262,767	$ 246,996	$ 265,017	$ 356,856
District-wide								
Invested in Capital Assets, Net of Related Debt	$ 17,426,060	$ 19,574,464	$ 20,663,581	$ 23,059,688	$ 25,132,419	$ 26,336,284	$ 26,655,508	$ 28,710,161
Restricted	3,182,778	1,567,802	1,969,595	598,710	557,191	1,821,187	2,827,708	950,466
Unrestricted/(Deficit)	(355,499)	12,610	(443,372)	(147,653)	(270,368)	(1,347,693)	(634,305)	(230,976)
Total District Net Assets	$ 20,253,339	$ 21,154,876	$ 22,189,804	$ 23,510,745	$ 25,419,242	$ 26,809,778	$ 28,848,911	$ 29,429,651

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Jefferson School District Financial Reports

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CHANGE IN NET ASSETS, LAST EIGHT FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Expenses								
Governmental Activities								
Instruction								
Regular	$ 16,663,352	$ 17,474,988	$ 20,745,687	$ 21,441,202	$ 21,156,236	$ 21,294,150	$ 22,066,569	$ 21,450,873
Special Education	3,098,648	3,467,849	4,613,890	5,163,431	4,970,057	5,700,601	5,441,685	6,169,726
Other Special Education	651,304	631,260	839,133	691,170	1,392,192	1,286,082	1,152,424	1,149,683
Other Instruction	668,983	707,913	857,540	878,116	952,204	979,105	904,469	924,028
Support Services:								
Tuition	2,156,517	1,977,919	2,545,819	2,284,066	1,915,384	2,356,722	2,071,907	3,211,400
Student & Instruction Related Services	5,785,560	5,887,183	6,932,571	7,480,932	7,590,303	7,869,148	7,755,778	8,948,590
General Administrative Services	2,342,203	2,373,773	1,455,590	1,347,808	1,341,823	1,345,111	1,413,725	1,519,865
School Administrative Services	1,174,208	1,142,587	2,305,897	2,274,921	2,208,702	3,472,809	2,727,534	2,793,423
Central Services	1,212,133	1,266,036	1,359,432	1,480,926	851,239	901,718	920,142	978,331
Administrative Information Technology					598,017	554,279	552,134	622,155
Plant Operations and Maintenance	4,621,910	5,013,860	5,865,489	6,216,054	6,121,843	6,371,938	5,620,938	5,725,399
Pupil Transportation	3,103,652	3,517,855	3,687,292	4,226,821	3,497,759	3,665,033	3,595,367	3,674,480
Unallocated Depreciation			577,828	379,568	379,568	379,568	379,568	379,568
Unallocated Benefits	2,810,884	3,286,667						
Special Schools	24,492	48,082	48,518					
Charter Schools	36,922	36,764	17,563	22,606	52,139	73,341	64,175	60,051
Interest on Long-term Debt	1,322,747	1,278,067	1,204,351	1,190,261	1,150,930	988,417	1,059,787	794,287
Capital Outlay	382,131	9,887					114,870	66,803
Unallocated	468,087	603,608						
Total Governmental Activities Expenses	46,523,733	48,724,298	53,056,600	55,077,882	54,178,396	57,238,022	55,841,072	58,468,662

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CHANGE IN NET ASSETS, LAST EIGHT FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Business-type Activities:								
Food Service	$ 1,335,301	$ 1,169,172	$ 1,169,172	$ 1,312,329	$ 1,160,439	$ 1,222,759	$ 1,133,659	$ 1,056,848
Total Business-type Activities Expense	1,335,301	1,174,818	1,169,172	1,312,329	1,160,439	1,222,759	1,133,659	1,056,848
Total District Expenses	47,859,034	49,899,116	54,225,772	56,390,211	55,338,835	58,460,781	56,974,731	59,525,510
Program Revenues								
Governmental Activities:								
Operating Grants and Contributions	855,488	1,144,775	19,544,028	20,191,349	19,704,840	21,545,975	19,503,943	20,380,460
Capital Grants and Contributions								75,093
Total Governmental Activities Program Revenues	855,488	1,144,775	19,544,028	20,191,349	19,704,840	21,545,975	19,503,943	20,455,553
Business-type Activities:								
Charges for Services								
Food Service	948,096	990,974	977,792	990,861	933,859	847,172	916,339	863,684
Operating Grants and Contributions	187,311	203,618	223,668	259,560	204,365	358,034	234,597	284,587
Total Business-type Activities Program Revenues	1,135,407	1,194,592	1,201,460	1,250,421	1,138,224	1,205,206	1,150,936	1,148,271
Total District Program Revenues	1,990,895	2,339,367	20,745,488	21,441,770	20,843,064	22,751,181	20,654,879	21,603,824
Net (Expense)/Revenue								
Governmental Activities	(45,668,245)	(33,512,572)	(33,512,572)	(34,886,533)	(34,473,556)	(35,692,047)	(36,337,129)	(38,013,109)
Business-type Activities	(199,894)	32,288	32,288	(61,908)	(22,215)	(17,553)	17,277	91,423
Total District-wide Net Expense	(45,868,139)	(33,480,284)	(33,480,284)	(34,948,441)	(34,495,771)	(35,709,600)	(36,319,852)	(37,921,686)

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CHANGE IN NET ASSETS, LAST EIGHT FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	$ 28,046,875	$ 29,307,192	$ 31,568,517	$ 32,331,258	$ 33,624,508	$ 34,669,488	$ 35,716,268	$ 35,716,268
Taxes Levied for Debt Service	1,802,567	2,141,708	2,084,677	2,117,340	2,141,487	2,165,609	2,031,458	2,037,579
Unrestricted Grants and Contributions	16,626,984	17,140,832	134,850	143,439	386,015	128,851	402,650	637,788
Federal and State Aid - Capital Outlay	3,806	9,310						
Tuition Received	15,349	52,541						
Loss on Refunding of Long Term Debt		(28,000)						
Investment Earnings	120,316	202,623		3,581	1,385	2,020	853	1,027
Miscellaneous Income	83,224	97,343	700,554	409,014	249,070	132,386	207,012	109,348
Extraordinary Item - Adjustment to Fixed Assets				1,064,836				
Transfers	(336,548)	(41,602)	(9,775)	(12,500)				
Total Governmental Activities	46,362,573	48,881,947	34,478,823	36,056,968	36,402,465	37,098,354	38,358,241	38,502,010
Business-type Activities:								
Investment Earnings	6,103	29,564	26,614	11,166	1,803	1,782	744	416
Extraordinary Item - Adjustment to Fixed Assets				188,747				
Transfers	336,548	41,602	9,775	12,500				
Total Business-type Activities	342,651	71,166	36,389	212,413	1,803	1,782	744	416
Total District-wide	46,705,224	48,953,113	34,515,212	36,269,381	36,404,268	37,100,136	38,358,985	38,502,426
Change in Net Assets								
Governmental Activities	694,328	966,251	966,251	1,170,435	1,928,909	1,406,307	2,021,112	488,901
Business-type Activities	142,757	68,677	68,677	150,505	(20,412)	(15,771)	18,021	91,839
Total District	$ 837,085	$ 1,034,928	$ 1,034,928	$ 1,320,940	$ 1,908,497	$ 1,390,536	$ 2,039,133	$ 580,740

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Jefferson School District Financial Reports

Exhibit J-3

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Fund								
Reserved	$ 1,317,439	$ 1,218,385	$ 1,584,491	$ 1,186,263	$ 1,074,521	$ 2,262,262		
Unreserved/(Deficit)	709,791	908,280	735,090	263,031	377,511	(614,636)		
Restricted							$ 890,560	$ 904,290
Assigned							2,048,467	1,030,867
Total General Fund	$ 2,027,230	$ 2,126,665	$ 2,319,581	$ 1,449,294	$ 1,452,032	$ 1,647,626	$ 2,939,027	$ 1,935,157
All Other Governmental Funds								
Reserved			$ 536,060	$ 94,476	$ 96,346			
Unreserved, Reported in:								
Capital Projects Fund/(Deficit)	$ 1,858,717	$ 775,086	(507,115)	(304,632)	(451,574)	$ (442,895)		$ (144,360)
Debt Service Fund	6,622	66,156	67,222	36,408	9,792	1,820		
Restricted							$ (111,319)	46,176
Total All Other Governmental Funds	$ 1,865,339	$ 841,242	$ 96,167	$ (173,748)	$ (345,436)	$ (441,075)	$ (111,319)	$ (98,184)

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Jefferson School District Financial Reports

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Revenues								
Tax Levy	$ 29,849,442	$ 31,448,900	$ 33,653,194	$ 34,448,598	$ 35,765,995	$ 36,835,097	$ 37,747,726	$ 37,753,847
Tuition Charges	15,349	52,541	62,847	78,795	74,047	48,653	61,608	40,039
Interest Earnings	120,316	202,622	271,939	164,368	43,082	33,489	18,166	18,846
Miscellaneous	83,224	97,343	365,768	169,432	133,326	52,263	128,091	51,490
State Sources	16,769,796	17,288,857	18,890,508	19,525,450	19,282,332	18,168,054	18,662,580	19,659,364
Federal Sources	716,482	1,006,060	788,370	811,695	808,522	3,506,773	1,244,013	1,433,977
Total Revenue	47,554,609	50,096,323	54,032,626	55,198,338	56,107,304	58,644,329	57,862,184	58,957,563
Expenditures								
Instruction								
Regular Instruction	14,609,215	15,344,131	15,199,602	15,776,157	16,269,833	15,749,792	16,380,672	15,167,011
Special Education Instruction	2,583,557	2,874,320	3,276,163	3,672,339	3,710,016	4,154,267	4,283,363	4,281,941
Other Special Instruction	542,122	522,605	592,075	488,379	1,033,965	916,799	821,985	794,807
Other Instruction	588,955	621,027	674,025	683,618	766,807	764,994	703,006	700,567
Support Services:								
Tuition	2,156,517	1,977,918	2,545,819	2,284,066	1,915,384	2,356,722	2,071,907	3,211,400
Student & Instruction Related Services	4,855,031	4,957,288	5,002,184	5,384,796	5,726,785	5,699,619	5,543,971	5,936,664
General Administration	1,030,251	1,019,020	1,002,589	1,142,782	1,162,176	1,129,806	1,002,066	1,096,173
School Administrative Services	1,969,138	2,004,758	2,008,815	2,109,029	2,151,777	2,186,170	1,993,343	2,124,918
Central Services	1,003,486	1,074,782	982,596	1,070,311	652,776	669,020	684,193	710,175
Administrative Information Technology					444,502	395,420	394,226	430,408
Plant Operations and Maintenance	4,220,486	4,530,376	4,869,776	5,152,236	5,152,611	5,327,493	4,636,873	4,643,740
Pupil Transportation	2,660,037	2,712,053	3,063,781	3,059,742	3,045,629	3,165,506	3,076,441	3,104,866
Employee Benefits	8,622,729	9,532,614	11,757,488	12,474,265	10,940,829	12,512,212	12,185,168	14,339,781
Special Schools	20,897	40,718	48,518					
Charter Schools	36,922	36,764	17,563	22,606	52,139	73,341	64,175	60,051
Capital Outlay	13,034,793	1,460,944	796,042	745,453	950,095	1,140,033	323,433	1,305,278
Debt Service:								
Principal	935,000	980,000	1,020,000	1,070,000	1,150,000	1,195,000	1,010,000	1,245,000
Interest and Other Charges	1,331,624	1,290,065	1,226,149	1,190,261	1,150,930	1,108,180	1,066,205	795,518
Total Expenditures	60,200,760	50,979,383	54,083,185	56,326,040	56,276,254	58,544,374	56,241,027	59,948,298
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,646,151)	(883,060)	(50,559)	(1,127,702)	(168,950)	99,955	1,621,157	(990,735)

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources (Uses)								
School Bonds Issued								$ 21,200,000
School Bonds Defeased								(21,900,000)
School Bond Deferred Interest								959,469
School Bond Issuance Costs								271,381
School Bond Premium								(1,930,850)
Transfers In	$ 20,937	$ 40,763	$ 141,288	$ 122,343	$ 1,099	$ 724,123	$ 196	(224,674)
Transfers Out	(357,485)	(82,365)	(151,063)	(134,843)	(1,099)	(724,123)	(196)	224,674
Capital Leases (non-budgeted)	1,474,627	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	1,138,079	(41,602)	(9,775)	(12,500)	-0-	-0-	-0-	(1,400,000)
Net Change in Fund Balances	$ (11,508,072)	$ (924,662)	$ (60,334)	$ (1,140,202)	$ (168,950)	$ 99,955	$ 1,621,157	$ (2,390,735)
Debt Service as a Percentage of Noncapital Expenditures	4.81%	4.58%	4.40%	4.24%	4.34%	4.18%	3.86%	3.60%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Jefferson School District Financial Reports

Exhibit J-5

JEFFERSON TOWNSHIP SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

Fiscal Year Ending June 30,	Tuition	Interest on Investments	Insurance Refund	Legal Settlement	Other Miscellaneous	Rebates/ Refunds	Total
2003		$ 7,294	$ 64,968		$ 11,536	$ 77,936	$ 161,734
2004		21,482			10,999	4,943	37,424
2005	$ 15,349	99,379			40,738	42,486	197,952
2006	52,541	161,859			16,033	68,933	299,366
2007	62,847	244,275			76,835	103,075	487,032
2008	78,795	164,368			11,203		254,366
2009	74,047	41,983	47,531	$ 61,442	22,290	2,063	249,356
2010	48,653	32,741			52,263		133,657
2011	61,608	18,166			14,090	113,805	207,669
2012	40,039	18,846			15,168	30,281	104,334

Source: Jefferson Township School District records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST EIGHT YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities [a]	Net Valuation Taxable	School Tax Rate [b]	(County Equalized Value)
2004	$55,977,300	$1,183,074,400	$2,809,800	$ 97,802,800	$ 2,339,000	$ 7,402,400	$1,349,405,700	$3,127,805	$1,352,533,505	$ 2.090	$ 2,042,384,954
2005	49,954,500	1,214,815,700	3,511,000	100,286,700	2,339,000	11,709,400	1,382,616,300	2,694,310	1,385,310,610	2.228	2,355,169,347
2006*	99,407,800	2,872,816,200	10,519,100	189,439,600	6,382,900	25,503,500	3,204,069,100	4,410,900	3,208,480,000	1.012	2,704,361,169
2007	84,932,800	2,912,854,700	9,933,700	191,001,800	6,382,900	24,933,900	3,230,039,800	4,321,511	3,234,361,311	1.049	3,050,545,857
2008	78,063,400	2,925,030,400	9,316,100	194,892,100	6,106,400	24,511,500	3,237,919,900	4,528,266	3,242,448,166	1.084	3,212,937,231
2009	78,720,300	2,922,411,600	9,316,100	190,321,700	6,106,400	24,511,500	3,231,387,600	4,861,616	3,236,249,216	1.133	3,208,402,649
2010	70,108,300	2,516,757,800	8,096,000	179,910,500	4,994,800	22,338,800	2,802,206,200	4,824,483	2,807,030,683	1.315	3,153,938,369
2011	31,791,300	2,520,487,700	7,701,800	178,822,800	4,994,800	22,181,800	2,765,980,200	4,824,483	2,770,804,683	1.358	2,978,973,732

* Revaluation became effective in this year.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per $100 of assessed valuation.

Exhibit J-7

JEFFERSON TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per $100 of assessed value)

Year Ended December 31,	Jefferson School District Direct Rate: Basic Rate [a]	Jefferson School District Direct Rate: General Obligation Debt [b]	Jefferson School District Direct Rate: Total Direct	Overlapping Rates: Jefferson Township	Overlapping Rates: Morris County	Total Direct and Overlapping Tax Rate
2002	$ 1.800	$ 0.022	$ 1.822	$ 0.770	$ 0.365	$ 2.957
2003	1.850	0.159	2.009	0.831	0.393	3.233
2004	1.975	0.115	2.090	0.845	0.426	3.361
2005	2.071	0.157	2.228	0.797	0.455	3.480
2006*	0.938	0.073	1.011	0.369	0.210	1.592
2007	0.985	0.064	1.049	0.488	0.225	1.762
2008	1.019	0.065	1.084	0.463	0.232	1.779
2009	1.066	0.067	1.133	0.550	0.225	1.908
2010	1.244	0.071	1.315	0.666	0.256	2.237
2011	1.286	0.072	1.358	0.617	0.251	2.226

* - Property revaluation effective in this year.

Source: Municipal Tax Collector and School Business Administrator

Note:

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

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

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

Exhibit J-8

JEFFERSON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2012			2003	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Newark Watershed Conservation	$ 22,281,400	0.80%	City of Newark	$ 10,498,300	0.93%
Kite New Jersey, LLC	17,927,700	0.65%	Gelormino Associates	5,630,900	0.50%
Sebastian/Parsippany, LP	7,488,700	0.27%	Baker Firestone	3,359,400	0.30%
Gelormino Associates	7,184,600	0.26%	Fifteen South Plaza	3,288,600	0.29%
Seneca Gardens, LLC	6,714,900	0.24%	K. Hovnanian at Jefferson	3,198,500	0.28%
Fifteen South Plaza	5,692,400	0.21%	Bowling Green Golf Club, Inc.	2,838,700	0.25%
Bowling Green Golf Club, Inc	5,245,800	0.19%	Jefferson Properties Investors	2,782,000	0.25%
Verizon - NJ Property Tax Department	4,824,483	0.17%	Individual Taxpayer #1	1,674,000	0.15%
Individual Taxpayer #1	4,322,100	0.16%	Individual Taxpayer #2	1,638,900	0.15%
Individual Taxpayer #2	3,306,800	0.12%	Wilshire Oil	1,496,600	0.13%
Total	$ 84,988,883	3.07%		$ 36,405,900	3.23%

Note - A revaluation was performed in 2006

Note - Individual Taxpayers listed may be different in each respective year.

Source: Municipal Tax Assessor

Exhibit J-9

JEFFERSON TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy[a]		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	$ 23,157,129	$ 23,157,129	100.00%	-0-
2004	27,406,966	27,406,966	100.00%	-0-
2005	29,849,442	29,849,442	100.00%	-0-
2006	31,448,900	31,448,900	100.00%	-0-
2007	33,653,194	33,653,194	100.00%	-0-
2008	34,448,598	34,448,598	100.00%	-0-
2009	35,765,995	35,765,995	100.00%	-0-
2010	36,835,097	36,835,097	100.00%	-0-
2011	37,747,726	37,747,726	100.00%	-0-
2012	37,753,847	37,753,847	100.00%	-0-

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

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

Exhibit J-10

JEFFERSON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

	Governmental Activities					
Fiscal Year Ended June 30,	General Obligation Bonds	Certificates of Participation	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2003	$ 32,222,000		$ 952,242	$ 33,174,242	2.87%	1,613.22
2004	31,972,000		1,059,749	33,031,749	2.58%	1,554.73
2005	31,037,000		1,856,273	32,893,273	2.44%	1,524.18
2006	30,085,000		1,258,489	31,343,489	2.28%	1,427.10
2007	29,065,000		1,725,004	30,133,584	2.19%	1,372.02
2008	27,995,000		1,087,396	29,082,396	1.83%	1,352.61
2009	26,845,000		677,795	27,522,795	1.89%	1,276.98
2010	25,650,000		937,694	26,587,694	1.79%	1,246.43
2011	24,640,000		535,453	25,175,453	1.68%	1,174.61
2012	22,695,000		362,695	23,057,695	1.54%	1,075.80

Source: Jefferson School District Financial Reports

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

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

Exhibit J-11

JEFFERSON TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

	General Bonded Debt Outstanding				
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2003	$ 32,222,000		$ 32,222,000	0.26%	$ 1,618.55
2004	31,972,000		31,972,000	2.59%	1,554.76
2005	31,037,000		31,037,000	2.29%	1,460.84
2006	30,085,000		30,085,000	2.17%	1,394.05
2007	29,065,000		29,065,000	0.91%	1,323.36
2008	27,995,000		27,995,000	0.87%	1,302.03
2009	26,845,000		26,845,000	0.83%	1,245.53
2010	25,650,000		25,650,000	0.79%	1,202.48
2011	24,640,000		24,640,000	0.88%	1,149.63
2012	22,695,000		22,695,000	0.82%	1,058.88

Source: Jefferson School District Financial Reports

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit J-6 for property tax data.
b See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Exhibit J-12

JEFFERSON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Jefferson Township	$ 16,297,406	100.00%	$ 16,297,406
Morris County General Obligation Debt	269,247,125	3.04%	8,180,068
Subtotal, overlapping debt			24,477,474
Jefferson Township School District Direct Debt			23,057,695
Total direct and overlapping debt			$ 47,535,169

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

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2012

	Equalized valuation basis	
	2011	$ 2,872,238,471
	2010	$ 2,970,326,691
	2009	3,140,013,215
		$ 8,982,578,377
Average equalized valuation of taxable property		$ 2,994,192,792
Debt limit (4% of average equalization value)		119,767,712 a
Net bonded school debt		22,695,000
Legal debt margin		$ 97,072,712

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	$ 60,232,051	$ 68,197,367	$ 78,805,583	$91,967,453	$ 106,006,041	$ 118,045,804	$ 125,618,011	$ 127,248,254	$ 124,224,482	$ 119,767,712
Total net debt applicable to limit	32,222,000	31,972,000	31,037,000	30,085,000	29,065,000	27,995,000	26,845,000	25,650,000	24,640,000	22,695,000
Legal debt margin	$ 28,010,051	$ 36,225,367	$ 47,768,583	$61,882,453	$ 76,941,041	$ 90,050,804	$ 98,773,011	$ 101,598,254	$ 99,584,482	$ 97,072,712
Total net debt applicable to the limit as a percentage of debt limit	53.50%	46.88%	39.38%	32.71%	27.42%	23.72%	21.37%	20.16%	19.84%	18.95%

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

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

Exhibit J-14

JEFFERSON TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Township Population [a]	Township Personal Income [b]	Morris County Per Capita Personal Income [c]	Township Unemployment Rate [d]
2003	20,408	$ 1,159,256,032	$ 56,804	3.70%
2004	21,027	1,278,021,060	60,780	3.00%
2005	21,286	1,339,527,980	62,930	3.30%
2006	21,495	1,459,897,410	67,918	3.40%
2007	21,443	1,526,548,613	71,191	3.10%
2008	21,501	1,591,611,525	74,025	4.00%
2009	21,553	1,457,284,542	67,614	6.90%
2010	21,331	1,489,138,441	69,811	7.00%
2011	21,433	1,496,259,163	69,811 *	6.80%
2012	21,433 **	1,496,259,163	69,811 *	N/A

* - Latest Morris County per capita personal income available (2010) was used for calcuation purposes.
**- Latest population data available (2011) was used for calculation purposes
N/A - Information Unavailable

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

Exhibit J-15

JEFFERSON TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF MORRIS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2011			2002	
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System	6,300	N/A			
U.S. Army Armament Research and Development	3,575	N/A			
Novartis	3,573	N/A			
Saint Claire's Health System	2,342	N/A	Information Not Available		
County of Morris	2,126	N/A			
ADP	2,019	N/A			
United Parcel Service	1,941	N/A			
AT&T	1,500	N/A			
Honeywell	1,500	N/A			
Wyndham Worldwide	1,395	N/A			
	26,271	N/A			

N/A - Information is not available.

* - Employment data provided by the NJ Department of Labor and Workforce Development.

Source: Morris County Treasurer's Office.

Exhibit J-16

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST EIGHT FISCAL YEARS
UNAUDITED

Function/Program	2005	2006	2007	2008 (a)	2009	2010	2011	2012
Instruction								
Regular	272.0	266.0	274.0	270.0	276.0	278.0	205.5	209.9
Special education	3.0	2.0	2.0	1.0	1.5	1.0	56.5	112.5
Other special education	4.0	47.0	55.0	37.0	49.5	47.0	45.1	-
Support Services:								
Student & instruction related services	74.0	71.0	71.0	66.5	64.5	70.5	69.0	69.7
School administrative services	4.0	4.0	4.0	29.0	31.0	26.5	19.0	24.8
General and business administrative services	28.0	29.0	29.0	5.0	19.0	4.5	4.5	18.6
Plant operations and maintenance	17.0	15.0	15.0	51.0	55.0	55.5	42.3	42.7
Pupil transportation	62.0	78.0	78.0	20.0	20.0	21.5	19.0	20.4
Other support services	32.0	34.0	36.0	12.5		14.5	14.5	-
Total	496.0	546.0	564.0	492.0	516.5	519.0	475.4	498.6

(a) Prior year position counts included part-time employees as full-time equivalent. The current year has been corrected to reflect 2 part-time positions as 1 full-time equivalent.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST EIGHT FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil [d]	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio: Elementary	Pupil/Teacher Ratio: Middle School	Pupil/Teacher Ratio: High School	Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	3,592	$ 44,899,343	$ 12,500	7.21%	333	1:19	1:24	1:21	3,585.6	3,402.5	-0.04%	94.89%
2006	3,648	47,248,374	12,952	3.62%	305	1:19	1:22	1:20	3,626.8	3,430.0	1.15%	94.57%
2007	3,622	51,040,994	14,092	8.80%	257	1:16	1:12	1:13	3,625.4	3,435.8	-0.04%	94.77%
2008	3,623	53,320,326	14,717	4.44%	262	1:16	1:12	1:12	3,613.1	3,471.6	-0.34%	96.08%
2009	3,617	53,830,252	14,883	1.12%	265	1:16	1:12	1:10	3,602.3	3,428.9	-0.30%	95.19%
2010	3,577	55,101,161	15,404	3.51%	279	1:15	1:10	1:12	3,576.4	3,409.1	-0.72%	95.32%
2011	3,540	53,841,389	15,209	-1.26%	262	1:15	1:11	1:14	3,537.3	3,373.0	-1.09%	95.36%
2012	3,464	56,602,502	16,340	7.43%	266	1:15	1:12	1:11	3,462.7	3,307.6	-2.11%	95.52%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Sources: Jefferson Township School District records

Note: Enrollment based on annual October district count.

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

Exhibit J-18

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST EIGHT FISCAL YEARS

District Building	2005	2006	2007	2008	2009	2010	2011	2012
Ellen T. Briggs School (1955)								
Square Feet	33,828	33,828	33,828	33,828	33,828	33,828	33,828	33,828
Capacity (students)	270.62	270.62	270.62	270.62	270.62	270.62	270.62	270.62
Enrollment	380	251	258	261	256	256	390	393
Cozy Lake School (1962)								
Square Feet	35,776	35,776	35,776	35,776	35,776	35,776	35,776	35,776
Capacity (students)	286.21	286.21	286.21	286.21	286.21	286.21	286.21	286.21
Enrollment	276	308	288	283	280	280	245	247
Drummond School (1950)								
Square Feet	12,144	12,144	12,144	12,144	12,144	12,144	-	-
Capacity (students)	97.15	97.15	97.15	97.15	97.15	97.15	-	-
Enrollment	104	117	109	121	131	131	-	-
Milton School (1950)								
Square Feet	22,052	22,052	22,052	22,052	22,052	22,052	22,052	22,052
Capacity (students)	176.42	176.42	176.42	176.42	176.42	176.42	176.42	176.42
Enrollment	204	193	176	203	179	179	186	138
Stanlick School (1962)								
Square Feet	65,304	65,304	65,304	65,304	65,304	65,304	65,304	65,304
Capacity (students)	453.60	453.60	453.60	453.60	453.60	453.60	453.60	453.60
Enrollment	367	363	380	363	388	388	380	382
White Rock School (1969)								
Square Feet	65,684	65,684	65,684	65,684	65,684	65,684	65,684	65,684
Capacity (students)	424.80	424.80	424.80	424.80	424.80	424.80	424.80	424.80
Enrollment	484	452	424	415	439	439	426	425
Middle School (1969)								
Square Feet	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Capacity (students)	653.40	653.40	653.40	653.40	653.40	653.40	653.40	653.40
Enrollment	905	905	877	866	825	825	807	810
High School (1962)								
Square Feet	235,851	235,851	235,851	235,851	235,851	235,851	235,851	235,851
Capacity (students)	1,264.80	1,264.80	1,264.80	1,264.80	1,264.80	1,264.80	1,264.80	1,264.80
Enrollment	1,006	1,059	1,110	1,113	1,108	1,108	1,190	1,069
Other								
Administration Building								
Square Feet	4,846	4,846	4,846	4,846	4,846	4,846	4,846	12,144
Transportation								
Square Feet	400	400	400	400	400	400	400	400
Maintenance Offices								
Square Feet	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500

Number of Schools at June 30, 2012
Elementary = 5
Middle School = 1
High School = 1

Note - The Drummond School was decomissioned as a school in 2011. The school is going to be renovated and utilized as board of education offices in future years.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Jefferson Township School District Facilities Office

Note: Year of original construction is shown in parentheses.
Enrollment is based on the annual October district count.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

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

		Fiscal Year Ended June 30,									
School Facilities	Projects #	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Jefferson Township High School	N/A	$ 145,252	$ 231,832	$ 284,192	$ 303,089	$ 497,623	$ 479,578	$ 454,764	$ 473,758	$ 371,300	$ 338,706
Arthur Stanlick School	N/A	28,806	48,891	50,971	39,978	150,271	138,732	121,450	90,689	60,724	55,393
Drummond School	N/A	36,558	49,211	16,665	33,516	27,944	27,259	22,580	80,767		
Cozy Lake School	N/A	43,725	58,668	52,124	76,019	82,324	88,177	133,482	150,932	101,061	92,190
Ellen T. Briggs School	N/A	52,637	45,526	56,510	117,710	77,841	74,119	60,390	105,290	70,500	64,311
Jefferson Township Middle School	N/A	105,051	108,139	130,306	189,645	194,663	275,787	120,765	202,498	135,589	123,687
Milton School	N/A	42,268	26,744	28,696	141,762	50,744	66,917	46,358	34,032	22,787	20,787
White Rock School	N/A	36,675	41,417	47,619	24,606	151,145	142,808	174,214	245,918	164,662	150,207
		$ 490,972	$ 610,428	$ 667,083	$ 926,325	$ 1,232,555	$ 1,293,377	$ 1,134,003	$ 1,383,884	$ 926,623	$ 845,281

Note - The Drummond School was decomissioned as a school in 2011. The school is going to be renovated and utilized as board of education offices in future years.

Source: Jefferson Township School District records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

	Coverage	Deductible
Selective Way:		
Property blanket building and contents replacement cost value	$ 107,663,399	$ 2,500
Zurich American:		
Storage tank system third party liability and cleanup policy		
Each occurance	1,000,000	5,000
Annual aggregate	2,000,000	
Selective Way:		
General Liability		
Each Occurrence	1,000,000	
General Aggregate	3,000,000	
Prod/Completed Operating	3,000,000	
Personal Injury	1,000,000	
Fire Damage	100,000	
Medical Expense Limit (Excluding students)	5,000	
Employee Benefit Liability	1,000,000	1,000
Aggregate	3,000,000	
Selective Way		
Automotive Coverage		
Combined Single Limit	1,000,000	
Hired/Non-Owned	1,000,000	
Uninsured & Underinsured	1,000,000	500
Each Accident	1,000,000	
Hired Automotive Physical Damage	40,000	
Selective Way		
Inland Marine		
Electronic Data Processing Equipment	1,674,316	
Property in Transit	161,231	500
Miscellaneous School Equipment	500,000	500
Miscellaneous Musical Instruments	500,000	500
Cameras - Miscellaneous	50,000	500
Fine Arts Unscheduled Property	10,000	500
Utility Vehicle	10,932	500
Liquid Cooled Riding Mower	9,759	500

Source: Jefferson Township School District Records.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

	Coverage	Deductible
Selective Way:		
Crime Coverage		
Employee Dishonesty with Faithful Performance	$ 100,000	$ 1,000
Theft, Disappearance & Distruction		
Inside and Out	25,000	
Robbery & Safe Burglary Property other than Money & Securities-Inside & Out		1,000
Selective Way:		
Abuse Molestation	1,000,000	
Aggregate	3,000,000	
Selective Way:		
Catastrophe Liability Coverage		
Occurrence Limit	10,000,000	
Aggregate Limit	10,000,000	
Selective Way		
Board of Education		
Liability Wrongful Acts Coverage		
Each Loss	1,000,000	2,500
Aggregate	1,000,000	2,500
Non-Monetary Defense Limit	100,000	
Life Insurance Policy of North America		
Student Accident - Voluntary Program		
Benefit Period 2 years	2,000,000	
Travelers Casualty & Surety Co. of America		
Fidelity Bonds		
Treasurer of School Monies	300,000	
School Business Administrator/ Board Secretary	300,000	
Pooled Insurance Program of NJ		
Worker's Compensation		
Covered Payrolls - Professional	28,623,696	
Covered Payrolls - Non-Professional	4,037,639	

Source: Jefferson Township School District Records.

SINGLE AUDIT SECTION

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable President and Members
of the Board of Education
Jefferson Township School District
Lake Hopatcong, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Jefferson Township School District, in the County of Morris (the "Board") as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 misstatement on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Honorable President and Members
of the Board of Education
Jefferson Township School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. However, we noted certain matters that we reported to management in the separate *Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance* dated September 10, 2012.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Nisivoccia LLP
NISIVOCCIA LLP

September 10, 2012
Mount Arlington, New Jersey

Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

NISIVOCCIA LLP
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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members
of the Board of Education
Jefferson Township School District
Lake Hopatcong, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Jefferson Township School District in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board'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. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

The Honorable President and Members
of the Board of Education
Jefferson Township School District
Page 2

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and/or state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/Grant Compliance Supplement,* but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Nisivoccia LLP
NISIVOCCIA LLP

September 10, 2012
Mount Arlington, New Jersey

Francis J. Jones, Jr.
Licensed Public School Accountant #1154
Certified Public Accountant

Schedule A

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Deferred Revenue/ (Accounts Receivable) 6/30/11	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balance	Balance 6/30/12 Accounts Receivable	Balance 6/30/12 Deferred Revenue	Due to Grantor 6/30/12
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Child Nutrition Cluster:			7/1/11-6/30/12	$ 60,275			$ 60,275	$ (54,232)			$ 6,043	
Federal Food Distribution Program	10.555	N/A	7/1/10-6/30/11	28,547	$ 4,221			(4,221)				
Total Food Distribution Program					4,221		60,275	(58,453)			6,043	
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	22,810			20,682	(22,810)		$ (2,128)		
School Breakfast Program	10.553	N/A	7/1/10-6/30/11	17,253	(4,216)		4,216					
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	187,288			172,358	(187,288)		(14,930)		
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	173,052	(35,049)		35,049					
Special Milk Program	10.556	N/A	7/1/11-6/30/12	4,464			4,169	(4,464)		(295)		
Special Milk Program	10.556	N/A	7/1/10-6/30/11	4,154	(688)		688					
Total Child Nutrition Cluster					(39,953)		237,162	(214,562)		(17,353)		
Total U.S. Department of Agriculture					(35,732)		297,437	(273,015)		(17,353)	6,043	
Passed-through State Department of Education:												
General Fund:												
U.S. Department of Health and Human Services:												
Medicaid Reimbursement	93.778	N/A	7/1/11-9/30/12	23,973			23,973	(23,973)				
U.S. Department of Education:												
Education Jobs Fund	84.410A	N/A	7/1/11-9/30/12	570,679			570,679	(570,679)				
Total General Fund							594,652	(594,652)				
Special Revenue Fund:												
U.S. Department of Education:												
No Child Left Behind Consolidated Grant:												
Title IIA	84.278A	NCLB552012	9/1/10-8/31/12	65,934			58,455	(64,915)		(6,460)		
Title IIA	84.278A	NCLB552011	9/1/10-8/31/12	73,096	(18,900)		11,848	(5,331)		(12,383)		
Total Title IIA					(18,900)		70,303	(70,246)		(18,843)		
Title IV	84.186A	NCLB552011	9/1/10-8/31/12	8,151			7,840	(7,840)				
Total Title IV							7,840	(7,840)				
Special Education Cluster:												
U.S. Department of Education:												
I.D.E.A. Part B, Preschool	84.173	FT-5520-12	9/1/11-8/31/12	31,747			31,747	(31,747)				
I.D.E.A. Part B, Preschool	84.173	FT-5520-11	9/1/10-8/31/12	32,177			3,529	(3,529)				
I.D.E.A. Preschool ARRA	84.392	ARRA-5520-12	7/1/09-8/31/12	27,680	(8,523)		8,969	(446)				
I.D.E.A. Part B, Basic ARRA	84.391	ARRA-5520-12	7/1/09-8/31/12	765,516	(99,342)		120,535	(21,193)				
I.D.E.A. Part B, Basic	84.027	FT-5520-12	9/1/11-8/31/12	704,324			699,385	(704,324)		(4,939)		
Total Special Education Cluster					(107,865)		864,165	(761,239)		(4,939)		
Total Special Revenue Fund/U.S. Department of Education					(126,765)		942,308	(839,325)		(23,782)		
Total Federal Awards					$ (162,497)	$ -0-	$ 1,834,397	$ (1,706,992)	$ -0-	$ (41,135)	$ 6,043	$ -0-

N/A: Not Available

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Balance (Accounts Receivable) 06/30/11	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance 6/30/12 GAAP (Accounts Receivable)	Balance 6/30/12 Budgetary Deferred Revenue	Memo Budgetary Receivable	Memo Cumulative Total Expenditures
General Fund											
NJ Department of Education:											
Equalization Aid	12-495-034-5120-078	7/1/11 - 6/30/12	$ 12,664,359			$ 11,430,421	$ (12,664,359)			$ 1,233,938	$ 12,664,359
Transportation Aid	12-495-034-5120-014	7/1/11 - 6/30/12	89,499			80,779	(89,499)			8,720	89,499
Special Education Aid	12-495-034-5120-089	7/1/11 - 6/30/12	2,047,705			1,848,189	(2,047,705)			199,516	2,047,705
Security Aid	12-495-034-5120-084	7/1/11 - 6/30/12	304,075			274,448	(304,075)			29,627	304,075
Non-Public Transportation Aid	12-495-034-5120-014	7/1/11 - 6/30/12	25,338				(25,338)	$ (25,338)		25,338	25,338
Extraordinary Aid	12-100-034-5120-473	7/1/11 - 6/30/12	514,234				(514,234)	(514,234)		514,234	514,234
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11 - 6/30/12	1,754,031			1,666,315	(1,754,031)	(87,716)		87,716	1,754,031
Equalization Aid	11-495-034-5120-078	7/1/10 - 6/30/11	11,995,098	$ (1,164,939)		1,164,939					11,995,098
Special Education Aid	11-495-034-5120-089	7/1/10 - 6/30/11	2,047,705	(205,577)		205,577					2,047,705
Extraordinary Aid	11-100-034-5120-473	7/1/10 - 6/30/11	502,218	(502,218)		502,218					502,218
Nonpublic Transportation Aid	11-495-034-5120-014	7/1/10 - 6/30/11	32,808	(32,808)		32,808					32,808
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10 - 6/30/11	1,769,556	(85,439)		85,439					1,769,556
Total General Fund State Aid				(1,990,981)		17,291,133	(17,399,241)	(627,288)		2,099,089	33,746,626
New Jersey Department of Agriculture:											
Food Service Fund:											
School Lunch Program - State	12-100-010-3350-023	7/1/11 - 6/30/12	11,572			10,687	(11,572)	(885)		885	11,572
School Lunch Program - State	11-100-010-3350-023	7/1/10 - 6/30/11	11,591	(2,530)		2,530					11,591
Total NJ Department of Agriculture				(2,530)		13,217	(11,572)	(885)		885	23,163
Debt Service Fund:											
Debt Service State Aid Support	12-495-034-5120-017	7/1/11 - 6/30/12	42,326			42,326	(42,326)				42,326
Total Debt Service Fund						42,326	(42,326)				42,326
NJ Schools Development Authority:											
Capital Projects Fund:											
NJSDA Grant	SP # 202371	N/A	7,079,704	(120,946)		75,903		(45,043)		45,043	7,079,704
NJSDA Grant	2380-040-09-1001; 2380-040-09-1002; 2380-040-09-1003	N/A	482,250	(482,250)				(482,250)		482,250	482,250
NJSDA Grant	2380-050-10-1005	N/A	149,782				(149,782)	(149,782)		149,782	149,782
Total NJ Schools Development Authority				(603,196)		75,903	(149,782)	(677,075)		677,075	7,711,736
Total State Awards				$ (2,596,707)	$ -0-	$ 17,422,579	$ (17,602,921)	$ (1,305,248)	$ -0-	$ 2,777,049	$ 41,523,851

N/A Not Available

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Jefferson Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund, capital projects fund and debt service 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 last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the year of award while on a GAAP basis revenue is recognized based on grant expenditures and when reimbursement requests are submitted.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is ($101,285) for the general and $269,707 for the special revenue fund and $75,903 for the capital projects fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. The schedule of expenditures of state awards does not include the on-behalf Pension Contributions and Post Retirement Contributions of $745,178 and $1,498,001 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page:

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	Federal	State	Total
General Fund	$ 594,652	$ 19,541,135	$20,135,787
Special Revenue Fund	839,325		839,325
Capital Projects Fund		75,903	75,903
Debt Service Fund		42,326	42,326
Enterprise Fund - Food Service	273,015	11,572	284,587
Total Awards	$ 1,706,992	$19,670,936	$21,377,928

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. SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has been awarded grants in the amounts of $7,079,704, $482,250 and $149,782 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act for renovations and additions to the Middle School/High School and consumer life science construction at the Middle School/High School and Milton Elementary School window replacement project, respectively. As of June 30, 2012, $7,079,704, $482,250 and $149,782 has been expended and submitted for reimbursement, and $45,043, $482,250 and $149,782 are receivables both on a budgetary and GAAP basis.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. Revenue and expenditures reported under the Food Distribution program represent current year value received and current year distributions respectively.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major programs.
- An unqualified report was issued on the District's compliance for major programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for recipients of Federal Grants, State Grants and State Aid.*
- The District's major federal and state programs for the current fiscal year consisted of the following:

	State Grant Number/ CFDA Number	Grant Period	Award Amount	Budgetary Expenditures
State:				
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	$12,664,359	$12,664,359
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	2,047,705	2,047,705
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	514,234	514,234
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	304,075	304,075
Federal:				
Education Jobs Fund	84.410A	7/1/11-9/30/12	570,679	570,679
Special Education Cluster				
I.D.E.A. Part B - Preschool	84.173	9/1/11-8/31/12	31,747	31,747
I.D.E.A. Part B - Preschool - Carryover	84.173	9/1/10-8/31/12	32,177	3,529
I.D.E.A. Part B - Basic	84.027	9/1/11-8/31/12	704,324	704,324
I.D.E.A. Part B - Basic ARRA	84.391	7/1/09-8/31/12	765,516	21,193
I.D.E.A. - Preschool ARRA	84.392	7/1/09-8/31/12	27,680	446

- The threshold for distinguishing Type A and Type B federal and state programs was $300,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey Circular NJOMB 04-04 was $500,000.
- The District qualified as a "low-risk" auditee for federal and state programs under the provision of section 530 of the federal Circular.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey OMB's Circular 04-04.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

The District had no prior year audit findings.