

**SCHOOL DISTRICT
OF
JEFFERSON TOWNSHIP**

**Jefferson Township School District
Jefferson Township, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013**

**Comprehensive Annual
Financial Report**

of the

Jefferson Township School District

Jefferson Township, New Jersey

For the Fiscal Year Ended June 30, 2013

Prepared by

**Jefferson Township School District
Business Office**

JEFFERSON TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION



Jefferson Township Board of Education

31 State Route 181, Lake Hopatcong, NJ 07849
 Phone: (973) 663-5782 Fax: (973) 663-5004
www.jefftwp.org

Superintendent of Schools
 Joseph G. Kraemer

Assistant Superintendent of Schools
 Dr. Mary K. Thornton

Business Administrator
 Dora E. Zeno, *RSBA, SFO*

Assistant Business Administrator
 Estrella M. Molinet, *SFO*

August 26, 2013

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, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 2012-13 fiscal year with an enrollment of 3,446 students, which is a decrease of 18 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:

<u>Fiscal Year</u>	<u>Year End Student Enrollment</u>	<u>Percent Change</u>
2012-2013	3,446	-0.52%
2011-2012	3,464	-2.15%
2010-2011	3,540	-1.03%
2009-2010	3,577	-1.11%
2008-2009	3,617	-0.17%

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 District Report Card was issued by the State of New Jersey during the 2012-2013 school year for the 2011-2012 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.

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.

The Honorable President and Members of
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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. 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, 2013.

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) 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.

8) 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.

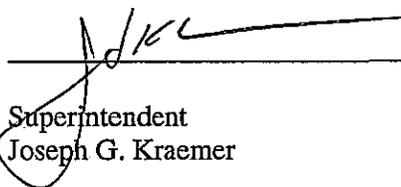
The Honorable President and Members of
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August 26, 2013

9) OTHER INFORMATION:

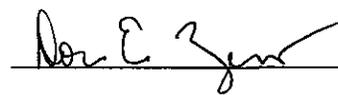
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, 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 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 and *Government Auditing Standards* are included in the single audit section of this report.

10) 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.

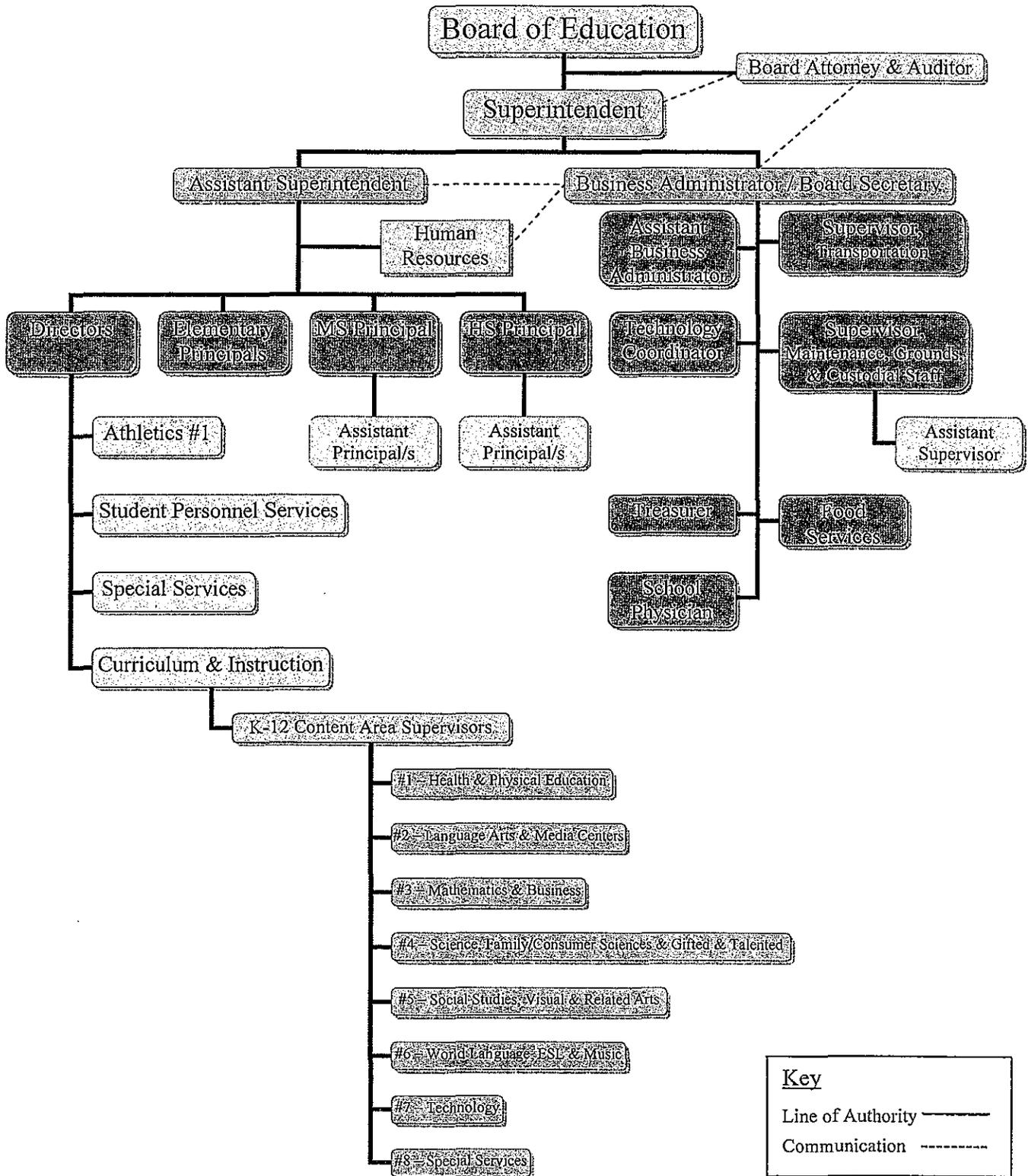
Respectfully submitted,



Superintendent
Joseph G. Kraemer



Business Administrator/Board Secretary
Dora E. Zeno



Key
 Line of Authority ———
 Communication - - - - -

**TOWNSHIP OF JEFFERSON BOARD OF EDUCATION
LAKE HOPATCONG, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2013**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Mr. Frank J. Cuccio	Member	2014
Mr. Matthew Millar	Vice President	2013
Mrs. Stacey Poulas	Member	2014
Mr. Edward Quigley	Member	2013
Mrs. Cynthia R. Scott	Member	2013
Mrs. Melissa Senatore	Member	2015
Mr. H. Ronald Smith	President	2014
Mr. Michael Stewart	Member	2015
Mrs. Jill Van Ness	Member	2015

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

Schenck, Price, Smith & King, LLP
10 Washington Street
PO Box 905
Morristown, NJ 07963-0905

Insurance Agent

William H. Connolly & Co.
56 Park Street
Montclair, NJ 07042

Official Depositories

Lakeland State Bank
CITI Bank
Cash Management of NJ/ARM
Skylands Community Bank
Wachovia Bank

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Jefferson Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable President and Members
of the Board of Education
Jefferson Township School District
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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 School District, in the County of Morris, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, and the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

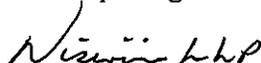
The Honorable President and Members
of the Board of Education
Jefferson Township School District
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The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

August 26, 2013
Mount Arlington, New Jersey


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, 2013. 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 position increased by \$946,186 or 3.22%. Net position of governmental activities increased \$1,056,309 while net position of business-type activities decreased by \$110,123.
- Revenues totaled \$62,886,793 for this fiscal year.
- The District had \$60,661,736 in expenses related to governmental activities. Expenses relating to business-type activities totaled \$1,278,871.
- The District continued to pay down its debt by retiring \$1,110,000 of outstanding bonds.

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

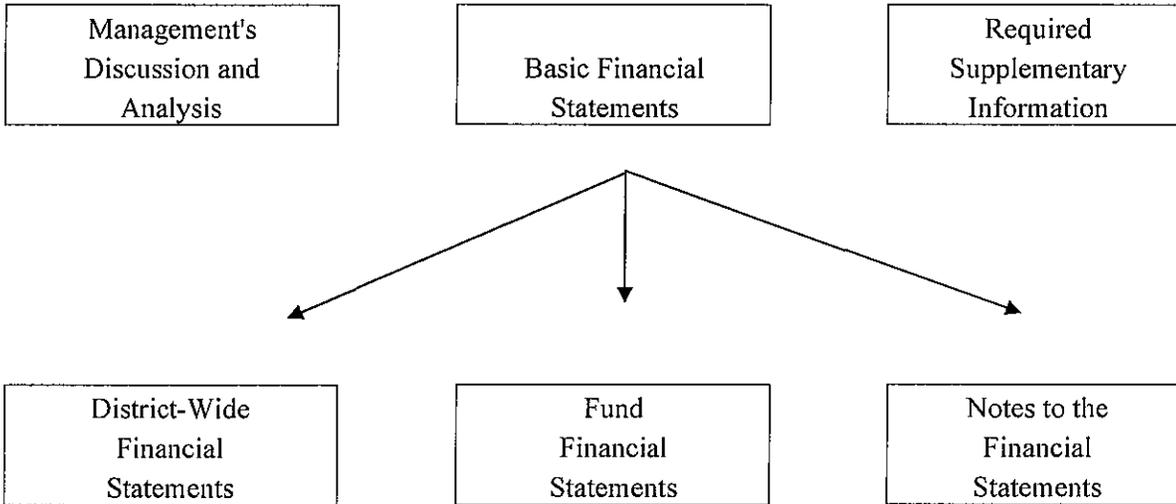


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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 position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net position – 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 position 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 it is 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 Position. The Statement of Net Position provides the perspective of the School District as a whole. Net position 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 Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
Current and Other Assets	\$ 2,113,712	\$ 2,475,548	\$ 301,122	\$ 186,678	\$ 2,414,834	\$ 2,662,226	10.24%
Capital Assets	51,660,118	50,948,537	107,738	92,908	51,767,856	51,041,445	-1.40%
Total Assets	53,773,830	53,424,085	408,860	279,586	54,182,690	53,703,671	-0.88%
Long-Term Debt Outstanding	22,604,156	21,271,018	15,753		22,619,909	21,271,018	-5.96%
Other Liabilities	2,096,879	2,023,963	36,251	32,853	2,133,130	2,056,816	-3.58%
Total Liabilities	24,701,035	23,294,981	52,004	32,853	24,753,039	23,327,834	-5.76%
Net Position:							
Net Investment in Capital Assets	28,602,423	29,179,264	107,738	92,908	28,710,161	29,272,172	1.96%
Restricted for:							
Debt Service	46,176	6,041			46,176	6,041	-86.92%
Capital Projects	120,605	606,179			120,605	606,179	402.62%
Other Purposes	639,325	221,937			639,325	221,937	-65.29%
Unrestricted/(Deficit)	(335,734)	115,683	249,118	153,825	(86,616)	269,508	411.15%
Total Net Position	\$ 29,072,795	\$ 30,129,104	\$ 356,856	\$ 246,733	\$ 29,429,651	\$ 30,375,837	3.22%

Changes in Net Position. The District's *combined* net position was \$30,375,837 on June 30, 2013, \$946,186 or 3.22% more than 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 \$1,288,422. The net position of the business-type activities decreased \$110,123, which is attributable to expenditures exceeding revenue in the enterprise food service fund (See Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
Revenue:							
Program Revenue:							
Charges for Services			\$ 863,684	\$ 872,197	\$ 863,684	\$ 872,197	0.99%
Operating Grants and Contributions	\$ 20,380,460	\$ 22,201,546	284,587	269,157	20,665,047	22,470,703	8.74%
Capital Grants and Contributions	75,093	460,430			75,093	460,430	513.15%
General Revenue:							
Property Taxes	37,753,847	38,473,175			37,753,847	38,473,175	1.91%
Unrestricted Federal and State Aid	637,788	89,497			637,788	89,497	-85.97%
Other	110,375	493,397	416	27,394	110,791	520,791	370.07%
Total Revenue	58,957,563	61,718,045	1,148,687	1,168,748	60,106,250	62,886,793	4.63%
Expenses:							
Instruction	29,694,310	30,509,582			29,694,310	30,509,582	2.75%
Pupil and Instruction Services	12,159,990	12,782,289			12,159,990	12,782,289	5.12%
Administrative and Business	5,913,774	6,552,524			5,913,774	6,552,524	10.80%
Maintenance and Operations	5,725,399	5,694,585			5,725,399	5,694,585	-0.54%
Transportation	3,674,480	3,801,193			3,674,480	3,801,193	3.45%
Other	1,300,709	1,321,563	1,056,848	1,278,871	2,357,557	2,600,434	10.30%
Total Expenses	58,468,662	60,661,736	1,056,848	1,278,871	59,525,510	61,940,607	4.06%
Increase/(Decrease) in Net Position	\$ 488,901	\$ 1,056,309	\$ 91,839	\$(110,123)	\$ 580,740	\$ 946,186	62.93%

Revenue Sources. The District's total revenue for the 2012/13 school year was \$62,886,793. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for \$38,473,175 of the total, or 61.18 percent. (See Figure A-5). Another 36.60 percent came from grants and contributions, and the remainder from 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 2013

	Amount	Percentage
Sources of Income:		
Operating Grants and Contributions	\$ 22,470,703	35.73%
Property Taxes	38,473,175	61.18%
Federal and State Unrestricted Aid	549,927	0.87%
Charges for Services	872,197	1.39%
Other	520,791	0.83%
	\$ 62,886,793	100.00%

The total cost of all programs and services was \$61,940,607. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (76.04 percent). (See Figure A-6). The District's administrative and business activities accounted for 10.58 percent of total costs.

Figure A-6
Expenses for Fiscal Year 2013

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 30,509,582	49.26%
Pupil and Instruction Services	12,782,289	20.64%
Administrative and Business	6,552,524	10.58%
Maintenance and Operations	5,694,585	9.19%
Transportation	3,801,193	6.14%
Other	2,600,434	4.19%
	<u>\$ 61,940,607</u>	<u>100.00%</u>

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 cost savings.
- Restructured debt when 3.00% or greater net present value yield was viable.

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

Sources of Income:	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2011/12	2012/13	2011/12	2012/13
Instruction	\$ 29,694,310	\$ 30,509,582	\$ 11,623,960	\$10,932,663
Pupil and Instruction Services	12,159,990	12,782,289	10,721,816	11,110,005
Administrative and Business	5,913,774	6,552,524	5,492,769	5,998,907
Maintenance and Operations	5,725,399	5,694,585	5,430,157	5,412,776
Transportation	3,674,480	3,801,193	3,443,698	3,223,846
Other	1,300,709	1,321,563	1,300,709	1,321,563
	<u>\$ 58,468,662</u>	<u>\$ 60,661,736</u>	<u>\$ 38,013,109</u>	<u>\$ 37,999,760</u>

- The cost of all governmental activities this year was \$60.66 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$22.47 million).
- Most of the District's costs however, were financed by District taxpayers.
- The remainder of the funding came from unrestricted state and federal aid, miscellaneous revenue and investment earnings.

Business-Type Activities

Net position from the District's business-type activity decreased by \$110,123. (Refer to Figure A-4). The factor contributing to this result was:

- Food services expenses exceeded revenue by \$110,123.

Financial Analysis of the District's Funds

The District's financial position remains stable. Expenditures related to special needs children have increased due to related services and equipment needs. Salaries of staff have increased by prior year negotiated agreements and health benefits. The debt service requirement was refunded and reissued during the 2011-2012 fiscal year, resulting in significant savings. The district fund balance is on target at 2%.

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.
- Higher than normal legal fees

Capital Asset and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	
Land	\$ 883,279	\$ 883,279			\$ 883,279	\$ 883,279	0.00%
Buildings and Improvements	48,082,587	47,609,595			48,082,587	47,609,595	-0.98%
Machinery and Equipment	2,694,252	2,455,663	\$ 107,738	\$ 92,908	2,801,990	2,548,571	-9.04%
	<u>\$ 51,660,118</u>	<u>\$ 50,948,537</u>	<u>\$ 107,738</u>	<u>\$ 92,908</u>	<u>\$ 51,767,856</u>	<u>\$ 51,041,445</u>	-1.40%

The District had improvements made to several buildings which accounted for \$533,105 of the \$711,581 total increase in the capital assets of the governmental activities. The District also disposed of items in the amount of \$529,004, which were fully depreciated at the time of their disposal. The depreciation factored into the governmental activities and the business-type activities for the fiscal year 2012-13 were \$1,286,750 and \$14,830, respectively.

Long-term Debt

At year-end, the District had \$21,585,000 in general obligation bonds outstanding – a reduction of \$1,110,000 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 Change
	2011/12	2012/13	
General Obligation Bonds (Financed with Property Taxes), net	\$ 21,791,970	\$ 20,738,409	-4.83%
Capital Leases	362,695	184,273	-49.19%
Other Long-Term Liabilities	449,491	348,336	-22.50%
	<u>\$ 22,604,156</u>	<u>\$ 21,271,018</u>	-5.90%

- The District continued to pay down its debt, retiring \$1,110,000 of outstanding bonds.
- The District continued to pay down its leases, retiring \$178,422 of outstanding capital leases.

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, Robert F. Drummond Building, 31 Route 181, Lake Hopatcong, New Jersey 07849.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 976,775	\$ 133,883	\$ 1,110,658
Receivables from Other Governments	742,960	18,045	761,005
Other Receivables	4,314	2,025	6,339
Inventory		32,725	32,725
Unamortized Bond Issuance Costs	239,453		239,453
Restricted Assets:			
Capital Reserve Account - Cash	512,046		512,046
Capital Assets:			
Sites (Land)	883,279		883,279
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	50,065,258	92,908	50,158,166
Total Assets	<u>53,424,085</u>	<u>279,586</u>	<u>53,703,671</u>
LIABILITIES			
Accounts Payable - Vendors	55,784	14,905	70,689
Accrued Salaries Payable	12,453		12,453
Accrued Interest Payable	236,584		236,584
Prepaid Sales		7,198	7,198
Unamortized Bond Premium	1,703,692		1,703,692
Unearned Revenue	15,450	10,750	26,200
Noncurrent Liabilities:			
Due Within One Year	1,379,484		1,379,484
Due Beyond One Year	19,891,534		19,891,534
Total Liabilities	<u>23,294,981</u>	<u>32,853</u>	<u>23,327,834</u>
NET POSITION			
Net Investment in Capital Assets	29,179,264	92,908	29,272,172
Restricted for:			
Debt Service	6,041		6,041
Capital Projects	606,179		606,179
Other Purposes	221,937		221,937
Unrestricted/(Deficit)	115,683	153,825	269,508
Total Net Position	<u>\$ 30,129,104</u>	<u>\$ 246,733</u>	<u>\$ 30,375,837</u>

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, 2013

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 22,418,746		\$ 16,056,660	\$ 460,430	\$ (5,901,656)	\$ (5,901,656)
Special Education	5,876,726		2,840,453		(3,036,273)	(3,036,273)
Other Special Instruction	1,224,706		134,432		(1,090,274)	(1,090,274)
Other Instruction	989,404		84,944		(904,460)	(904,460)
Support services:						
Tuition	3,137,916		722,276		(2,415,640)	(2,415,640)
Student & Instruction Related Services	9,644,373		950,008		(8,694,365)	(8,694,365)
General Administrative Services	2,011,524		72,849		(1,938,675)	(1,938,675)
School Administrative Services	2,531,619		197,600		(2,334,019)	(2,334,019)
Central Services	1,035,540		103,949		(931,591)	(931,591)
Administrative Information Technology	973,841		179,219		(794,622)	(794,622)
Plant Operations and Maintenance	5,694,585		281,809		(5,412,776)	(5,412,776)
Pupil Transportation	3,801,193		577,347		(3,223,846)	(3,223,846)
Interest on Long-Term Debt	804,503				(804,503)	(804,503)
Unallocated Depreciation	379,568				(379,568)	(379,568)
Capital Outlay	94,542				(94,542)	(94,542)
Transfer to Charter School	42,950				(42,950)	(42,950)
Total Governmental Activities	60,661,736	\$ -0-	22,201,546	460,430	(37,999,760)	\$ -0-

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Business-Type Activities:						
Food Service	\$ 1,278,871	\$ 872,197	\$ 269,157		\$ (137,517)	\$ (137,517)
Total Business-Type Activities	<u>1,278,871</u>	<u>872,197</u>	<u>269,157</u>		<u>(137,517)</u>	<u>(137,517)</u>
Total Primary Government	<u>\$ 61,940,607</u>	<u>\$ 872,197</u>	<u>\$ 22,470,703</u>	<u>\$ 460,430</u>	<u>\$ (37,999,760)</u>	<u>(38,137,277)</u>
General Revenues:						
Taxes:						
				36,579,660		36,579,660
				1,893,515		1,893,515
				89,497		89,497
				965		965
				492,432	27,394	519,826
				<u>39,056,069</u>	<u>27,394</u>	<u>39,083,463</u>
				1,056,309	(110,123)	946,186
				<u>29,072,795</u>	<u>356,856</u>	<u>29,429,651</u>
				<u>\$ 30,129,104</u>	<u>\$ 246,733</u>	<u>\$ 30,375,837</u>

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

FUND FINANCIAL STATEMENTS

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 618,832	\$ 27,893	\$ 324,009	\$ 6,041	\$ 976,775
Intergovernmental Accounts Receivable - State	576,711				576,711
Intergovernmental Accounts Receivable - Federal		166,249			166,249
Interfund Receivable	174,188				174,188
Other Receivable	4,314				4,314
Restricted Cash and Cash Equivalents	512,046				512,046
Total Assets	\$ 1,886,091	\$ 194,142	\$ 324,009	\$ 6,041	\$ 2,410,283
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors	\$ 27,891	\$ 27,893			\$ 55,784
Accrued Salaries and Benefits	12,453				12,453
Interfund Payable		166,249	\$ 7,939		174,188
Unearned Revenue	15,450				15,450
Total Liabilities	55,794	194,142	7,939		257,875
Fund Balances:					
Restricted for:					
Capital Reserve Account	290,109				290,109
Maintenance Reserve Account	221,937				221,937
Capital Projects			316,070		316,070
Debt Service				\$ 6,041	6,041
Assigned:					
For Subsequent Year's Expenditures	943,693				943,693
Year-end Encumbrances	374,558				374,558
Total Fund Balances	1,830,297		316,070	6,041	2,152,408
Total Liabilities and Fund Balances	\$ 1,886,091	\$ 194,142	\$ 324,009	\$ 6,041	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$66,888,466 and the accumulated depreciation is \$15,939,929.

50,948,537

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.

(236,584)

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 \$227,158.

(1,703,692)

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 \$31,928.

239,453

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

(21,271,018)

Net Position of Governmental Activities

\$ 30,129,104

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, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 36,579,660			\$ 1,893,515	\$ 38,473,175
Miscellaneous	493,397				493,397
Total - Local Sources	<u>37,073,057</u>			<u>1,893,515</u>	<u>38,966,572</u>
State Sources	21,285,108		\$ 460,430	43,731	21,789,269
Federal Sources	45,766	\$ 916,438			962,204
Total Revenue	<u>58,403,931</u>	<u>916,438</u>	<u>460,430</u>	<u>1,937,246</u>	<u>61,718,045</u>
EXPENDITURES:					
Current:					
Regular Instruction	15,490,859	128,019			15,618,878
Special Education Instruction	3,953,643	66,143			4,019,786
Other Special Instruction	830,169				830,169
Other Instruction	740,102				740,102
Support Services and Undistributed Costs:					
Tuition	2,415,640	722,276			3,137,916
Student & Instruction Related Services	6,331,374				6,331,374
General Administrative Services	1,571,723				1,571,723
School Administrative Services	2,130,115				2,130,115

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 730,466				\$ 730,466
Administrative Information Technology	447,860				447,860
Plant Operations and Maintenance	4,836,978				4,836,978
Pupil Transportation	3,191,011				3,191,011
Unallocated Benefits	15,126,190				15,126,190
Debt Service:					
Principal				\$ 1,110,000	1,110,000
Interest and Other Charges				867,381	867,381
Capital Outlay	669,711				669,711
Transfer to Charter School	42,950				42,950
Total Expenditures	<u>58,508,791</u>	<u>\$ 916,438</u>		<u>1,977,381</u>	<u>61,402,610</u>
Net Change in Fund Balances	(104,860)		460,430	(40,135)	315,435
Fund Balance/(Deficit)—July 1	<u>1,935,157</u>		<u>(144,360)</u>	<u>46,176</u>	<u>1,836,973</u>
Fund Balance/(Deficit)—June 30	<u>\$ 1,830,297</u>	<u>\$ -0-</u>	<u>\$ 316,070</u>	<u>\$ 6,041</u>	<u>\$ 2,152,408</u>

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, 2013

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 315,435

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	<u>575,169</u>	
			(711,581)

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 (+).

101,155

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. (+)

21,702

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, 2013

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 an 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 Position and is not reported in the Statement of Activities.	<u>1,288,422</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	<u>\$ 1,056,309</u>

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 POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Business-type Activities - Enterprise Funds Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 133,883
Intergovernmental Accounts Receivable:	
Federal	16,587
State	1,458
Other Accounts Receivable	2,025
Inventories	32,725
Total Current Assets	186,678
Non-Current Assets:	
Capital Assets	466,511
Less: Accumulated Depreciation	(373,603)
Total Non-Current Assets	92,908
Total Assets	279,586
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	14,905
Prepaid Sales	7,198
Unearned Revenue	10,750
Total Current Liabilities	32,853
<u>NET POSITION:</u>	
Net Investment in Capital Assets	92,908
Unrestricted	153,825
Total Net Position	\$ 246,733

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 POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 858,611
Special Events	13,586
	872,197
Total Operating Revenue	872,197
Operating Expenses:	
Cost of Sales	631,907
Salaries and Payroll Taxes	450,708
Employee Benefits	52,568
Management Fee	68,548
Professional and Technical Services	33,310
Depreciation Expense	14,830
	1,251,871
Total Operating Expenses	1,251,871
Operating Income/(Loss)	(379,674)
Non-Operating Revenue:	
Local Sources	
Interest Revenue	394
State Sources:	
State School Lunch Program	11,166
Federal Sources	
National School Lunch Program	218,844
Food Distribution Program	39,147
	269,551
Total Non-Operating Revenue	269,551
Change in Net Position	(110,123)
Net Position - Beginning of Year	356,856
Net Position - End of Year	\$ 246,733

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, 2013

	<u>Business-type Activities- Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 872,197
Payments to Food Service Vendor	(1,224,990)
Net Cash Used for Operating Activities	<u>(352,793)</u>
Cash Flows from Investing Activities:	
Investment Income	394
Net Cash Provided by Investing Activities	<u>394</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	10,593
Federal Sources:	
National School Lunch Program	219,610
Net Cash Provided by Noncapital Financing Activities	<u>230,203</u>
Net (Decrease) in Cash and Cash Equivalents	(122,196)
Cash and Cash Equivalents, July 1	<u>256,079</u>
Cash and Cash Equivalents, June 30	<u>\$ 133,883</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (379,674)
Adjustment to Reconcile Operating Income to Cash Used for Operating Activities:	
Depreciation	14,830
Federal Food Distribution Program	39,147
Changes in Assets and Liabilities:	
(Increase)/Decrease in Other Accounts Receivable	(1,871)
(Increase)/Decrease in Inventories	(6,074)
Increase/(Decrease) in Accounts Payable	(31,056)
Increase/(Decrease) in Prepaid Sales	7,198
Increase/(Decrease) in Unearned Revenue	4,707
Net Cash Used for Operating Activities	<u>\$ (352,793)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$43,854 and \$39,147, respectively, for the fiscal year ended June 30, 2013.

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 POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

<u>ASSETS:</u>	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Funds</u>
Cash and Cash Equivalents	\$ 1,005,146	\$ 374,861	\$ 51,594
Total Assets	<u>1,005,146</u>	<u>374,861</u>	<u>51,594</u>
<u>LIABILITIES:</u>			
Accrued Salaries and Wages	527,882		
Payroll Deductions and Withholdings	279,543		
Due to Student Groups	197,621		
Net Payroll	<u>100</u>		
Total Liabilities	<u>1,005,146</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		374,861	
Scholarships			<u>51,594</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 374,861</u>	<u>\$ 51,594</u>

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Unemployment Compensation Trust	Scholarship and Memorial Trust Fund
ADDITIONS:		
Contributions:		
District Contributions	\$ 125,000	
Plan Member	72,569	
Donations		\$ 12,700
Total Contributions	197,569	12,700
Investment Earnings:		
Interest	492	83
Net Investment Earnings	492	83
Total Additions	198,061	12,783
DEDUCTIONS:		
Unemployment Compensation Claims	100,703	
Scholarships Awarded		14,850
Total Deductions	100,703	14,850
Change in Net Position	97,358	(2,067)
Net Position - Beginning of the Year	277,503	53,661
Net Position - End of the Year	\$ 374,861	\$ 51,594

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, 2013

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 and a resulting financial benefit or burden relationship, 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 position 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, 2013
(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, 2013
(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 position 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.

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, 2013 was submitted to the County office and was approved by a vote of the Board of Education. 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 and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the 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	\$ 58,472,473	\$ 916,438
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,471,801	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,540,343)	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 58,403,931	\$ 916,438
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 58,508,790	\$ 916,438
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 58,508,790	\$ 916,438

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

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

	Revenue	Capital Projects Fund
Restricted Revenue - Budgetary Basis	\$ -0-	\$ 532,715
Reconciliation to Governmental Funds Statements (GAAP):		
NJSDA Grant Receivable not Recognized on GAAP Basis	406,430	(216,645)
Fund Balance/Deficit per Governmental Funds (GAAP)	\$ 406,430	\$ 316,070

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 position, 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, 2013
(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 unearned 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, 2013.

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, 2013
(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:

	<u>Estimated Useful Life</u>
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 position, 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, 2013 totaled \$527,882.

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 sick leave. 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, 2013
(Continued)

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

N. Compensated Absences: (Cont'd)

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

O. Unearned Revenue:

Unearned 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 \$1,830,297 General Fund balance at June 30, 2013, \$374,558 is assigned for encumbrances, \$290,109 is restricted in the capital reserve account; \$221,937 is restricted in the maintenance reserve account; \$943,693 is assigned for subsequent year's expenditures; and \$0- is unassigned which is \$1,540,343 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, 2014.

Capital Projects Fund: The \$316,070 Capital Projects Fund balance at June 30, 2013 is unassigned.

Debt Service Fund: The \$6,041 Debt Service Fund balance at June 30, 2013 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 no excess surplus at June 30, 2013.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$1,540,343 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 Position:

The District did not have any deficit fund balances or net position at June 30, 2013.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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

R. Net Position:

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District did not have any deferred inflows or outflows of resources at June 30, 2013.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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 position is available.

S. Fund Balance Restrictions, Commitments and Assignments:

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, the capital projects fund, a capital reserve and a maintenance reserve.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

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, 2013.

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, 2013.

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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.

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

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;
- (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, 2013, 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	<u>\$ 2,542,259</u>	<u>\$ 512,046</u>	<u>\$ 3,054,305</u>

During the period ended June 30, 2013, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2013, was \$3,054,305 and the bank balance was \$3,837,006.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012	\$ 264,965
Add:	
Increase per Board Resolution	24,621
Interest Earned in Capital Reserve Account	523
Ending Balance, June 30, 2013	<u>\$ 290,109</u>

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects at June 30, 2013 is equal to or greater than \$290,109. 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, 2013, the District transferred a total of \$30,013 to capital outlay accounts for equipment which did not require approval from the County Superintendent. The District transferred \$49,580 to capital outlay accounts for facilities acquisitions and construction services and obtained approval from the County Superintendent for these transfers.

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
	<u>\$1,286,750</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 6: CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2013 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	<u>883,279</u>			<u>883,279</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	60,477,386	\$ 533,105		61,010,491
Machinery and Equipment	5,481,636	42,064	\$ (529,004)	4,994,696
Total Capital Assets Being Depreciated	<u>65,959,022</u>	<u>575,169</u>	<u>(529,004)</u>	<u>66,005,187</u>
Governmental Activities Capital Assets	<u>66,842,301</u>	<u>575,169</u>	<u>(529,004)</u>	<u>66,888,466</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(12,394,799)	(1,006,097)		(13,400,896)
Machinery and Equipment	(2,787,384)	(280,653)	529,004	(2,539,033)
	<u>(15,182,183)</u>	<u>(1,286,750)</u>	<u>529,004</u>	<u>(15,939,929)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 51,660,118</u>	<u>\$ (711,581)</u>	<u>\$ -0-</u>	<u>\$ 50,948,537</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 466,511			\$ 466,511
Less: Accumulated Depreciation	(358,773)	\$ (14,830)		(373,603)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 107,738</u>	<u>\$ (14,830)</u>	<u>\$ -0-</u>	<u>\$ 92,908</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2013, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2012	Accrued	Retired	Balance 6/30/2013
Serial Bonds Payable	\$22,695,000		\$1,110,000	\$ 21,585,000
Less: Deferred Interest Payable	(903,030)		56,439	(846,591)
Serial Bonds Payable, Net	21,791,970		1,166,439	20,738,409
Compensated Absences Payable	449,491	\$ 38,501	139,656	348,336
Capital Leases Payable	362,695		178,422	184,273
	<u>\$22,604,156</u>	<u>\$ 38,501</u>	<u>\$1,484,517</u>	<u>\$ 21,271,018</u>

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, 2013
(Continued)

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

The District had bonds outstanding as of June 30, 2013 as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
9/15/2027	3.00%-5.00%	\$21,010,000
9/1/2016	4.00%	575,000
		<u>\$21,585,000</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,225,000	668,331	1,893,331
2019-2023	7,015,000	2,575,125	9,590,125
2024-2028	8,415,000	1,037,600	9,452,600
	<u>\$21,585,000</u>	<u>\$ 7,427,380</u>	<u>\$29,012,380</u>

B. Bonds Authorized but not Issued:

As of June 30, 2013, 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, 2013.

<u>Year</u>	<u>Amount</u>
2014	\$ 190,314
Less: Amount representing interest	<u>(6,041)</u>
Present value of net minimum lease payments	<u>\$ 184,273</u>

The current portion of Capital Leases payable at June 30, 2013 is \$184,273. Capital leases will be liquidated through the general fund.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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

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 \$91,650 and is separated from the long-term liability balance of compensated absences of \$256,686. 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, 2013, 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.

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 July 1, 2012, the employee contributions for PERS and TPAF increased from 6.5% to 6.64% of employees' annual compensation, as defined. Subsequent increases are being phased in over 7 years effective each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. 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 \$682,732, \$752,500 and \$736,070 for the fiscal years ended June 30, 2013, 2012 and 2011 respectively.

During the fiscal years ended June 30, 2013, 2012, and 2011 the State of New Jersey contributed \$1,553,601, \$745,178 and \$0-, respectively, to the TPAF for pension benefits on-behalf of the District.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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 through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$1,756,731, \$1,498,001 and \$1,594,688 for 2013, 2012 and 2011, 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, Liability and Health Benefits

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.

The District is a member of a joint insurance fund for workers' compensation. Health benefits are provided to employees through CIGNA.

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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 Governmental 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, 2013 audited financial statements were not available as of the date of our report; however, selected, summarized financial information as of June 30, 2012 is as follows:

	<u>Pooled Insurance Program</u>
Total Assets	\$ 20,491,201
Net Position	\$ 4,907,675
Total Revenue	\$ 8,109,358
Total Expenses	\$ 7,088,647
Change in Net Position	\$ 1,020,711
Members Dividends	\$ 1,093,152

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.

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.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ 125,000	\$ 492	\$ 72,569	\$ 100,703	\$ 374,861
2011-2012	150,000	404	70,994	185,797	277,503
2010-2011	300,000	534	68,989	350,064	241,902

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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, 2013:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 174,188	
Special Revenue Fund		\$ 166,249
Capital Projects Fund		7,939
	<u>\$ 174,188</u>	<u>\$ 174,188</u>

The General Fund is owed \$7,939 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 \$174,188 from the Special Revenue Fund for a cash deficit which will be reimbursed when grant money is received from the federal grantors.

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

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (Continued)

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, 2013, if any, is unknown.

Encumbrances

At June 30, 2013, there were encumbrances as detailed below in the governmental funds.

General Fund	Total Governmental Activities
<u>\$ 374,558</u>	<u>\$ 374,558</u>

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (Continued)

NOTE 16. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance July 1, 2012	\$ 221,495
Add:	
Interest Earnings	442
Ending Balance June 30, 2013	\$ 221,937

BUDGETARY COMPARISON SCHEDULES

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 36,579,660		\$ 36,579,660	\$ 36,579,660	
Tuition				40,022	\$ 40,022
Interest Earned on Capital Reserve	450		450	523	73
Interest Earned on Maintenance Reserve	400		400	442	42
Miscellaneous	17,000		17,000	452,410	435,410
Total - Local Sources	<u>36,597,510</u>		<u>36,597,510</u>	<u>37,073,057</u>	<u>475,547</u>
State Sources:					
Equalization Aid	12,890,384		12,890,384	12,890,384	
Transportation Aid	416,339		416,339	416,339	
Special Education Aid	2,152,482		2,152,482	2,152,482	
Security Aid	298,580		298,580	298,580	
Extraordinary Aid	550,000		550,000	448,414	(101,586)
Nonpublic Transportation Aid				27,935	27,935
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,553,601	1,553,601
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,756,731	1,756,731
TPAF Social Security (Reimbursed - Non-Budgeted)				1,809,184	1,809,184
Total State Sources	<u>16,307,785</u>		<u>16,307,785</u>	<u>21,353,650</u>	<u>5,045,865</u>
Federal Sources:					
Medicaid Reimbursement	34,850		34,850	45,766	10,916
Total Federal Sources	<u>34,850</u>		<u>34,850</u>	<u>45,766</u>	<u>10,916</u>
TOTAL REVENUES	<u>52,940,145</u>		<u>52,940,145</u>	<u>58,472,473</u>	<u>5,532,328</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 321,968	\$ 33,099	\$ 355,067	\$ 355,067	
Grades 1-5 - Salaries of Teachers	4,668,736	(30,388)	4,638,348	4,636,030	\$ 2,318
Grades 6-8 - Salaries of Teachers	3,912,107	138,145	4,050,252	4,042,472	7,780
Grades 9-12 - Salaries of Teachers	5,197,740	(7,378)	5,190,362	5,154,296	36,066
Regular Programs - Home Instruction:					
Salaries of Teachers	60,000	(6,120)	53,880	49,996	3,884
Purchased Professional - Educational Services	11,468	9,543	21,011	13,920	7,091
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	28,561	35,429	63,990	62,050	1,940
Purchased Professional - Educational Services	2,250	2,226	4,476	4,426	50
Other Purchased Services (400-500 series)	388,847	(221,173)	167,674	161,105	6,569
General Supplies	600,939	66,813	667,752	634,158	33,594
Textbooks	194,722	(1,228)	193,494	191,011	2,483
Rentals		184,873	184,873	184,622	251
Travel		1,857	1,857	119	1,738
Other Objects	2,309	(167)	2,142	1,587	555
Total Regular Programs - Instruction	<u>15,389,647</u>	<u>205,531</u>	<u>15,595,178</u>	<u>15,490,859</u>	<u>104,319</u>
Special Education - Instruction:					
Cognitive - Mild:					
Other Salaries for Instruction	27,050	(25,429)	1,621		1,621
Total Cognitive - Mild	<u>27,050</u>	<u>(25,429)</u>	<u>1,621</u>		<u>1,621</u>
Cognitive - Moderate:					
Other Salaries for Instruction	25,964	(25,837)	127		127
Total Cognitive - Moderate	<u>25,964</u>	<u>(25,837)</u>	<u>127</u>		<u>127</u>
Learning and or Language Disabilities:					
Salaries of Teachers	474,437	(53,789)	420,648	410,796	9,852
Other Salaries for Instruction	406,659	(161,962)	244,697	212,462	32,235
General Supplies	7,000	21,164	28,164	18,084	10,080
Total Learning and or Language Disabilities	<u>888,096</u>	<u>(194,587)</u>	<u>693,509</u>	<u>641,342</u>	<u>52,167</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Visual Impairments:					
Other Salaries for Instruction	\$ 51,927	\$ (50,710)	\$ 1,217	\$ 1,217	
Total Visual Impairments	<u>51,927</u>	<u>(50,710)</u>	<u>1,217</u>	<u>1,217</u>	
Behavioral Disabilities:					
Salaries of Teachers	340,397		340,397	265,409	\$ 74,988
Other Salaries for Instruction	260,172	(25,040)	235,132	171,774	63,358
General Supplies	4,750	(359)	4,391	4,312	79
Total Behavioral Disabilities	<u>605,319</u>	<u>(25,399)</u>	<u>579,920</u>	<u>441,495</u>	<u>138,425</u>
Multiple Disabilities:					
Salaries of Teachers	485,453		485,453	452,686	32,767
Other Salaries for Instruction	286,344	(84,092)	202,252	189,436	12,816
General Supplies	9,500	(3,454)	6,046	5,641	405
Total Multiple Disabilities	<u>781,297</u>	<u>(87,546)</u>	<u>693,751</u>	<u>647,763</u>	<u>45,988</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,490,810	166,494	1,657,304	1,618,724	38,580
Other Salaries for Instruction	114,689	(7,537)	107,152	106,726	426
General Supplies	8,000	(840)	7,160	6,944	216
Textbooks	1,340	(933)	407	407	
Total Resource Room/Resource Center	<u>1,614,839</u>	<u>157,184</u>	<u>1,772,023</u>	<u>1,732,801</u>	<u>39,222</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

EXPENDITURES: CURRENT EXPENSE:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autistic:					
Salaries of Teachers	\$ 57,821	\$ 50,781	\$ 108,602	\$ 107,457	\$ 1,145
Other Salaries for Instruction	100,217	4,558	104,775	99,113	5,662
General Supplies	900	(78)	822	820	2
Total Autistic	<u>158,938</u>	<u>55,261</u>	<u>214,199</u>	<u>207,390</u>	<u>6,809</u>
Preschool Handicapped - Part-time:					
Salaries of Teachers	218,515	(46,531)	171,984	170,659	1,325
Other Salaries for Instruction	116,620	(17,869)	98,751	98,629	122
General Supplies	9,025	3,776	12,801	12,347	454
Total Preschool Handicapped - Part-time	<u>344,160</u>	<u>(60,624)</u>	<u>283,536</u>	<u>281,635</u>	<u>1,901</u>
Total Special Education Instruction	<u>4,497,590</u>	<u>(257,687)</u>	<u>4,239,903</u>	<u>3,953,643</u>	<u>286,260</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	805,172	(7,297)	797,875	791,205	6,670
Other Salaries for Instruction	12,141	(5,596)	6,545		6,545
Total Basic Skills/Remedial - Instruction	<u>817,313</u>	<u>(12,893)</u>	<u>804,420</u>	<u>791,205</u>	<u>13,215</u>
Bilingual Education - Instruction:					
Salaries of Teachers	50,755	(5,596)	45,159	38,494	6,665
Other Purchased Services (400-500 series)	300	(300)			
Travel		470	470	470	
General Supplies	325	(70)	255		255
Total Bilingual Education - Instruction	<u>51,380</u>	<u>(5,496)</u>	<u>45,884</u>	<u>38,964</u>	<u>6,920</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 172,814	\$ 19,020	\$ 191,834	\$ 189,228	\$ 2,606
Other Purchased Services (300-500 series)	6,275	1,107	7,382	7,382	
Supplies and Materials	22,948	(3,598)	19,350	19,232	118
Other Purchased Professional Services		825	825	775	50
Rentals		2,446	2,446	2,359	87
Other Objects	24,063	(1,868)	22,195	21,982	213
Total School-Sponsored Cocurricular Activities - Instruction	226,100	17,932	244,032	240,958	3,074
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	326,627	8,417	335,044	335,044	
Other Purchased Services (300-500 series)	117,146	(98,962)	18,184	15,425	2,759
Supplies and Materials	51,850	5,002	56,852	56,372	480
Purchased Technical Services		1,700	1,700	1,558	142
Other Purchased Professional and Technical Services		44,744	44,744	37,549	7,195
Rentals		33,418	33,418	26,153	7,265
Other Objects	24,700	3,440	28,140	27,042	1,098
Total School-Sponsored Cocurricular Athletics - Instruction	520,323	(2,241)	518,082	499,143	18,939
Total Instruction	21,502,353	(54,854)	21,447,499	21,014,772	432,727

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
JEFFERSON TOWNSHIP SCHOOL DISTRICT
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular		\$ 5,394	\$ 5,394	\$ 5,394	
Tuition to Other LEAs Within the State - Special	\$ 490,056	(16,249)	473,807	456,889	\$ 16,918
Tuition to County Vocational School District - Regular	518,604	125,642	644,246	625,932	18,314
Tuition to County Vocational School District - Special	25,565	(10,523)	15,042	13,538	1,504
Tuition to County Special Services and Day School	48,000		48,000	47,006	994
Tuition to Private Schools for the Handicapped - Within State	1,425,482	(99,347)	1,326,135	1,262,381	63,754
Tuition to State Facilities	4,500		4,500	4,500	
Total Undistributed Expenditures - Instruction:	<u>2,512,207</u>	<u>4,917</u>	<u>2,517,124</u>	<u>2,415,640</u>	<u>101,484</u>
Health Services:					
Salaries	476,065	(10,005)	466,060	464,331	1,729
Purchased Professional and Technical Services	25,750	1,100	26,850	26,850	
Other Purchased Services (400-500 series)	1,850	(75)	1,775	1,365	410
Supplies and Materials	13,438	661	14,099	13,791	308
Travel		75	75	10	65
Total Health Services	<u>517,103</u>	<u>(8,244)</u>	<u>508,859</u>	<u>506,347</u>	<u>2,512</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 786,523	\$ (29,795)	\$ 756,728	\$ 753,022	\$ 3,706
Purchased Professional - Educational Services	42,400		42,400	38,385	4,015
Supplies and Materials	3,250		3,250	3,240	10
Total Speech, OT, PT and Related Services	832,173	(29,795)	802,378	794,647	7,731
Other Support Services - Students - Extra Services:					
Other Salaries for Instruction		503,308	503,308	502,445	863
Purchased Professional - Educational Services	64,525	36,825	101,350	84,140	17,210
Supplies and Materials	5,000	8,243	13,243	13,175	68
Total Other Support Services - Students - Extra Services	69,525	548,376	617,901	599,760	18,141
Guidance:					
Salaries of Other Professional Staff	1,260,261	(58,551)	1,201,710	1,201,443	267
Salaries of Secretarial and Clerical Assistants	171,901	17,131	189,032	188,420	612
Purchased Professional - Educational Services	6,300	(2,000)	4,300	4,066	234
Other Purchased Professional - Technical Services	14,210	600	14,810	7,230	7,580
Other Purchased Services (400-500 series)	79,625	5,252	84,877	83,260	1,617
Supplies and Materials	13,800	3,228	17,028	13,022	4,006
Other Objects	250	35	285	285	
Total Guidance	1,546,347	(34,305)	1,512,042	1,497,726	14,316
Child Study Team:					
Salaries of Other Professional Staff	1,287,631	23,387	1,311,018	1,307,403	3,615
Salaries of Secretarial and Clerical Assistants	134,743	763	135,506	135,506	
Purchased Professional - Educational Services	53,721	(18,221)	35,500	31,494	4,006
Purchased Technical Services	30,000	153	30,153	23,568	6,585
Other Purchased Services (400-500 series)	6,518	(1,468)	5,050	4,143	907
Supplies and Materials	15,000	(178)	14,822	14,822	
Rentals		1,513	1,513	1,513	
Other Objects	1,140		1,140	1,032	108
Total Child Study Team	1,528,753	5,949	1,534,702	1,519,481	15,221

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 406,018	\$ (143,843)	\$ 262,175	\$ 262,175	
Salaries of Other Professional Staff	604,506	90,516	695,022	695,022	
Salaries of Secretarial and Clerical Assistants	51,003	(38,512)	12,491		\$ 12,491
Purchased Professional - Educational Services	1,200	(142)	1,058	1,036	22
Other Purchased Professional and Technical Services	9,666	13,161	22,827	18,971	3,856
Supplies and Materials	2,000	1,188	3,188	1,767	1,421
Other Objects	10,665	(1,130)	9,535	9,405	130
Total Improvement of Instructional Services	1,085,058	(78,762)	1,006,296	988,376	17,920
Educational Media Services/School Library:					
Salaries	358,114	11,185	369,299	368,777	522
Supplies and Materials	30,468	(585)	29,883	29,107	776
Total Educational Media Services/School Library	388,582	10,600	399,182	397,884	1,298
Instructional Staff Training Services:					
Purchased Professional - Educational Services	4,500	(600)	3,900	3,900	
Other Purchased Services (400-500 series)	17,975	(1,326)	16,649	14,077	2,572
Supplies and Materials	1,500	9,165	10,665	9,176	1,489
Total Instructional Staff Training Services	23,975	7,239	31,214	27,153	4,061

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 450,737	\$ (1,117)	\$ 449,620	\$ 449,620	
Legal Services	145,000	(26,840)	118,160	71,192	\$ 46,968
Audit Fees	31,185		31,185	29,900	1,285
Architectural/Engineering Services	36,887	42,256	79,143	62,981	16,162
Other Purchased Professional Services	4,395	7,638	12,033	11,421	612
Purchased Technical Services	14,912		14,912	8,008	6,904
Communications/Telephone	205,787	(51,619)	154,168	133,588	20,580
BOE Other Purchased Services	750	1,639	2,389	1,639	750
Miscellaneous Purchased Services (400-500 series)	65,923	(5,242)	60,681	60,531	150
Supplies and Materials	11,150	1,198	12,348	8,717	3,631
BOE In-House Training/Meeting Supplies	1,500		1,500	23	1,477
Judgements Against the School District	100,000	599,149	699,149	699,149	
Miscellaneous Expenditures	36,200		36,200	34,954	1,246
Total Support Services - General Administration	1,104,426	567,062	1,671,488	1,571,723	99,765
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,259,500	(39,875)	1,219,625	1,219,567	58
Salaries of Other Professional Staff	105,328		105,328		105,328
Salaries of Secretarial and Clerical Assistants	723,286	(13,497)	709,789	709,722	67
Purchased and Technical Services	50,545	46,519	97,064	96,731	333
Other Purchased Services (400-500 series)	80,711	(3,157)	77,554	73,758	3,796
Supplies and Materials	15,715	2,996	18,711	18,340	371
Other Objects	11,635	449	12,084	11,997	87
Total Support Services - School Administration	2,246,720	(6,565)	2,240,155	2,130,115	110,040

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 611,538	\$ 30,024	\$ 641,562	\$ 641,562	
Purchased Professional - Services	8,900	(1,441)	7,459	6,400	\$ 1,059
Miscellaneous Purchased Technical Services	19,080	(1,037)	18,043	17,488	555
BOE Other Purchased Services		4,175	4,175	3,916	259
Miscellaneous Purchased Services (400-500 series)	7,860	(1,307)	6,553	6,553	
Supplies and Materials	11,000		11,000	8,408	2,592
Interest on Lease Purchase Agreements	57,115	(616)	56,499	43,813	12,686
Miscellaneous Expenditures	2,100	226	2,326	2,326	
Total Central Services	717,593	30,024	747,617	730,466	17,151
Administration Information Technology:					
Salaries	441,131	5,245	446,376	446,376	
Other Purchased Services (400-500 series)	2,000		2,000	1,174	826
Supplies and Materials	1,000		1,000	310	690
Total Administration Information Technology	444,131	5,245	449,376	447,860	1,516
Required Maintenance of School Facilities:					
Salaries	477,029	204,144	681,173	669,745	11,428
Cleaning, Repair and Maintenance Services	256,653	169,299	425,952	393,048	32,904
Purchased Professional Technical Services		38,640	38,640	37,049	1,591
General Supplies	178,000	11,171	189,171	173,429	15,742
Other Objects		13,790	13,790	13,279	511
Total Required Maintenance of School Facilities	911,682	437,044	1,348,726	1,286,550	62,176

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	\$ 1,674,771	\$ (224,242)	\$ 1,450,529	\$ 1,439,837	\$ 10,692
Purchased Professional and Technical Services	193,281	(37,575)	155,706	136,983	18,723
Cleaning, Repair and Maintenance Services	44,500	2,295	46,795	40,231	6,564
Rental of Land and Building	58,362	(3,087)	55,275	47,362	7,913
Other Purchased Property Services	29,159		29,159	15,954	13,205
Insurance	180,957	52,228	233,185	233,185	
Miscellaneous Purchased Services	3,025		3,025	713	2,312
General Supplies	175,000	(13,102)	161,898	102,277	59,621
Energy (Electricity)	716,758	(275,473)	441,285	440,369	916
Other Objects	1,325		1,325	385	940
Energy (Natural Gas)	77,500	20,779	98,279	91,231	7,048
Energy (Oil)	673,050	(37,337)	635,713	635,713	
Total Custodial Services	3,827,688	(515,514)	3,312,174	3,184,240	127,934
Care and Upkeep of Grounds:					
Salaries	167,335	9,973	177,308	173,630	3,678
Cleaning, Repair and Maintenance Services	17,300	800	18,100	7,780	10,320
General Supplies	55,000	(800)	54,200	45,527	8,673
Total Care and Upkeep of Grounds	239,635	9,973	249,608	226,937	22,671
Security:					
Salaries	116,299	9,535	125,834	125,834	
Cleaning, Repair and Maintenance Services	18,930	188,365	207,295	8,138	199,157
General Supplies	6,000		6,000	5,279	721
Total Security	141,229	197,900	339,129	139,251	199,878

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 60,422	\$ 13,948	\$ 74,370	\$ 71,311	\$ 3,059
Salaries for Pupil Transportation - Regular	876,664	48,520	925,184	919,899	5,285
Salaries for Pupil Transportation - Special Education	11,567	(4,644)	6,923	166	6,757
Other Salaries for Pupil Transportation - Other than Between Home and School	34,247	(1,327)	32,920	27,305	5,615
Purchased Professional and Technical Services	9,145	4,211	13,356	9,611	3,745
Cleaning, Repair and Maintenance Services	12,010		12,010	6,618	5,392
Lease Purchase Payments - School Buses	92,055		92,055	92,055	
Contracted Services:					
Aid in Lieu - Non Public Schools	117,780	(13,075)	104,705	94,828	9,877
Aid in Lieu - Charter School	3,624		3,624	1,768	1,856
Between Home and School - Vendors	575,484	(39,844)	535,640	528,244	7,396
Other than Between Home and School - Vendors	74,722	10,578	85,300	84,920	380
ESC Regular Students	321,635		321,635	284,394	37,241
ESC Special Education Students	796,315	25,000	821,315	810,807	10,508
Miscellaneous Purchased Services-Transportation	27,276		27,276	24,262	3,014
Transportation Supplies	227,387	16,500	243,887	233,036	10,851
Other Objects	2,420		2,420	1,787	633
Total Student Transportation Services	3,242,753	59,867	3,302,620	3,191,011	111,609
Unallocated Benefits:					
Social Security Contributions	723,632		723,632	646,963	76,669
Other Retirement Contributions - PERS	771,579		771,579	682,732	88,847
Workmen's Compensation	392,382	5,880	398,262	348,081	50,181
Unemployment Compensation	150,000	(5,880)	144,120	125,000	19,120
Health Benefits	8,651,092	(622,593)	8,028,499	7,780,478	248,021
Tuition Reimbursement	146,549		146,549	87,374	59,175
Other Employee Benefits	214,294	191,000	405,294	336,046	69,248
Total Unallocated Benefits	11,049,528	(431,593)	10,617,935	10,006,674	611,261

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
On-Behalf Contributions:					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				\$ 1,553,601	\$ (1,553,601)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,756,731	(1,756,731)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,809,184	(1,809,184)
Total On-Behalf Contributions				<u>5,119,516</u>	<u>(5,119,516)</u>
Total Personal Services - Employee Benefits	<u>\$ 11,049,528</u>	<u>\$ (431,593)</u>	<u>\$ 10,617,935</u>	<u>15,126,190</u>	<u>(4,508,255)</u>
Total Undistributed Expenses	<u>32,429,108</u>	<u>779,418</u>	<u>33,208,526</u>	<u>36,781,357</u>	<u>(3,572,831)</u>
TOTAL CURRENT EXPENSE	<u>53,931,461</u>	<u>724,564</u>	<u>54,656,025</u>	<u>57,796,129</u>	<u>(3,140,104)</u>
CAPITAL OUTLAY					
Regular Programs - Instruction:					
Grades 1-5	12,051	8,192	20,243	20,243	
Grades 9-12		21,821	21,821	21,821	
Total Equipment	<u>12,051</u>	<u>30,013</u>	<u>42,064</u>	<u>42,064</u>	
Facilities Acquisition and Construction Services:					
Assessment for Debt Service- SDA Funding	94,542		94,542	94,542	
Construction Services	483,525	49,580	533,105	533,105	
Total Facilities Acquisition and Construction Services	<u>578,067</u>	<u>49,580</u>	<u>627,647</u>	<u>627,647</u>	
TOTAL CAPITAL OUTLAY	<u>590,118</u>	<u>79,593</u>	<u>669,711</u>	<u>669,711</u>	

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Transfer to Charter School	\$ 50,208	\$ 3,848	\$ 54,056	\$ 42,950	\$ 11,106
Total Transfer to Charter School	50,208	3,848	54,056	42,950	11,106
 TOTAL EXPENDITURES	 54,571,787	 808,005	 55,379,792	 58,508,790	 (3,128,998)
 Excess (Deficiency) of Revenues Over/(Under) Expenditures	 (1,631,642)	 (808,005)	 (2,439,647)	 (36,317)	 2,403,330
 Fund Balance, July 1	 3,406,957	 	 3,406,957	 3,406,957	
Fund Balance, June 30	\$ 1,775,315	\$ (808,005)	\$ 967,310	\$ 3,370,640	\$ 2,403,330
 Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 290,109	
Maintenance Reserve				221,937	
Assigned Fund Balance:					
Year-end Encumbrances				374,558	
Subsequent Year's Expenditures				1,388,316	
Unassigned Fund Balance				1,095,720	
				3,370,640	
 Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(1,540,343)	
Fund Balance per Governmental Funds GAAP				\$ 1,830,297	

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 814,191	\$ 107,115	\$ 921,306	\$ 916,438	\$ (4,868)
Total Revenues	<u>814,191</u>	<u>107,115</u>	<u>921,306</u>	<u>916,438</u>	<u>(4,868)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	25,378	100,461	125,839	125,839	
Purchased Professional/Technical Services		2,180	2,180	2,180	
Other Purchased Services	<u>736,071</u>	<u>(13,795)</u>	<u>722,276</u>	<u>722,276</u>	
Total Instruction	<u>761,449</u>	<u>88,846</u>	<u>850,295</u>	<u>850,295</u>	
Support Services					
Salaries of Other Professional Staff					
Personal Service - Employee Benefits	21,819	10,943	32,762	27,894	4,868
Purchased Professional - Technical Services	30,923	(3,917)	27,006	27,006	
Other Purchased Services		1,311	1,311	1,311	
Supplies and Materials		7,232	7,232	7,232	
Other Objects		<u>2,700</u>	<u>2,700</u>	<u>2,700</u>	
Total Support Services	<u>52,742</u>	<u>18,269</u>	<u>71,011</u>	<u>66,143</u>	<u>4,868</u>
Total Expenditures	<u>814,191</u>	<u>107,115</u>	<u>921,306</u>	<u>916,438</u>	<u>4,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Exhibit C-3

JEFFERSON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 58,472,473	\$ 916,438
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,471,801	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,540,343)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 58,403,931	\$ 916,438
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 58,508,790	\$ 916,438
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 58,508,790	\$ 916,438

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, 2013 was submitted to the County office and was approved by a vote of the Board of Education. 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 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 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 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, 2013

	<u>No Child Left Behind</u>			<u>IDEA</u>	<u>IDEA</u>	<u>Total</u>
	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>Preschool</u>	<u>Basic</u>	
REVENUE:						
Federal Sources	\$ 102,560	\$ 59,303	\$ 311	\$ 31,988	\$ 722,276	\$ 916,438
EXPENDITURES:						
Instruction:						
Salaries of Teachers	72,640	27,075		26,124		125,839
Purchased Professional/Technical Services	2,180					2,180
Other Purchased Services - Tuition					722,276	722,276
Total Instruction	<u>74,820</u>	<u>27,075</u>		<u>26,124</u>	<u>722,276</u>	<u>850,295</u>
Support Services:						
Personal Service - Employee Benefits	16,136	5,894		5,864		27,894
Purchased Professional - Technical Services	7,006	20,000				27,006
Other Purchased Services		1,000	311			1,311
Supplies and Materials	4,598	2,634				7,232
Other Objects		2,700				2,700
Total Support Services	<u>27,740</u>	<u>32,228</u>	<u>311</u>	<u>5,864</u>		<u>66,143</u>
Total Expenditures	<u>\$ 102,560</u>	<u>\$ 59,303</u>	<u>\$ 311</u>	<u>\$ 31,988</u>	<u>\$ 722,276</u>	<u>\$ 916,438</u>

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, 2013

Fund Balance - Beginning of Year	<u>\$ 532,715</u>
Fund Balance - End of Year	<u><u>\$ 532,715</u></u>
Recapitulation:	
Fund Balance Budgetary Basis	\$ 532,715
SDA Grant Receivable not Recognized on a GAAP Basis	<u>(216,645)</u>
Fund Balance GAAP Basis	<u><u>\$ 316,070</u></u>

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, 2013

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:			
State Sources - SDA Grant	\$ 7,079,704	\$ 7,079,704	\$ 7,079,704
Bond Proceeds and Transfers	<u>19,067,907</u>	<u>19,067,907</u>	<u>19,067,907</u>
Total Revenue and Other Financing Sources	<u>26,147,611</u>	<u>26,147,611</u>	<u>26,147,611</u>
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	<u>495,627</u>	<u>495,627</u>	<u>454,000</u>
Total Expenditures	<u>26,051,065</u>	<u>26,051,065</u>	<u>26,147,611</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 96,546</u>	<u>\$ 96,546</u>	<u>\$ -0-</u>

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

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, 2013

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
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	<u>609,570</u>	<u>609,570</u>	<u>609,570</u>
Total Revenue and Other Financing Sources	<u>1,205,625</u>	<u>1,205,625</u>	<u>1,205,625</u>
Expenditures:			
Purchased Professional and Technical Services	38,900	38,900	92,645
Construction Services	749,023	749,023	1,100,643
Equipment	<u>23,119</u>	<u>23,119</u>	<u>12,337</u>
Total Expenditures	<u>811,042</u>	<u>811,042</u>	<u>1,205,625</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 394,583</u>	<u>\$ 394,583</u>	<u>\$ -0-</u>

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

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, 2013

	<u>Prior Periods</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
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	<u>374,456</u>	<u>374,456</u>	<u>374,456</u>
Expenditures:			
Purchased Professional and Technical Services			26,275
Construction Services	332,870	332,870	348,181
Total Expenditures	<u>332,870</u>	<u>332,870</u>	<u>374,456</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 41,586</u>	<u>\$ 41,586</u>	<u>\$ -0-</u>

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 POSITION
JUNE 30, 2013

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 133,883
Intergovernmental Accounts Receivable:	
Federal	16,587
State	1,458
Other Accounts Receivable	2,025
Inventories	32,725
	<hr/>
Total Current Assets	186,678

Non-Current Assets:

Capital Assets	466,511
Less: Accumulated Depreciation	(373,603)
	<hr/>
Total Non-Current Assets	92,908

Total Assets	<hr/> 279,586
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LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	14,905
Prepaid Sales	7,198
Deferred Revenue	10,750
	<hr/>

Total Liabilities	32,853
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NET POSITION:

Net Investment in Capital Assets	92,908
Unrestricted	153,825
	<hr/>

Total Net Position	<hr/> <u>\$ 246,733</u>
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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, 2013

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 858,611
Special Events	13,586
	<hr/>
Total Operating Revenue	872,197
	<hr/>
Operating Expenses:	
Cost of Sales	631,907
Salaries, Benefits & Payroll Taxes	450,708
Supplies, Insurance & Other Costs	52,568
Management Fee	68,548
Miscellaneous Expenditures	33,310
Depreciation Expense	14,830
	<hr/>
Total Operating Expenses	1,251,871
	<hr/>
Operating (Loss)	(379,674)
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Income	394
State Sources:	
State School Lunch Program	11,166
Federal Sources:	
National School Lunch Program	218,844
Food Distribution Program	39,147
	<hr/>
Total Non-Operating Revenue	269,551
	<hr/>
Change in Net Position	(110,123)
	<hr/>
Net Position - Beginning of Year	356,856
	<hr/>
Net Position - End of Year	\$ 246,733
	<hr/> <hr/>

Exhibit G-3

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 872,197
Payments to Food Service Vendor	(1,224,990)
Net Cash Used for Operating Activities	<u>(352,793)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	394
Net Cash Provided by Investing Activities	<u>394</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	10,593
Federal Sources:	
National School Lunch Program	219,610
Net Cash Provided by Noncapital Financing Activities	<u>230,203</u>
Net Decrease in Cash and Cash Equivalents	(122,196)
Cash and Cash Equivalents, July 1	<u>256,079</u>
Cash and Cash Equivalents, June 30	<u>\$ 133,883</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (379,674)
Adjustment to Reconcile Operating Income to Cash Provided by/Used for Operating Activities:	
Depreciation	14,830
Federal Food Distribution Program	39,147
Changes in Assets and Liabilities:	
(Increase)/Decrease in Other Accounts Receivable	(1,871)
(Increase)/Decrease in Inventories	(6,074)
Increase/(Decrease) in Accounts Payable	(31,056)
Increase/(Decrease) in Prepaid Sales	7,198
Increase/(Decrease) in Unearned Revenue	4,707
Net Cash Used for Operating Activities	<u>\$ (352,793)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$43,854 and \$39,147, respectively, the fiscal year ended June 30, 2013.

FIDUCIARY FUNDS

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2013

	Agency			Unemployment Compensation Trust	Scholarship and Memorial Trust Fund	
	Student Activity	Payroll	Summer Savings			Total
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 197,621	\$ 279,643	\$ 527,882	\$ 1,005,146	\$ 374,861	\$ 51,594
Total Assets	197,621	279,643	527,882	1,005,146	374,861	51,594
<u>LIABILITIES:</u>						
Accrued Salaries and Wages			527,882	527,882		
Payroll Deductions and Withholdings		279,543		279,543		
Due to Student Groups	197,621			197,621		
Net Payroll		100		100		
Total Liabilities	197,621	279,643	527,882	1,005,146		
<u>NET POSITION:</u>						
Held in Trust for Unemployment Claims				374,861		
Restricted for Scholarships						51,594
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 374,861	\$ 51,594

Exhibit H-2

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Unemployment Compensation Trust	Scholarship and Memorial Trust Fund
ADDITIONS:		
Contributions:		
District Contributions	\$ 125,000	
Plan Member	72,569	
Donations		\$ 12,700
Total Contributions	197,569	12,700
Investment Earnings:		
Interest	492	83
Net Investment Earnings	492	83
Total Additions	198,061	12,783
DEDUCTIONS:		
Unemployment Compensation Claims	100,703	
Scholarships Awarded		14,850
Total Deductions	100,703	14,850
Change in Net Position	97,358	(2,067)
Net Position - Beginning of the Year	277,503	53,661
Net Position - End of the Year	\$ 374,861	\$ 51,594

Exhibit H-3

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 216,425	\$ 582,949	\$ 601,753	\$ 197,621
Total Assets	<u>\$ 216,425</u>	<u>\$ 582,949</u>	<u>\$ 601,753</u>	<u>\$ 197,621</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 216,425	\$ 582,949	\$ 601,753	\$ 197,621
Total Liabilities	<u>\$ 216,425</u>	<u>\$ 582,949</u>	<u>\$ 601,753</u>	<u>\$ 197,621</u>

Exhibit H-4

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Elementary Schools:				
Cozy Lake	\$ 1,930	\$ 7,431	\$ 8,338	\$ 1,023
Ellen T. Briggs	5,335	7,585	9,562	3,358
Milton	1,997	2,473	1,588	2,882
Stanlick	3,380	14,205	13,767	3,818
White Rock	2,676	19,338	19,149	2,865
Junior High School:				
Jefferson Middle School	103,495	214,514	217,264	100,745
Senior High School:				
Jefferson High School Activities	97,068	230,281	244,420	82,929
Athletic Account	<u>544</u>	<u>87,122</u>	<u>87,665</u>	<u>1</u>
Total	<u>\$ 216,425</u>	<u>\$ 582,949</u>	<u>\$ 601,753</u>	<u>\$ 197,621</u>

Exhibit H-5

JEFFERSON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 275,217	\$ 35,424,050	\$ 35,419,624	\$ 279,643
Total Assets	<u>\$ 275,217</u>	<u>\$ 35,424,050</u>	<u>\$ 35,419,624</u>	<u>\$ 279,643</u>
<u>LIABILITIES:</u>				
Net Payroll	\$ 40	\$ 20,758,792	\$ 20,758,732	\$ 100
Payroll Deductions and Withholdings	273,483	14,665,258	14,659,198	279,543
Interfund Payable	1,694		1,694	
Total Liabilities	<u>\$ 275,177</u>	<u>\$ 35,424,050</u>	<u>\$ 35,419,624</u>	<u>\$ 279,643</u>

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, 2013		Interest Rate	Balance June 30, 2012	Matured	Balance June 30, 2013
			Date	Amount				
Improvements to School Facilities	9/15/2002	\$ 29,245,000				\$ 980,000	\$ 980,000	
Refunding School Bonds - Series 2012	7/19/2011	12,785,000	9/15/2013	\$ 1,025,000	3.000%	12,595,000		\$ 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	9/24/2023	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	9/1/2013	135,000	4.000%	705,000	130,000	575,000
			9/1/2014	145,000	4.000%			
			9/1/2015	145,000	4.000%			
			9/1/2016	150,000	4.000%			
						<u>\$ 22,695,000</u>	<u>\$ 1,110,000</u>	<u>\$ 21,585,000</u>

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

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2012</u>	<u>Matured</u>	<u>Balance June 30, 2013</u>
2009-10 Vehicles and Other Equipment	4.723%	\$ 890,525	\$ 362,695	\$ 178,422	\$ 184,273
			<u>\$ 362,695</u>	<u>\$ 178,422</u>	<u>\$ 184,273</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,893,515		\$ 1,893,515	\$ 1,893,515	
State Sources:					
Debt Service State Aid Support	43,731		43,731	43,731	
Total Revenue	<u>1,937,246</u>		<u>1,937,246</u>	<u>1,937,246</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	847,781	\$ 19,600	867,381	867,381	
Redemption of Principal	1,129,600	(19,600)	1,110,000	1,110,000	
Total Regular Debt Service	<u>1,977,381</u>		<u>1,977,381</u>	<u>1,977,381</u>	
Total Expenditures	<u>1,977,381</u>		<u>1,977,381</u>	<u>1,977,381</u>	
Deficit of Revenues Under Expenditures	(40,135)		(40,135)	(40,135)	
Fund Balance, July 1	<u>46,176</u>		<u>46,176</u>	<u>46,176</u>	
Fund Balance, June 30	<u>\$ 6,041</u>	<u>\$ -0-</u>	<u>\$ 6,041</u>	<u>\$ 6,041</u>	<u>\$ -0-</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted for Subsequent Year's Expenditures				<u>\$ 6,041</u>	

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

This part of the School'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 School's overall financial health.

Contents

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p>Operating Information</p> <p>These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.</p>	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 School implemented GASB 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 POSITION BY COMPONENT
LAST NINE FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities									
Net Investment in Capital Assets	\$ 17,426,060	\$ 19,572,374	\$ 20,661,641	\$ 22,886,764	\$ 24,977,258	\$ 26,198,886	\$ 26,532,940	\$ 28,602,423	\$ 29,179,264
Restricted	3,182,778	1,567,802	1,969,595	598,710	557,191	1,821,187	2,827,708	806,106	834,157
Unrestricted/(Deficit)	(328,557)	(49,297)	(574,106)	(257,908)	(377,974)	(1,457,291)	(776,754)	(335,734)	115,683
Total Governmental Activities Net Position	\$ 20,280,281	\$ 21,090,879	\$ 22,057,130	\$ 23,227,566	\$ 25,156,475	\$ 26,562,782	\$ 28,583,894	\$ 29,072,795	\$ 30,129,104
Business-type Activities									
Net Investment in Capital Assets	\$ -	\$ 2,090	\$ 1,940	\$ 172,924	\$ 155,161	\$ 137,398	\$ 122,568	\$ 107,738	\$ 92,908
Unrestricted	(26,942)	61,907	130,734	110,255	107,606	109,598	142,449	249,118	153,825
Total Business-type Activities Net Position	\$ (26,942)	\$ 63,997	\$ 132,674	\$ 283,179	\$ 262,767	\$ 246,996	\$ 265,017	\$ 356,856	\$ 246,733
District-wide									
Net Investment in Capital Assets	\$ 17,426,060	\$ 19,574,464	\$ 20,663,581	\$ 23,059,688	\$ 25,132,419	\$ 26,336,284	\$ 26,655,508	\$ 28,710,161	\$ 29,272,172
Restricted	3,182,778	1,567,802	1,969,595	598,710	557,191	1,821,187	2,827,708	806,106	834,157
Unrestricted/(Deficit)	(355,499)	12,610	(443,372)	(147,653)	(270,368)	(1,347,693)	(634,305)	(86,616)	269,508
Total District Net Position	\$ 20,253,339	\$ 21,154,876	\$ 22,189,804	\$ 23,510,745	\$ 25,419,242	\$ 26,809,778	\$ 28,848,911	\$ 29,429,651	\$ 30,375,837

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 POSITION, LAST NINE FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 22,418,746
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	5,876,726
Other Special Education	651,304	631,260	839,133	691,170	1,392,192	1,286,082	1,152,424	1,149,683	1,224,706
Other Instruction	668,983	707,913	857,540	878,116	952,204	979,105	904,469	924,028	989,404
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	3,137,916
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	9,644,373
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	2,011,524
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	2,531,619
Central Services	1,212,133	1,266,036	1,359,432	1,480,926	851,239	901,718	920,142	978,331	1,035,540
Administrative Information Technology					598,017	554,279	552,134	622,155	973,841
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	5,694,585
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	3,801,193
Unallocated Depreciation			577,828	379,568	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	42,950
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	804,503
Capital Outlay	382,131	9,887					114,870	66,803	94,542
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	60,661,736

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CHANGE IN NET POSITION, LAST NINE FISCAL YEARS
UNAUDITED
(acrcial basis of accounting)

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 1,278,871
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	1,278,871
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	61,940,607
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	22,201,546
Capital Grants and Contributions								75,093	460,430
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	22,661,976
Business-type Activities:									
Charges for Services									
Food Service	948,096	990,974	977,792	990,861	933,859	847,172	916,339	863,684	872,197
Operating Grants and Contributions	187,311	203,618	223,668	259,560	204,365	358,034	234,597	284,587	269,157
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	1,141,354
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	23,803,330
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)	(37,999,760)
Business-type Activities	(199,894)	32,288	32,288	(61,908)	(22,215)	(17,553)	17,277	91,423	(137,517)
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)	(38,137,277)

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

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position									
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	\$ 36,579,660
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	1,893,515
Unrestricted Grants and Contributions	16,626,984	17,140,832	134,850	143,439	386,015	128,851	402,650	637,788	89,497
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	965
Miscellaneous Income	83,224	97,343	700,554	409,014	249,070	132,386	207,012	109,348	492,432
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	39,056,069
Business-type Activities:									
Miscellaneous/Investment Earnings	6,103	29,564	26,614	11,166	1,803	1,782	744	416	27,394
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	27,394
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	39,083,463
Change in Net Position									
Governmental Activities	694,328	966,251	966,251	1,170,435	1,928,909	1,406,307	2,021,112	488,901	1,056,309
Business-type Activities	142,757	68,677	68,677	150,505	(20,412)	(15,771)	18,021	91,839	(110,123)
Total District	\$ 837,085	\$ 1,034,928	\$ 1,034,928	\$ 1,320,940	\$ 1,908,497	\$ 1,390,536	\$ 2,039,133	\$ 580,740	\$ 946,186

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
FUND BALANCES, GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS
 UNAUDITED
 (modified accrual basis of accounting)

	June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 512,046
Assigned							2,048,467	1,030,867	1,318,251
Total General Fund	<u>\$ 2,027,230</u>	<u>\$ 2,126,665</u>	<u>\$ 2,319,581</u>	<u>\$ 1,449,294</u>	<u>\$ 1,452,032</u>	<u>\$ 1,647,626</u>	<u>\$ 2,939,027</u>	<u>\$ 1,935,157</u>	<u>\$ 1,830,297</u>
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)			
Debt Service Fund	6,622	66,156	67,222	36,408	9,792	1,820			
Restricted							\$ (111,319)	\$ (98,184)	\$ 322,111
Total All Other Governmental Funds	<u>\$ 1,865,339</u>	<u>\$ 841,242</u>	<u>\$ 96,167</u>	<u>\$ (173,748)</u>	<u>\$ (345,436)</u>	<u>\$ (441,075)</u>	<u>\$ (111,319)</u>	<u>\$ (98,184)</u>	<u>\$ 322,111</u>

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 NINE FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 38,473,175
Tuition Charges	15,349	52,541	62,847	78,795	74,047	48,653	61,608	40,039	36,908
Interest Earnings	120,316	202,622	271,939	164,368	43,082	33,489	18,166	18,846	8,442
Miscellaneous	83,224	97,343	365,768	169,432	133,326	52,263	128,091	51,490	448,047
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	21,789,269
Federal Sources	716,482	1,006,060	788,370	811,695	808,522	3,506,773	1,244,013	1,433,977	962,204
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	61,718,045
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	15,618,878
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	4,019,786
Other Special Instruction	542,122	522,605	592,075	488,379	1,033,965	916,799	821,985	794,807	830,169
Other Instruction	588,955	621,027	674,025	683,618	766,807	764,994	703,006	700,567	740,102
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	3,137,916
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	6,331,374
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	1,571,723
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	2,130,115
Central Services	1,003,486	1,074,782	982,596	1,070,311	652,776	669,020	684,193	710,175	730,466
Administrative Information Technology					444,502	395,420	394,226	430,408	447,860
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	4,836,978
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	3,191,011
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	15,126,190
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	42,950
Capital Outlay	13,034,793	1,460,944	796,042	745,453	950,095	1,140,033	323,433	1,305,278	669,711
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	1,110,000
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	867,381
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	61,402,610
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)	315,435

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

	Fiscal Year Ending June 30.								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
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)	<u>1,138,079</u>	<u>(41,602)</u>	<u>(9,775)</u>	<u>(12,500)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,400,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (11,508,072)</u>	<u>\$ (924,662)</u>	<u>\$ (60,334)</u>	<u>\$ (1,140,202)</u>	<u>\$ (168,950)</u>	<u>\$ 99,955</u>	<u>\$ 1,621,157</u>	<u>\$ (2,390,735)</u>	<u>\$ 315,435</u>
Debt Service as a Percentage of Noncapital Expenditures	4.81%	4.58%	4.40%	4.24%	4.34%	4.18%	3.86%	3.60%	3.37%

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Insurance</u> <u>Refund</u>	<u>Legal</u> <u>Settlement</u>	<u>Other</u> <u>Miscellaneous</u>	<u>Rebates/</u> <u>Refunds</u>	<u>Total</u>
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
2013	36,908	8,442			89,756	403,641	538,747

Source: Jefferson Township School District records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST NINE 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	68,136,500	2,520,487,700	7,701,800	178,822,800	4,994,800	22,181,800	2,802,325,400	4,824,483	2,807,149,883	1.358	2,978,973,732
2012	66,444,900	2,387,092,500	8,076,400	177,532,200	4,957,300	22,226,600	2,666,329,900	4,716,897	2,671,046,797	1.414	2,740,178,119

* 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			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate			Jefferson Township	Morris County	
	Basic Rate ^a	General Obligation Debt ^b	Total Direct			
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
2012	1.344	0.070	1.414	0.669	0.252	2.335

* - 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.

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

Taxpayer	2013		Taxpayer	2004	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Newark Watershed Conservation	\$ 18,145,700	0.65%	City of Newark	\$ 10,498,300	0.93%
Kite New Jersey, LLC	16,000,000	0.57%	Gelormino Associates	5,630,900	0.50%
Sebastian/Parsippany, LP	7,317,300	0.26%	Baker Firestone	3,359,400	0.30%
Gelormino Associates	7,184,800	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	0.20%	Bowling Green Golf Club, Inc.	2,838,700	0.25%
Bowling Green Golf Club, Inc	4,707,731	0.17%	Jefferson Properties Investors	2,782,000	0.25%
Verizon - NJ Property Tax Department	4,322,100	0.15%	Individual Taxpayer #1	1,674,000	0.15%
Individual Taxpayer #1	3,488,900	0.12%	Individual Taxpayer #2	1,638,900	0.15%
Individual Taxpayer #2	3,227,500	0.11%	Wilshire Oil	1,496,600	0.13%
Total	\$ 76,801,331	2.74%		\$ 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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
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-
2013	38,473,175	38,473,175	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 district 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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases			
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	1.64%	1,174.61
2012	22,695,000		362,695	23,057,695	1.50%	1,074.10
2013	21,585,000		184,273	21,769,273	1.41%	1,014.08

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

<u>General Bonded Debt Outstanding</u>					
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
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	0.81%	1,057.20
2013	21,585,000		21,585,000	0.81%	1,005.50

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Jefferson Township	\$ 16,911,431	100.00%	\$ 16,911,431
Morris County General Obligation Debt	258,802,126	2.88%	<u>7,465,155</u>
Subtotal, overlapping debt			24,376,587
Jefferson Township School District Direct Debt			<u>21,769,273</u>
Total direct and overlapping debt			<u>\$ 46,145,860</u>

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 2013

	Equalized valuation basis
	2012 \$ 2,706,933,909
	2011 2,872,238,471
	2010 <u>2,970,326,691</u>
	<u>\$ 8,549,499,071</u>
Average equalized valuation of taxable property	<u>\$ 2,849,833,024</u>
Debt limit (4% of average equalization value)	\$ 113,993,321 ^a
Net bonded school debt	<u>21,585,000</u>
Legal debt margin	<u>\$ 92,408,321</u>

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 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	\$ 113,993,321
Total net debt applicable to limit	<u>31,972,000</u>	<u>31,037,000</u>	<u>30,085,000</u>	<u>29,065,000</u>	<u>27,995,000</u>	<u>26,845,000</u>	<u>25,650,000</u>	<u>24,640,000</u>	<u>22,695,000</u>	<u>21,585,000</u>
Legal debt margin	<u>\$ 36,225,367</u>	<u>\$ 47,768,583</u>	<u>\$ 61,882,453</u>	<u>\$ 76,941,041</u>	<u>\$ 90,050,804</u>	<u>\$ 98,773,011</u>	<u>\$ 101,598,254</u>	<u>\$ 99,584,482</u>	<u>\$ 97,072,712</u>	<u>\$ 92,408,321</u>
Total net debt applicable to the limit as a percentage of debt limit	46.88%	39.38%	32.71%	27.42%	23.72%	21.37%	20.16%	19.84%	18.95%	18.94%

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 NJSIA 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

<u>Year</u>	<u>Township Population ^a</u>	<u>Township Personal Income ^b</u>	<u>Morris County Per Capita Personal Income ^c</u>	<u>Township Unemployment Rate ^d</u>
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	1,537,389,090	71,730	6.80%
2012	21,467	1,539,827,910	71,730 *	7.10%
2013	21,467 **	1,539,827,910	71,730 *	N/A

* - Latest Morris County per capita personal income available (2011) was used for calculation purposes.

** - Latest population data available (2012) 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

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

<u>Employer</u>	<u>2013</u>		<u>Employer</u>	<u>2004</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>		<u>Employees</u>	<u>Percentage of Total Employment</u>
Novartis	6,200	N/A			
U.S. Army Armament Research and Development	5,841	N/A			
Atlantic Health System	5,576	N/A			
ADP	1,947	N/A			Information Not Available
County of Morris	1,838	N/A			
Saint Claire's Health System	1,662	N/A			
Wyndham Worldwide	1,546	N/A			
BASF Corporation	1,500	N/A			
Accenture	1,498	N/A			
Chilton Memorial	1,440	N/A			
	<u>270,282</u>	<u>N/A</u>			

N/A - Information is not available.

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

Source: Morris County Treasurer's Office.

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008 (a)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction									
Regular	272.0	266.0	274.0	270.0	276.0	278.0	205.5	209.9	208.4
Special education	3.0	2.0	2.0	1.0	1.5	1.0	56.5	112.5	41.5
Other special education	4.0	47.0	55.0	37.0	49.5	47.0	45.1		63.4
Support Services:									
Student & instruction related services	74.0	71.0	71.0	66.5	64.5	70.5	69.0	69.7	95.9
School administrative services	4.0	4.0	4.0	29.0	31.0	26.5	19.0	24.8	23.3
General and business administrative services	28.0	29.0	29.0	5.0	19.0	4.5	4.5	18.6	4.5
Plant operations and maintenance	17.0	15.0	15.0	51.0	55.0	55.5	42.3	42.7	42.8
Pupil transportation	62.0	78.0	78.0	20.0	20.0	21.5	19.0	20.4	18.8
Other support services	32.0	34.0	36.0	12.5		14.5	14.5		15.0
Total	<u>496.0</u>	<u>546.0</u>	<u>564.0</u>	<u>492.0</u>	<u>516.5</u>	<u>519.0</u>	<u>475.4</u>	<u>498.6</u>	<u>513.6</u>

(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 NINE FISCAL YEARS
UNAUDITED

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
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%
2013	3,446	58,755,518	17,050	4.35%	249	1:17	1:11	1:12	3,339.9	3,179.7	-3.55%	95.20%

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST NINE FISCAL YEARS

District Building	2005	2006	2007	2008	2009	2010	2011	2012	2013
Ellen T. Briggs School (1955)									
Square Feet	33,828	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	270.62
Enrollment	380	251	258	261	256	256	390	393	393
Cozy Lake School (1962)									
Square Feet	35,776	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	286.21
Enrollment	276	308	288	283	280	280	245	247	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	22,052
Capacity (students)	176.42	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	138
Stanlick School (1962)									
Square Feet	65,304	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	453.60
Enrollment	367	363	380	363	388	388	380	382	382
White Rock School (1969)									
Square Feet	65,684	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	424.80
Enrollment	484	452	424	415	439	439	426	425	425
Middle School (1969)									
Square Feet	65,000	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	653.40
Enrollment	905	905	877	866	825	825	807	810	810
High School (1962)									
Square Feet	235,851	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	1,264.80
Enrollment	1,006	1,059	1,110	1,113	1,108	1,108	1,190	1,069	1,069
Other									
Administration Building									
Square Feet	4,846	4,846	4,846	4,846	4,846	4,846	4,846	12,144	12,144
Transportation									
Square Feet	400	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	2,500

Number of Schools at June 30, 2012

 Elementary = 5

 Middle School = 1

 High School = 1

Note - The Drummond School was decommissioned as a school in 2011. The school was renovated as Board of Education offices.

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

School Facilities	Projects #	Fiscal Year Ended June 30,									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Jefferson Township High School	N/A	\$ 231,832	\$ 284,192	\$ 303,089	\$ 497,623	\$ 479,578	\$ 454,764	\$ 473,758	\$ 371,300	\$ 338,706	\$ 515,524
Arthur Stanlick School	N/A	48,891	50,971	39,978	150,271	138,732	121,450	90,689	60,724	55,393	84,311
Drummond School	N/A	49,211	16,665	33,516	27,944	27,259	22,580	80,767			
Cozy Lake School	N/A	58,668	52,124	76,019	82,324	88,177	133,482	150,932	101,061	92,190	140,316
Ellen T. Briggs School	N/A	45,526	56,510	117,710	77,841	74,119	60,390	105,290	70,500	64,311	97,884
Jefferson Township Middle School	N/A	108,139	130,306	189,645	194,663	275,787	120,765	202,498	135,589	123,687	188,256
Milton School	N/A	26,744	28,696	141,762	50,744	66,917	46,358	34,032	22,787	20,787	31,638
White Rock School	N/A	41,417	47,619	24,606	151,145	142,808	174,214	245,918	164,662	150,207	228,621
		<u>\$ 610,428</u>	<u>\$ 667,083</u>	<u>\$ 926,325</u>	<u>\$ 1,232,555</u>	<u>\$ 1,293,377</u>	<u>\$ 1,134,003</u>	<u>\$ 1,383,884</u>	<u>\$ 926,623</u>	<u>\$ 845,281</u>	<u>\$ 1,286,550</u>

Note - The Drummond School was decommissioned 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, 2013
UNAUDITED

	Coverage	Deductible
School Alliance Insurance Fund:		
Property blanket building and contents replacement cost value	\$ 250,000,000	\$ 1,000
School Alliance Insurance Fund:		
Storage tank system third party liability and cleanup policy		
Each occurrence	1,000,000	5,000
Annual aggregate	2,000,000	
School Alliance Insurance Fund:		
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	
School Alliance Insurance Fund:		
Automotive Coverage		
Combined Single Limit	5,000,000	
Hired/Non-Owned	1,000,000	
Uninsured & Underinsured	1,000,000	
Each Accident	1,000,000	
Hired Automotive Physical Damage	40,000	
School Alliance Insurance Fund:		
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, 2013
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:		
Crime Coverage		
Employee Dishonesty with Faithful Performance	\$ 50,000	\$ 1,000
Theft, Disappearance & Distruction		
Inside and Out	50,000	
Robbery & Safe Burglary Property other		
than Money & Securities-Inside & Out		1,000
School Alliance Insurance Fund:		
Abuse Molestation	1,000,000	
Aggregate	3,000,000	
School Alliance Insurance Fund:		
Catastrophe Liability Coverage		
Occurrence Limit	10,000,000	
Aggregate Limit	10,000,000	
School Alliance Insurance Fund:		
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	5,000,000	
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	29,556,070	
Covered Payrolls - Non-Professional	3,437,314	

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), 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 "District") as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 26, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

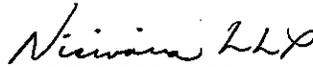
Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 26, 2013
Mount Arlington, New Jersey


NISIVOCCIA LLP



Francis J. Jones, Jr.

Licensed Public School Accountant #1154
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey OMB's Circular 04-04

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Jefferson Township School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2013. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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*. Those standards, 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

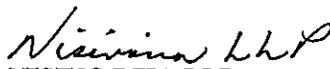
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

August 26, 2013
Mount Arlington, New Jersey


NISIVOCCIA LLP



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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balance	Balance 6/30/13		Due to Grantor 6/30/13
					Unearned Revenue/ (Accounts Receivable) 6/30/12					Accounts Receivable	Unearned Revenue	
U.S. Department of Agriculture												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
			7/1/12-6/30/13	\$ 43,854			\$ 43,854	\$ (33,104)			\$ 10,750	
Federal Food Distribution Program	10.555	N/A	7/1/11-6/30/12	60,275	\$ 6,043			(6,043)				
Total Food Distribution Program					6,043		43,854	(39,147)			10,750	
School Breakfast Program	10.553	N/A	7/1/12-6/30/13	21,222			19,363	(21,222)		\$ (1,859)		
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	22,810	(2,128)		2,128					
National School Lunch Program	10.555	N/A	7/1/12-6/30/13	193,785			179,337	(193,785)		(14,448)		
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	187,288	(14,930)		14,930					
Special Milk Program	10.556	N/A	7/1/12-6/30/13	3,837			3,557	(3,837)		(280)		
Special Milk Program	10.556	N/A	7/1/11-6/30/12	4,464	(295)		295					
Total Child Nutrition Cluster					(17,353)		219,610	(218,844)		(16,587)		
Total U.S. Department of Agriculture					(11,310)		263,464	(257,991)		(16,587)	10,750	
Passed-through State Department of Education:												
General Fund:												
U.S. Department of Health and Human Services:												
Medicaid Reimbursement	93.778	N/A	7/1/12-9/30/13	45,766			45,766	(45,766)				
Total General Fund							45,766	(45,766)				
Special Revenue Fund:												
U.S. Department of Education:												
No Child Left Behind Consolidated Grant:												
Title IIA	84.278A	NCLB552013	9/1/12-8/31/13	59,303			50,238	(59,303)		(9,065)		
Title IIA	84.278A	NCLB552012	9/1/10-8/31/11	65,934	(6,460)		6,290			(170)		
Title IIA	84.278A	NCLB552011	9/1/10-8/31/11	73,096	(12,383)		12,383					
Total Title IIA					(18,843)		68,911	(59,303)		(9,235)		
Title I	84.186A	NCLB552013	9/1/12-8/31/13	102,560			88,782	(102,560)		(13,778)		
Total Title I							88,782	(102,560)		(13,778)		
Title IV	84.186A	NCLB552012	9/1/11-8/31/12	8,151				(311)		(311)		
Total Title IV								(311)		(311)		
Special Education Cluster:												
U.S. Department of Education:												
I.D.E.A. Part B, Preschool	84.173	FT-5520-13	9/1/12-8/31/13	31,988			2,500	(31,988)		(29,488)		
I.D.E.A. Part B, Basic	84.027	FT-5520-13	9/1/12-8/31/13	722,276			608,839	(722,276)		(113,437)		
I.D.E.A. Part B, Basic	84.027	FT-5520-12	9/1/11-8/31/12	704,324	(4,939)		4,939					
Total Special Education Cluster					(4,939)		616,278	(754,264)		(142,925)		
Total Special Revenue Fund/U.S. Department of Education					(23,782)		773,971	(916,438)		(166,249)		
Total Federal Awards					\$ (35,092)	\$ -0-	\$ 1,083,201	\$ (1,220,195)	\$ -0-	\$ (182,836)	\$ 10,750	\$ -0-

N/A: Not Available/Applicable

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, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Balance (Accounts Receivable) 06/30/12	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance 6/30/13		Memo		
								GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures	
General Fund												
NJ Department of Education:												
Equalization Aid	13-495-034-5120-078	7/1/12 - 6/30/13	\$ 12,890,384			\$ 11,630,333	\$ (12,890,384)			\$ 1,260,051	\$ 12,890,384	
Transportation Aid	13-495-034-5120-014	7/1/12 - 6/30/13	416,339			375,641	(416,339)			40,698	416,339	
Special Education Aid	13-495-034-5120-089	7/1/12 - 6/30/13	2,152,482			1,942,074	(2,152,482)			210,408	2,152,482	
Security Aid	13-495-034-5120-084	7/1/12 - 6/30/13	298,580			269,394	(298,580)			29,186	298,580	
Non-Public Transportation Aid	13-495-034-5120-014	7/1/12 - 6/30/13	27,935				(27,935)	\$ (27,935)		27,935	27,935	
Extraordinary Aid	13-100-034-5120-473	7/1/12 - 6/30/13	448,414				(448,414)	(448,414)		448,414	448,414	
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/12 - 6/30/13	1,809,184			1,708,822	(1,809,184)	(100,362)		100,362	1,809,184	
Equalization Aid	12-495-034-5120-078	7/1/11 - 6/30/12	12,664,359	\$ (1,233,938)		1,233,938					12,664,359	
Transportation Aid	12-495-034-5120-014	7/1/11 - 6/30/12	89,499	(8,720)		8,720					89,499	
Special Education Aid	12-495-034-5120-089	7/1/11 - 6/30/12	2,047,705	(199,516)		199,516					2,047,705	
Security Aid	12-495-034-5120-084	7/1/11 - 6/30/12	304,075	(29,627)		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	
Extraordinary Aid	12-100-034-5120-473	7/1/11 - 6/30/12	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	(87,716)		87,716					1,754,031	
Total General Fund State Aid				(2,099,089)		18,025,353	(18,043,318)	(576,711)		2,117,054	35,442,559	
New Jersey Department of Agriculture:												
Food Service Fund:												
School Lunch Program - State	13-100-010-3350-023	7/1/12 - 6/30/13	11,166			9,708	(11,166)	(1,458)		1,458	11,166	
School Lunch Program - State	12-100-010-3350-023	7/1/11 - 6/30/12	11,572	(885)		885					11,572	
Total NJ Department of Agriculture				(885)		10,593	(11,166)	(1,458)		1,458	22,738	
Debt Service Fund:												
NJ Department of Education:												
Debt Service State Aid Support	13-495-034-5120-017	7/1/12 - 6/30/13	43,731			43,731	(43,731)				43,731	
Total Debt Service Fund						43,731	(43,731)				43,731	
NJ Schools Development Authority:												
Capital Projects Fund:												
NJSDA Grant	SP # 202371	N/A	7,079,704	(45,043)				(45,043)		45,043	7,079,704	
NJSDA Grant	2380-040-09-1001; 2380-040-09-1002;											
NJSDA Grant	2380-040-09-1003	N/A	482,250	(482,250)		318,587		(163,663)		163,663	482,250	
NJSDA Grant	2380-050-10-1005	N/A	149,782	(149,782)		141,843		(7,939)		7,939	149,782	
Total NJ Schools Development Authority				(677,075)		460,430		(216,645)		216,645	7,711,736	
Total State Awards				\$ (2,777,049)	\$ -0-	\$ 18,540,107	\$ (18,098,215)	\$ (794,814)	\$ -0-	\$ 2,335,157	\$ 43,220,764	

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, 2013

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, 2013. 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 position 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 (\$68,542) for the general and \$406,430 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 \$1,553,601 and \$1,756,731 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, 2013
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 45,766	\$ 18,043,318	\$18,089,084
Special Revenue Fund	916,438		916,438
Capital Projects Fund		460,430	460,430
Debt Service Fund		43,731	43,731
Enterprise Fund - Food Service	257,991	11,166	269,157
Total Awards	<u>\$ 1,220,195</u>	<u>\$18,558,645</u>	<u>\$19,778,840</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. 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, 2013, \$7,079,704, \$482,250 and \$149,782 has been expended and submitted for reimbursement, and \$45,043, \$163,663 and \$7,939 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, 2013. 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, 2013

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:

<u>State:</u>	<u>State Grant Number/ CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	\$ 12,890,384	\$12,890,384
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	416,339	416,339
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	2,152,482	2,152,482
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	448,414	448,414
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	298,580	304,075

Federal:

- | | | | | |
|-----------------------------|--------|----------------|---------|---------|
| Special Education Cluster | | | | |
| I.D.E.A. Part B - Preschool | 84.173 | 9/1/12-8/31/13 | 31,988 | 31,988 |
| I.D.E.A. Part B - Basic | 84.027 | 9/1/12-8/31/13 | 722,276 | 722,276 |
- 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 OMB's 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, 2013
(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, 2013

Status of Prior Year Findings:

The District had no prior year audit findings.