

**SCHOOL DISTRICT
OF
JEFFERSON TOWNSHIP**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual
Financial Report**

of the

Jefferson Township School District

Jefferson Township, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

**Jefferson Township School District
Business Office**

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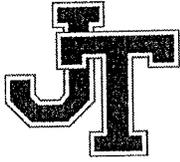
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INTRODUCTORY SECTION



Jefferson Township Board of Education

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Superintendent of Schools
 Joseph G. Kraemer

Business Administrator
 Dora E. Zeno, RSBAA, SFO

Assistant Superintendent of Schools
 Dr. Mary K. Thornton

Assistant Business Administrator
 Estrella M. Molinet, SFO

November 19, 2015

The Honorable President and Members of
 the Board of Education
 Jefferson Township School District
 Jefferson Township, 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, 2015, 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's OMB Circulars 04-04 and 15-08, *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 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 2014-15 fiscal year with an enrollment of 3,245 students, which is a decrease of 107 students from the previous year's enrollment.

The Honorable President and Members of
the Board of Education
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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 2014-2015 school year for the 2013-2014 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 is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state award programs, as well as to determine that the District has complied with applicable laws and regulations.

The Honorable President and Members of
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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, 2015.

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.

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's OMB Circulars 04-04 and 15-08 *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.

The Honorable President and Members of
the Board of Education
Jefferson Township School District
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November 19, 2015

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,



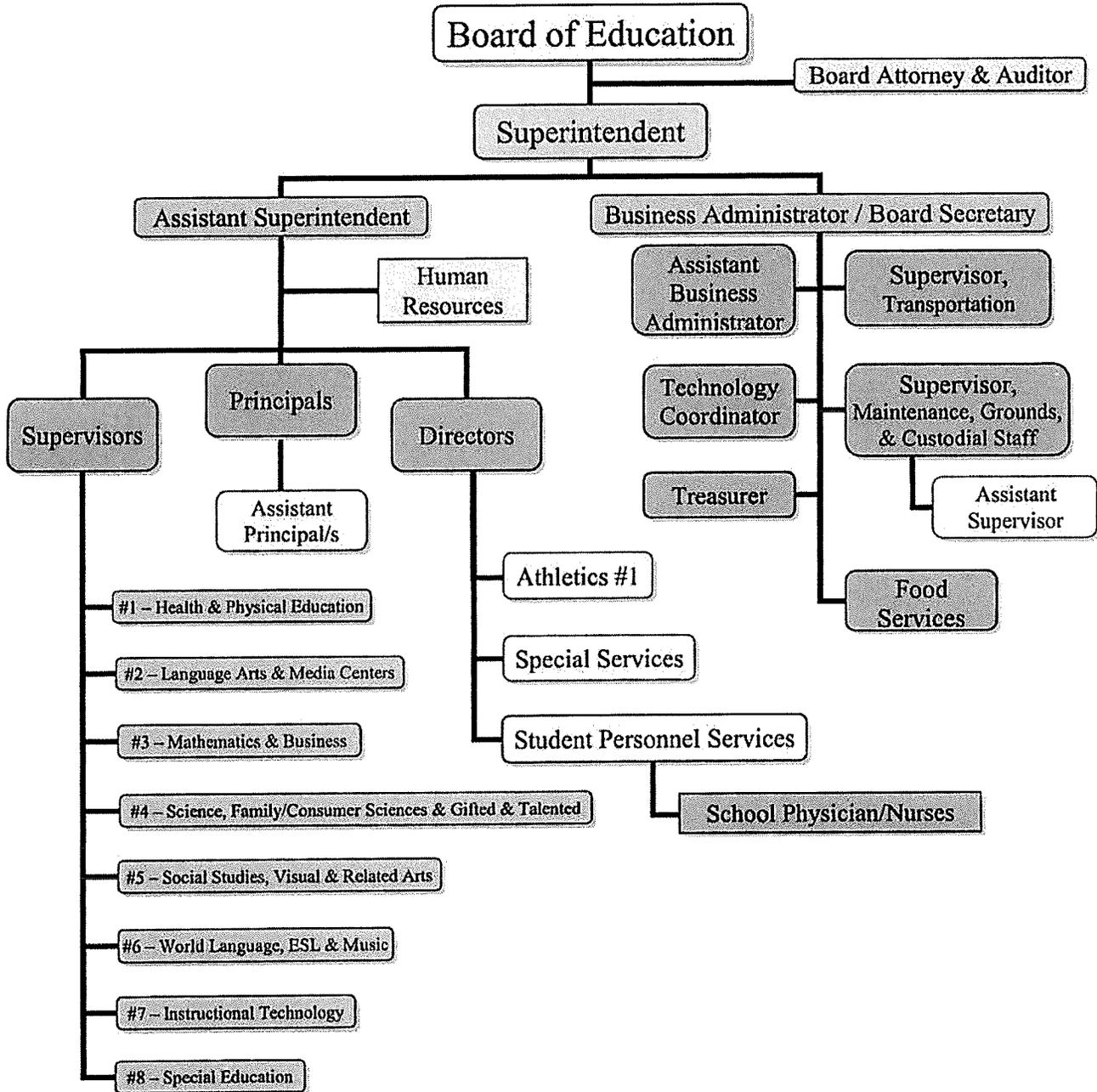
Superintendent
Joseph G. Kraemer



Business Administrator/Board Secretary
Dora E. Zeno

ORGANIZATIONAL CHART

DOCUMENT: Policy



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

**TOWNSHIP OF JEFFERSON BOARD OF EDUCATION
LAKE HOPATCONG, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Mr. Frank J. Cuccio	Member	2017
Mr. Matthew Millar	Vice President	2016
Mrs. Stacey Poulas	Member	2017
Mr. Edward Quigley	Member	2016
Miss Danielle Rowan	Member	2016
Mrs. Melissa Senatore	Member	2015
Mr. H. Ronald Smith	President	2017
Mr. Michael Stewart	Member	2015
Mrs. Jill Van Ness	Member	2015

Other Officials

Joseph G. Kraemer, Superintendent

Jeanne Howe, Assistant Superintendent

Dora E. Zeno, Business Administrator/Board Secretary

William Eagen, Treasurer

TOWNSHIP OF JEFFERSON
BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

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Insurance Agent

The Morville Agency
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Official Depositories

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

FINANCIAL SECTION



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 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, 2015, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 16 to the basic financial statements.

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, the required supplementary information pension schedules and the budgetary comparison information in Exhibits C-1 through C-3 and I-2 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 Circulars 04-04 and 15-08, *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 Honorable President and Members
of the Board of Education
Jefferson Township School District
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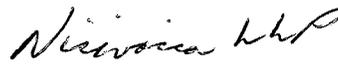
The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records 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 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 November 19, 2015 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.

November 19, 2015
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, 2015. 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 \$1,964,849 or 13.88%. Net position of governmental activities increased \$1,954,820 while net position of business-type activities increased by \$10,029.
- Revenues totaled \$69,839,684 for this fiscal year.
- The District had \$66,738,483 in expenses related to governmental activities. Expenses relating to business-type activities totaled \$1,136,352.
- The District continued to pay down its debt by retiring \$1,210,000 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 the basic 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

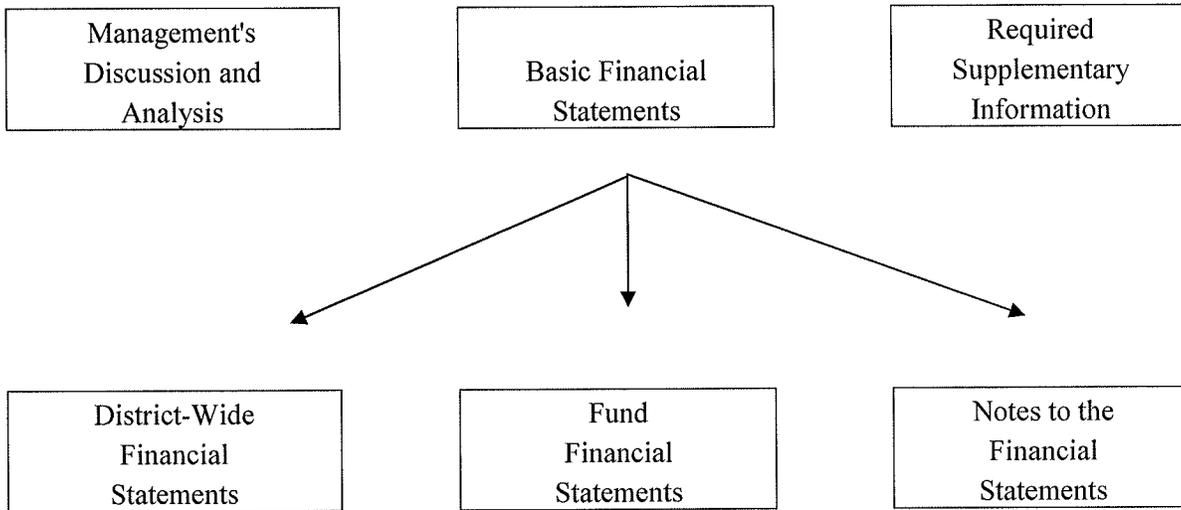


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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, deferred outflow of resources, 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, deferred inflows and outflows, 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, deferred inflows and outflows, 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 District'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
	2013/14*	2014/15	2013/14	2014/15	2013/14*	2014/15	
Current and Other Assets	\$ 1,701,594	\$ 1,143,255	\$ 273,929	\$ 192,622	\$ 1,975,523	\$ 1,335,877	-32.38%
Capital Assets	52,933,110	53,777,925	78,078	89,119	53,011,188	53,867,044	1.61%
Total Assets	<u>54,634,704</u>	<u>54,921,180</u>	<u>352,007</u>	<u>281,741</u>	<u>54,986,711</u>	<u>55,202,921</u>	0.39%
Deferred Outflows of Resources	<u>790,152</u>	<u>1,234,732</u>			<u>790,152</u>	<u>1,234,732</u>	56.27%
Long-Term Debt Outstanding	39,425,540	36,918,751			39,425,540	36,918,751	-6.36%
Other Liabilities	2,072,311	2,128,249	119,413	39,118	2,191,724	2,167,367	-1.11%
Total Liabilities	<u>41,497,851</u>	<u>39,047,000</u>	<u>119,413</u>	<u>39,118</u>	<u>41,617,264</u>	<u>39,086,118</u>	-6.08%
Deferred Inflows of Resources		<u>1,227,087</u>					100.00%
Net Position:							
Net Investment in Capital Assets	30,289,965	32,927,468	78,078	89,119	30,368,043	33,016,587	8.72%
Restricted for:							
Debt Service	102,587	102,588			102,587	102,588	0.00%
Capital Projects	743,415	208,440			743,415	208,440	-71.96%
Other Purposes	475,278	512,394			475,278	512,394	7.81%
Unrestricted/(Deficit)	<u>(17,684,240)</u>	<u>(17,869,065)</u>	<u>154,516</u>	<u>153,504</u>	<u>(17,529,724)</u>	<u>(17,715,561)</u>	-1.06%
Total Net Position	<u>\$ 13,927,005</u>	<u>\$ 15,881,825</u>	<u>\$ 232,594</u>	<u>\$ 242,623</u>	<u>\$ 14,159,599</u>	<u>\$ 16,124,448</u>	13.88%

* Restated

Changes in Net Position. The District's combined net position was \$16,124,448 on June 30, 2015, \$1,964,849 or 13.88% more than the year before. (See Figure A-3). Net investments in capital assets increased primarily due to the current year maturity of serial bonds payable and capital leases payable of \$1,792,688 as well as current year capital asset additions of \$2,131,565 offset by current year depreciation of \$1,286,750. Restricted net position decreased primarily due to the utilization of funds from capital reserve of \$735,086 offset by a year end increase of \$200,000 by Board resolution. Unrestricted net assets decreased primarily due to a decrease in accrued compensated absences offset by an increase in net pension liability. The net position of the business-type activities increased \$10,029 which is attributable to revenue exceeding expenses 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
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	
Revenue:							
Program Revenue:							
Charges for Services	\$ 714,925	\$ 730,368	\$ 842,745	\$ 845,742	\$ 1,557,670	\$ 1,576,110	1.18%
Operating Grants and Contributions	20,884,439	27,151,109	302,821	300,217	21,187,260	27,451,326	29.57%
Capital Grants and Contributions	97,275				97,275	-	-100.00%
General Revenue:							
Property Taxes	39,254,712	40,344,651			39,254,712	40,344,651	2.78%
Unrestricted Federal and State Aid	81,429	134,405			81,429	134,405	65.06%
Other	317,549	332,770	366	422	317,915	333,192	4.81%
Total Revenue	61,350,329	68,693,303	1,145,932	1,146,381	62,496,261	69,839,684	11.75%
Expenses:							
Instruction	30,540,653	34,367,649			30,540,653	34,367,649	12.53%
Pupil and Instruction Services	13,042,140	14,297,300			13,042,140	14,297,300	9.62%
Administrative and Business	5,518,217	6,313,405			5,518,217	6,313,405	14.41%
Maintenance and Operations	6,517,758	6,579,930			6,517,758	6,579,930	0.95%
Transportation	3,840,374	3,925,512			3,840,374	3,925,512	2.22%
Other	1,261,033	1,254,687	1,160,071	1,136,352	2,421,104	2,391,039	-1.24%
Total Expenses	60,720,175	66,738,483	1,160,071	1,136,352	61,880,246	67,874,835	9.69%
Increase/(Decrease) in Net Position	\$ 630,154	\$ 1,954,820	\$ (14,139)	\$ 10,029	\$ 616,015	\$ 1,964,849	218.96%

Revenue Sources. The District's total revenue for the 2014/15 school year was \$69,839,684. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for \$40,344,651 of the total, or 57.77 percent. (See Figure A-5). Another 39.31 percent came from grants, aid 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 2015

	Amount	Percentage
Sources of Income:		
Operating Grants and Contributions	\$ 27,451,326	39.31%
Property Taxes	40,344,651	57.77%
Federal and State Unrestricted Aid	134,405	0.19%
Charges for Services	1,576,110	2.26%
Other	333,192	0.48%
	\$ 69,839,684	100.00%

The total cost of all programs and services was \$67,874,835. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (77.48 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.30 percent of total costs.

Figure A-6
Expenses for Fiscal Year 2015

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 34,367,649	50.64%
Pupil and Instruction Services	14,297,300	21.06%
Administrative and Business	6,313,405	9.30%
Maintenance and Operations	6,579,930	9.69%
Transportation	3,925,512	5.78%
Other	2,391,039	3.53%
	<u>\$ 67,874,835</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.

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>	
	2013/14	2014/15	2013/14	2014/15
Instruction	\$ 30,540,653	\$ 34,367,649	\$ 11,782,596	\$11,309,379
Pupil and Instruction Services	13,042,140	14,297,300	11,502,044	12,288,484
Administrative and Business	5,518,217	6,313,405	5,031,482	5,103,260
Maintenance and Operations	6,517,758	6,579,930	6,180,551	5,764,400
Transportation	3,840,374	3,925,512	3,265,830	3,136,796
Other	1,261,033	1,254,687	1,261,033	1,254,687
	<u>\$ 60,720,175</u>	<u>\$ 66,738,483</u>	<u>\$ 39,023,536</u>	<u>\$ 38,857,006</u>

- The cost of all governmental activities this year was \$66.74 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$27.45 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 increased by \$10,029. (Refer to Figure A-4). The factor contributing to this result was:

- Food services revenue exceeded expenses by \$10,029.

Financial Analysis of the District's Funds

The District's financial position remains relatively 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 contributions. 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.
- Lower than anticipated fuel and heating costs.
- Repairs to High School campus to accommodate emergency well repairs and related pump and plumbing expenditures due to loss of water over two weeks, including potable water brought to campus.
- Career Readiness Program expanded.
- Additional paving at High School campus.
- Adjustments to Special Education coding categorized to accurately reflect population needs.
- Numerous athletic field improvements.
- Larger than estimated staff opting out of health insurance.

Capital Asset and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	
Land	\$ 883,279	\$ 883,279			\$ 883,279	\$ 883,279	0.00%
Construction in Progress	179,914	327,687			179,914	327,687	82.14%
Buildings and Improvements	47,774,023	48,705,213			47,774,023	48,705,213	1.95%
Machinery and Equipment	4,095,894	3,861,746	\$ 78,078	\$ 89,119	4,173,972	3,950,865	-5.35%
	<u>\$ 52,933,110</u>	<u>\$ 53,777,925</u>	<u>\$ 78,078</u>	<u>\$ 89,119</u>	<u>\$ 53,011,188</u>	<u>\$ 53,867,044</u>	1.61%

Capital Asset and Debt Administration (Cont'd)

The depreciation factored into the governmental activities and the business-type activities for the fiscal year 2014-15 were \$1,286,750 and \$16,678, respectively. The District has construction in progress of \$327,687 at the end of fiscal year 2014-15 which is comprised of the replacement of the boiler at Cozy Lake School.

Long-term Debt

At year-end, the District had \$19,215,000 in general obligation bonds outstanding – a reduction of \$1,210,000 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

	<u>Total School District</u>		<u>Percentage Change</u>
	<u>2013/14</u>	<u>2014/15</u>	
General Obligation Bonds (Financed with Property Taxes)	\$ 20,425,000	\$ 19,215,000	-5.92%
Capital Leases	2,218,145	1,635,457	-26.27%
Net Pension Liability	16,592,800	15,932,954	-3.98%
Other Long-Term Liabilities	<u>189,595</u>	<u>135,340</u>	-28.62%
	<u>\$ 39,425,540</u>	<u>\$ 36,918,751</u>	-6.36%

- The District continued to pay down its debt, retiring \$1,210,000 of outstanding bonds.
- The District continued to pay down its leases, retiring \$582,688 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, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 102,588	\$ 154,799	\$ 257,387
Receivables from Other Governments	435,632	19,859	455,491
Other Receivables	173,673	90	173,763
Interfund Receivable	93		93
Inventory		17,874	17,874
Restricted Assets:			
Cash and Cash Equivalents	431,269		431,269
Capital Assets:			
Sites (Land)	883,279		883,279
Construction in Progress	327,687		327,687
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	52,566,959	89,119	52,656,078
Total Assets	<u>54,921,180</u>	<u>281,741</u>	<u>55,202,921</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amount on Refunding	733,714		733,714
Changes in Assumptions - Pensions	501,018		501,018
Total Deferred Outflows of Resources	<u>1,234,732</u>		<u>1,234,732</u>
LIABILITIES			
Accounts Payable - Vendors	103,295	20,564	123,859
Accounts Payable - State	21,924		21,924
Accrued Salaries Payable	7,505		7,505
Accrued Interest Payable	214,796		214,796
Prepaid Sales		12,161	12,161
Unamortized Bond Premium	1,476,534		1,476,534
Unearned Revenue	304,195	6,393	310,588
Noncurrent Liabilities:			
Due Within One Year	1,862,213		1,862,213
Due Beyond One Year	35,056,538		35,056,538
Total Liabilities	<u>39,047,000</u>	<u>39,118</u>	<u>39,086,118</u>
DEFERRED INFLOWS OF RESOURCES:			
Investment Gains - Pensions	949,517		949,517
Changes in Proportions - Pensions	277,570		277,570
Total Deferred Inflows of Resources	<u>1,227,087</u>		<u>1,227,087</u>
NET POSITION			
Net Investment in Capital Assets	32,927,468	89,119	33,016,587
Restricted for:			
Debt Service	102,588		102,588
Capital Projects	208,440		208,440
Other Purposes	512,394		512,394
Unrestricted/(Deficit)	(17,869,065)	153,504	(17,715,561)
Total Net Position	<u>\$ 15,881,825</u>	<u>\$ 242,623</u>	<u>\$ 16,124,448</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, 2015

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	\$ 24,769,520		\$ 18,324,917		\$ (6,444,603)	\$ (6,444,603)
Special Education	6,987,773	\$ 730,368	3,525,535		(2,731,870)	(2,731,870)
Other Special Instruction	1,483,116		295,355		(1,187,761)	(1,187,761)
Other Instruction	1,127,240		182,095		(945,145)	(945,145)
Support services:						
Tuition	3,265,227				(3,265,227)	(3,265,227)
Student & Instruction Related Services	11,032,073		2,008,816		(9,023,257)	(9,023,257)
General Administrative Services	1,357,670		148,092		(1,209,578)	(1,209,578)
School Administrative Services	2,929,060		674,514		(2,254,546)	(2,254,546)
Central Services	1,178,682		219,463		(959,219)	(959,219)
Administrative Information Technology	847,993		168,076		(679,917)	(679,917)
Plant Operations and Maintenance	6,579,930		815,530		(5,764,400)	(5,764,400)
Pupil Transportation	3,925,512		788,716		(3,136,796)	(3,136,796)
Interest on Long-Term Debt	721,896				(721,896)	(721,896)
Unallocated Depreciation	379,568				(379,568)	(379,568)
Capital Outlay	94,542				(94,542)	(94,542)
Transfer to Charter School	58,681				(58,681)	(58,681)
Total Governmental Activities	66,738,483	730,368	27,151,109	-0-	(38,857,006)	\$ -0-

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<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>	<u>Total</u>
Business-Type Activities:							
Food Service	\$ 1,136,352	\$ 845,742	\$ 300,217			\$ 9,607	\$ 9,607
Total Business-Type Activities	<u>1,136,352</u>	<u>845,742</u>	<u>300,217</u>			<u>9,607</u>	<u>9,607</u>
Total Primary Government	<u>\$ 67,874,835</u>	<u>\$ 1,576,110</u>	<u>\$ 27,451,326</u>		<u>\$ (38,857,006)</u>	<u>9,607</u>	<u>(38,847,399)</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes, Net		38,389,377		38,389,377
Taxes Levied for Debt Service		1,955,274		1,955,274
Federal and State Aid not Restricted		134,405		134,405
Interest on Capital and Maintenance Reserve Accounts		556		556
Miscellaneous Income		332,214	422	332,636

Total General Revenue		<u>40,811,826</u>	<u>422</u>	<u>40,812,248</u>
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Change in Net Position		1,954,820	10,029	1,964,849
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Net Position - Beginning (Restated)		<u>13,927,005</u>	<u>232,594</u>	<u>14,159,599</u>
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Net Position - Ending		<u>\$ 15,881,825</u>	<u>\$ 242,623</u>	<u>\$ 16,124,448</u>
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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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents				\$ 102,588	\$ 102,588
Intergovernmental Accounts Receivable - State	\$ 383,686				383,686
Intergovernmental Accounts Receivable - Federal		\$ 51,946			51,946
Interfund Receivable	650,011				650,011
Other Receivable	173,673				173,673
Restricted Cash and Cash Equivalents	431,269				431,269
Total Assets	<u>\$ 1,638,639</u>	<u>\$ 51,946</u>	<u>\$ -0-</u>	<u>\$ 102,588</u>	<u>\$ 1,793,173</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors	\$ 103,295				\$ 103,295
Accounts Payable - State	21,924				21,924
Accrued Salaries Payable	7,505				7,505
Interfund Payable		\$ 51,946	\$ 597,972		649,918
Unearned Revenue	304,195				304,195
Total Liabilities	<u>436,919</u>	<u>51,946</u>	<u>597,972</u>		<u>1,086,837</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	208,440				208,440
Maintenance Reserve Account	222,829				222,829
Excess Surplus	36,671				36,671
Excess Surplus Designated for Subsequent Year	252,894				252,894
Debt Service				\$ 102,588	102,588
Assigned:					
For Subsequent Year's Expenditures	388,658				388,658
Encumbrances	82,824				82,824
For Subsequent Year's Expenditures - SEMI ARRA	9,404				9,404
Unassigned/(Deficit)			(597,972)		(597,972)
Total Fund Balances	<u>1,201,720</u>		<u>(597,972)</u>	<u>102,588</u>	<u>706,336</u>
Total Liabilities and Fund Balances	<u>\$ 1,638,639</u>	<u>\$ 51,946</u>	<u>\$ -0-</u>	<u>\$ 102,588</u>	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$72,291,354 and the accumulated depreciation is \$18,513,429.	53,777,925
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.	(214,796)
Deferred interest costs are reported as expenditures in the governmental funds in the year of expenditure.	733,714
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 \$454,316.	(1,476,534)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(15,932,954)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Changes in Assumptions - Pensions	501,018
Investment Gains - Pensions	(949,517)
Changes in Proportions - Pensions	(277,570)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds	<u>(20,985,797)</u>
Net Position of Governmental Activities	<u>\$ 15,881,825</u>

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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 38,389,377			\$ 1,955,274	\$ 40,344,651
Tuition	246,096				246,096
Miscellaneous	86,674				86,674
Total - Local Sources	38,722,147			1,955,274	40,677,421
State Sources	21,307,854			44,883	21,352,737
Federal Sources	89,522	\$ 875,179			964,701
Total Revenue	60,119,523	875,179		2,000,157	62,994,859
EXPENDITURES:					
Current:					
Regular Instruction	15,662,772	144,811			15,807,583
Special Education Instruction	4,316,703				4,316,703
Other Special Instruction	914,967				914,967
Other Instruction	776,960				776,960
Support Services and Undistributed Costs:					
Tuition	2,534,859	730,368			3,265,227
Student & Instruction Related Services	6,643,029				6,643,029
General Administrative Services	846,799				846,799
School Administrative Services	2,214,246				2,214,246

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	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	\$ 756,521				\$ 756,521
Administrative Information Technology	524,680				524,680
Plant Operations and Maintenance	4,980,629				4,980,629
Pupil Transportation	3,143,386				3,143,386
Unallocated Benefits	15,258,160				15,258,160
Debt Service:					
Principal				\$ 1,210,000	1,210,000
Interest and Other Charges				790,156	790,156
Capital Outlay	513,288		\$ 1,712,819		2,226,107
Transfer to Charter School	58,681				58,681
Total Expenditures	<u>59,145,680</u>	<u>\$ 875,179</u>	<u>1,712,819</u>	<u>2,000,156</u>	<u>63,733,834</u>
Excess/(Deficiency) of Revenue over/(under) Expenditures	<u>973,843</u>		<u>(1,712,819)</u>	<u>1</u>	<u>(738,975)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In			1,275,539		1,275,539
Transfers Out	(1,275,539)				(1,275,539)
Total Other Financing Sources/(Uses)	<u>(1,275,539)</u>		<u>1,275,539</u>		
Net Change in Fund Balances	(301,696)		(437,280)	1	(738,975)
Fund Balance/(Deficit)—July 1	<u>1,503,416</u>		<u>(160,692)</u>	<u>102,587</u>	<u>1,445,311</u>
Fund Balance/(Deficit)—June 30	<u>\$ 1,201,720</u>	<u>\$ -0-</u>	<u>\$ (597,972)</u>	<u>\$ 102,588</u>	<u>\$ 706,336</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, 2015

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (738,975)

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>2,131,565</u>	844,815

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 (+).

54,255

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. (+)

11,119

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, 2015

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 when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (-)	(56,438)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	659,846
Deferred Outflows:	
Changes in Assumptions	501,018
Deferred Inflows:	
Changes in Proportion	(277,570)
Net difference between projected and actual investment earnings on pension plan investments	(949,517)
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.	1,792,688
Change in Net Position of Governmental Activities (Exhibit A-2)	\$ 1,954,820

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 154,799
Intergovernmental Accounts Receivable:	
Federal	18,809
State	1,050
Other Accounts Receivable	90
Inventories	17,874
	192,622
Total Current Assets	192,622
Non-Current Assets:	
Capital Assets	494,230
Less: Accumulated Depreciation	(405,111)
	89,119
Total Non-Current Assets	89,119
Total Assets	281,741
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	20,564
Prepaid Sales	12,161
Unearned Revenue	6,393
	39,118
Total Current Liabilities	39,118
<u>NET POSITION:</u>	
Net Investment in Capital Assets	89,119
Unrestricted	153,504
	242,623
Total Net Position	\$ 242,623

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, 2015

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 559,043
Daily Sales - Non-reimbursable Programs	268,938
Special Events	17,761
Total Operating Revenue	845,742
Operating Expenses:	
Cost of Sales	501,910
Salaries and Payroll Taxes	462,328
Employee Benefits	42,822
Management Fee	65,074
Professional and Technical Services	47,540
Depreciation Expense	16,678
Total Operating Expenses	1,136,352
Operating Loss	(290,610)
Non-Operating Revenue:	
Local Sources	
Interest Revenue	422
State Sources:	
State School Lunch Program	10,456
Federal Sources	
National School Lunch Program	234,625
Food Distribution Program	55,136
Total Non-Operating Revenue	300,639
Change in Net Position	10,029
Net Position - Beginning of Year	232,594
Net Position - End of Year	\$ 242,623

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-type Activities- Enterprise Funds</u> Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 849,756
Payments to Food Service Vendor	<u>(1,145,215)</u>
Net Cash Used for Operating Activities	<u>(295,459)</u>
Cash Flows Used for Capital and Related Financing Activities:	
Purchase of Capital Assets	<u>(27,719)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(27,719)</u>
Cash Flows from Investing Activities:	
Investment Income	<u>422</u>
Net Cash Provided by Investing Activities	<u>422</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	10,810
Federal Sources:	
National School Lunch Program	<u>233,210</u>
Net Cash Provided by Noncapital Financing Activities	<u>244,020</u>
Net Decrease in Cash and Cash Equivalents	(78,736)
Cash and Cash Equivalents, July 1	<u>233,535</u>
Cash and Cash Equivalents, June 30	<u>\$ 154,799</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (290,610)
Adjustment to Reconcile Operating Loss to net Cash Used for Operating Activities:	
Depreciation	16,678
Federal Food Distribution Program	55,136
Changes in Assets and Liabilities:	
(Increase)/Decrease in Other Accounts Receivable	1,935
(Increase)/Decrease in Inventories	1,697
Increase/(Decrease) in Accounts Payable	(85,233)
Increase/(Decrease) in Prepaid Sales	2,079
Increase/(Decrease) in Unearned Revenue	<u>2,859</u>
Net Cash Used for Operating Activities	<u>\$ (295,459)</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 \$57,995 and \$55,136, respectively, for the fiscal year ended June 30, 2015.

Exhibit B-7

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

<u>ASSETS:</u>	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Funds</u>
Cash and Cash Equivalents	\$ 844,017	\$ 442,682	\$ 40,615
Total Assets	<u>844,017</u>	<u>442,682</u>	<u>40,615</u>
<u>LIABILITIES:</u>			
Accrued Salaries and Wages	543,914		
Payroll Deductions and Withholdings	39,697		
Due to Student Groups	260,313		
Interfund Payable - General Fund	93		
Total Liabilities	<u>844,017</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		442,682	
Scholarships and Memorials			40,615
Total Net Position	<u>\$ -0-</u>	<u>\$ 442,682</u>	<u>\$ 40,615</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, 2015

	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Fund</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 76,833	
Donations		\$ 8,987
Total Contributions	<u>76,833</u>	<u>8,987</u>
Investment Earnings:		
Interest	813	73
Net Investment Earnings	<u>813</u>	<u>73</u>
Total Additions	<u>77,646</u>	<u>9,060</u>
DEDUCTIONS:		
Unemployment Compensation Claims	36,311	
Scholarships Awarded		17,075
Total Deductions	<u>36,311</u>	<u>17,075</u>
Change in Net Position	41,335	(8,015)
Net Position - Beginning of the Year	<u>401,347</u>	<u>48,630</u>
Net Position - End of the Year	<u>\$ 442,682</u>	<u>\$ 40,615</u>

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, 2015

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, 2015
(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 capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. 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 fund:

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, 2015

(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, 2015 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, 2015
(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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 60,131,429	\$ 872,500
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenues on the Budgetary Basis but not on the GAAP Basis		2,679
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,540,024	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,551,930)</u>	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 60,119,523</u>	<u>\$ 875,179</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 59,145,680	\$ 872,500
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		2,679
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 59,145,680	\$ 875,179
Fund Balance - Budgetary Basis		\$ 234,452
Reconciliation to Governmental Funds Statements (GAAP):		
NJSDA Grant Receivable not Recognized on GAAP Basis		(832,424)
Fund Balance/(Deficit) per Governmental Funds (GAAP)		\$ (597,972)

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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.

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, 2015.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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.

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, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental funds upon acquisition. Capital 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 premiums and 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, 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.

M. Accrued Salaries and Wages:

The District allows ten-month academic year employees who provide services, the option to have their salaries evenly distributed during the entire twelve-month year by having 10% of their semi-monthly salary, deducted and the accumulated deductions disbursed in 2 installments over the two summer months. Accrued salaries and wages as of June 30, 2015 totaled \$543,914.

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

N. Compensated Absences: (Cont'd)

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.

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 in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$1,201,720 General Fund balance at June 30, 2015, \$208,440 is restricted in the capital reserve account; \$222,829 is restricted in the maintenance reserve account; \$252,894 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2016; \$36,671 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2017; \$82,824 is assigned for encumbrances and \$9,404 is designated for subsequent year's expenditures – SEMI ARRA. There is also \$1,133,168 of unassigned fund balance and \$388,658 of fund balance assigned for subsequent year's expenditures which is \$418,762 less on a GAAP basis due to the final two state aid payments not recognized on a GAAP basis.

Capital Projects Fund: The Capital Projects Fund had a deficit unassigned fund balance of \$597,972 at June 30, 2015 due to the SDA grant receivables not being recognized on a GAAP basis.

Debt Service Fund: The \$102,588 Debt Service Fund balance at June 30, 2015 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2015 as noted above.

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$1,551,930 (\$1,133,168 in unassigned fund balance and \$418,762 in fund balance assigned for subsequent year's expenditures), 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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

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 \$17,869,065 deficit in unrestricted net position of the governmental activities at June 30, 2015 resulted primarily due to accrued interest payable of \$214,796, \$135,340 of compensated absences payable, investment gains in pensions of \$949,517, changes in proportion in pensions of \$277,570 and net pension liability of \$15,932,954; net of \$398,062 of fund balance assigned for subsequent year's expenditures, \$82,824 assigned for encumbrances and changes in pension assumptions of \$501,018. These deficits do not indicate that the District is facing financial difficulties and are a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

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 had a deferred outflow of resources for the deferred amount on refunding at June 30, 2015.

The District had deferred inflows of resources at June 30, 2015 for the changes in proportion in pension and the net difference between projected and actual investment earnings on pension plan investments.

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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, excess surplus, capital reserve and a maintenance reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2015.

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, 2015.

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

- (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, 2015, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking and Savings Accounts	\$ 1,563,078	\$ 431,269	\$ 1,994,347

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$1,994,347 and the bank balance was \$3,084,971.

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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 743,415	
Add:		
Increase per Board Resolution	200,000	
Interest Earned in Capital Reserve Account	111	
Less: Budgeted Withdrawal		<u>(735,086)</u>
Ending Balance, June 30, 2015		<u>\$ 208,440</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects at June 30, 2015 is equal to or greater than \$208,440. There was a budgeted withdrawal from the capital reserve account, in the amount of \$735,086, 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, 2015, the District transferred a total of \$41,713 to capital outlay accounts for equipment which did not require approval from the County Superintendent. There was a net transfer out of Capital Outlay to Capital Projects Fund for \$1,217,048 which received approval from the County Superintendent.

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

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

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance	Additions	Reclassification of Construction in Progress	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 883,279			\$ 883,279
Construction in Progress	179,914	\$ 1,712,819	\$ (1,565,046)	327,687
Total Capital Assets Not Being Depreciated	<u>1,063,193</u>	<u>1,712,819</u>	<u>(1,565,046)</u>	<u>1,210,966</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	62,181,016	372,241	1,565,046	64,118,303
Machinery and Equipment	6,915,580	46,505		6,962,085
Total Capital Assets Being Depreciated	<u>69,096,596</u>	<u>418,746</u>	<u>1,565,046</u>	<u>71,080,388</u>
Governmental Activities Capital Assets	<u>70,159,789</u>	<u>2,131,565</u>		<u>72,291,354</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(14,406,993)	(1,006,097)		(15,413,090)
Machinery and Equipment	(2,819,686)	(280,653)		(3,100,339)
	<u>(17,226,679)</u>	<u>(1,286,750)</u>		<u>(18,513,429)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 52,933,110</u>	<u>\$ 844,815</u>	<u>\$ -0-</u>	<u>\$ 53,777,925</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 466,511	\$ 27,719		\$ 494,230
Less: Accumulated Depreciation	(388,433)	(16,678)		(405,111)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 78,078</u>	<u>\$ 11,041</u>	<u>\$ -0-</u>	<u>\$ 89,119</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6: CAPITAL ASSETS (Cont'd)

The District has an active construction project for the Cozy Lake boiler replacement. At year end, the District had \$124,473 in year end encumbrances in the Capital Projects Fund for other professional and technical services and construction services.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2014</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2015</u>
Serial Bonds Payable	\$20,425,000		\$ 1,210,000	\$ 19,215,000
Compensated Absences Payable	189,595	\$ 59,034	113,289	135,340
Net Pension Liability	16,592,800		659,846	15,932,954
Capital Leases Payable	2,218,145		582,688	1,635,457
	<u>\$39,425,540</u>	<u>\$ 59,034</u>	<u>\$2,565,823</u>	<u>\$ 36,918,751</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.

The District had bonds outstanding as of June 30, 2015 as follows:

<u>Final</u> <u>Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
9/15/2027	3.00%-5.00%	\$ 18,920,000
9/1/2016	4.00%	295,000
		<u>\$ 19,215,000</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,285,000	607,081	1,892,081
2020	1,345,000	567,431	1,912,431
2021-2025	7,540,000	2,009,013	9,549,013
2026-2028	5,260,000	426,200	5,686,200
	<u>\$ 19,215,000</u>	<u>\$ 5,775,768</u>	<u>\$ 24,990,768</u>

B. Bonds Authorized but not Issued:

As of June 30, 2015, the Board had no bonds authorized but not issued.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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, 2015.

<u>Year</u>	<u>Amount</u>
2016	\$ 630,153
2017	630,153
2018	<u>409,010</u>
	<u>1,669,316</u>
Less: Amount representing interest	<u>(33,859)</u>
Present value of net minimum lease payments	<u><u>\$ 1,635,457</u></u>

The current portion of Capital Leases payable at June 30, 2015 is \$612,213. Capital leases will be liquidated through the General Fund.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences of \$135,340. 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, 2015, no liability existed for compensated absences in the Food Service Fund.

E. Net Pension Liability

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long term portion is \$15,932,954. See Note 8 for further information on the PERS.

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; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$741,743 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

NOTE 8. PENSION PLANS (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$15,932,954 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.085%, which was a decrease of 0.001% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$786,230. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 501,018	
Changes in Proportion		\$ 277,570
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		949,517
	<u>\$ 501,018</u>	<u>\$ 1,227,087</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2015	\$ (145,281)
2016	(145,281)
2017	(145,281)
2018	(145,281)
2019	92,101
Thereafter	40,524
	<u>\$ (448,499)</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Fiscal Year Ended June 30, 2014</u>		
	1%	Current	1%
	Decrease (4.39%)	Discount Rate (5.39%)	Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 200,442	\$ 159,330	\$ 124,806

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount. The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$1,323,727 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$7,022,171.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$130,500,859. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.244%, which was a increase of 0.004% from its proportion measured as of June 30, 2013.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		<u>130,500,859</u>
Total	\$	<u><u>130,500,859</u></u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$7,022,171 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>1,741,236,574</u>
	<u>\$ 2,306,623,861</u>	<u>\$ 1,763,205,593</u>

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	<u>761,551,612</u>
	<u>\$ 543,418,268</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 the DCRP. 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.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$30,690 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$55,937 for the fiscal year ended June 30, 2015.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through 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, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$2,101,418, \$1,693,629 and \$1,756,731 for 2015, 2014 and 2013, respectively.

NOTE 10. RISK MANAGEMENT

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

Property and Liability Insurance

The District is a member of the School Alliance Insurance Fund (the "Fund") and the Pooled Insurance Program of New Jersey (the "PIP"). These public entity risk management pools provide general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund and the PIP are risk-sharing public entity risk pools that are an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund and PIP are elected.

As a member of the Fund and the PIP, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund and the PIP were to be exhausted, members would become responsible for their respective shares of the Fund's and the PIP's liabilities. The Fund and 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 among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2015 audits were not available as of the date of this report; however, selected, summarized financial information for the Fund and the PIP as of June 30, 2014 is as follows:

	Pooled Insurance Program	School Alliance Insurance Fund
Total Assets	\$ 22,450,519	\$ 33,508,569
Net Position	\$ 6,778,925	\$ 5,114,269
Total Revenue	\$ 8,063,675	\$ 33,869,258
Total Expenses	\$ 5,449,440	\$ 37,253,827
Change in Net Position	\$ 2,614,235	\$ (3,384,569)
Members Dividends	\$ 1,406,890	\$ -0-

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

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550

Financial statements for the Pooled Insurance Program are available at the Fund's Executive Director's Office:

Burton Agency
44 Bergen Street
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>
2014-2015		\$ 813	\$ 76,833	\$ 36,311	\$ 442,682
2013-2014		751	74,393	48,658	401,347
2012-2013	\$ 125,000	492	72,569	100,703	374,861

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 650,011	
Special Revenue Fund		\$ 51,946
Capital Projects Fund		597,972
Agency Funds		93
	<u>\$ 650,011</u>	<u>\$ 650,011</u>

The General Fund is owed \$51,946 from the Special Revenue Fund for a cash deficit which will be reimbursed when grant money is received from the federal grantors. The General Fund is owed \$597,972 from the Capital Projects Fund which are interfunds advanced to cover preliminary expenses for various capital projects and will be reimbursed upon receipt of State of New Jersey ROD grants.

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, 2015
(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, 2015, if any, is unknown.

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds.

General Fund	Capital Projects Fund	Total Governmental Activities
\$ 82,824	\$ 124,473	\$ 207,297

On the District's Governmental Fund Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Capital Projects Fund. Actual encumbrances of \$124,473 are reflected as part of the deficit fund balance in Capital Projects Fund, on a GAAP basis.

NOTE 16. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
Statement of Net Position:			
Liabilities:			
Non-Current Liabilities	\$ 22,832,740	\$ 16,592,800	\$ 39,425,540
Total Liabilities	24,905,051	16,592,800	41,497,851
Net Position:			
Unrestricted/(Deficit)	(1,091,440)	(16,592,800)	(17,684,240)
Total Net Position	30,519,805	(16,592,800)	13,927,005

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 17. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$100,000 was established by the District in the 2003-04 budget. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building. Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance July 1, 2014	\$	222,384
Add:		
Interest Earnings		445
Ending Balance June 30, 2015	\$	<u>222,829</u>

NOTE 18. ACCOUNTS PAYABLE

Payables as of June 30, 2015 were:

	<u>General Fund</u>	<u>Total Governmental Activites</u>	<u>Total Business Type Activities</u>
Vendors	\$ 81,858	\$ 81,858	\$ 20,563
Cash Deficit	21,437	21,437	
State	21,924	21,924	
Total	<u>\$ 125,219</u>	<u>\$ 125,219</u>	<u>\$ 20,563</u>

The cash deficit in the General Fund is attributable to year end transfer of funds from the General Fund to the Capital Reserve account.

REQUIRED SUPPLEMENTARY
INFORMATION SCHEDULES

JEFFERSON TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0868188090%	8.5099499500%
District's proportionate share of the net pension liability	\$ 16,592,800	\$ 15,932,954
District's covered employee payroll	\$ 5,941,086	\$ 6,124,440
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	279.29%	260.15%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

JEFFERSON TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 682,732	\$ 698,661
Contributions in relation to the contractually required contribution	<u>(682,732)</u>	<u>(698,661)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 5,941,086	\$ 6,124,440
Contributions as a percentage of covered employee payroll	11.49%	11.41%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

JEFFERSON TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.2404377315%	0.2441698897%
State's proportionate share of the net pension liability attributable to the District	\$ 121,515,338	\$ 130,500,859
District's covered employee payroll	\$ 24,524,919	\$ 24,642,692
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	495.48%	529.57%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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	\$ 38,389,377		\$ 38,389,377	\$ 38,389,377	
Tuition from Other LEA's	115,293		115,293	229,389	\$ 114,096
Interest Earned on Capital Reserve	75		75	111	36
Interest Earned on Investments	125		125	445	320
Miscellaneous	132,500		132,500	102,825	(29,675)
Total - Local Sources	38,637,370		38,637,370	38,722,147	84,777
State Sources:					
Equalization Aid	12,431,553		12,431,553	12,431,553	
Transportation Aid	418,875		418,875	418,875	
Special Education Aid	2,137,733		2,137,733	2,137,733	
Security Aid	303,337		303,337	303,337	
Additional Adjustment Aid	466,287		466,287	466,287	
PARCC Readiness Aid	31,800		31,800	31,800	
Per Pupil Growth Aid	31,800		31,800	31,800	
Extraordinary Aid	450,000		450,000	267,403	(182,597)
Nonpublic Transportation Aid				28,787	28,787
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,323,727	1,323,727
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				2,101,418	2,101,418
TPAF Social Security (Reimbursed - Non-Budgeted)				1,777,040	1,777,040
Total State Sources	16,271,385		16,271,385	21,319,760	5,048,375
Federal Sources:					
Medicaid Reimbursement	33,805		33,805	47,754	13,949
Medicaid Reimbursement - Prior Year Excess				32,364	32,364
Medicaid Reimbursement - SEMI ARRA				9,404	9,404
Total Federal Sources	33,805		33,805	89,522	55,717
TOTAL REVENUES	54,942,560		54,942,560	60,131,429	5,188,869

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 376,208	\$ 52,571	\$ 428,779	\$ 427,679	\$ 1,100
Grades 1-5 - Salaries of Teachers	4,607,542	(56,632)	4,550,910	4,550,910	
Grades 6-8 - Salaries of Teachers	4,170,284	(190,095)	3,980,189	3,979,349	840
Grades 9-12 - Salaries of Teachers	5,201,281	102,595	5,303,876	5,301,818	2,058
Regular Programs - Home Instruction:					
Salaries of Teachers	52,000	57,480	109,480	109,480	
Purchased Professional - Educational Services	10,000	(6,227)	3,773	3,773	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	26,656	7,191	33,847	32,749	1,098
Purchased Professional - Educational Services	4,000	3,683	7,683	7,463	220
Other Purchased Services (400-500 series)	635,499	(2,693)	632,806	600,968	31,838
General Supplies	602,289	(9,953)	592,336	540,545	51,791
Textbooks	155,519	(19,854)	135,665	106,089	29,576
Other Objects	2,689	(740)	1,949	1,949	
Total Regular Programs - Instruction	<u>15,843,967</u>	<u>(62,674)</u>	<u>15,781,293</u>	<u>15,662,772</u>	<u>118,521</u>
Special Education - Instruction:					
Learning and or Language Disabilities:					
Salaries of Teachers	520,217	1,397	521,614	521,614	
Other Salaries for Instruction	264,542	71,276	335,818	335,700	118
General Supplies	6,300	(3,101)	3,199	3,199	
Total Learning and or Language Disabilities	<u>791,059</u>	<u>69,572</u>	<u>860,631</u>	<u>860,513</u>	<u>118</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Behavioral Disabilities:					
Salaries of Teachers	\$ 305,049	\$ 2,662	\$ 307,711	\$ 307,711	
Other Salaries for Instruction	239,288	(53,296)	185,992	185,563	\$ 429
General Supplies	4,000	(408)	3,592	3,275	317
Total Behavioral Disabilities	548,337	(51,042)	497,295	496,549	746
Multiple Disabilities:					
Salaries of Teachers	473,517	(1,767)	471,750	471,750	
Other Salaries for Instruction	240,830	(107,581)	133,249	131,254	1,995
General Supplies	5,400	(304)	5,096	5,067	29
Total Multiple Disabilities	719,747	(109,652)	610,095	608,071	2,024
Resource Room/Resource Center:					
Salaries of Teachers	1,496,831	129,459	1,626,290	1,579,116	47,174
Other Salaries for Instruction	109,886	59,027	168,913	162,858	6,055
General Supplies	5,000	(348)	4,652	4,652	
Textbooks	1,340	(1,340)			
Total Resource Room/Resource Center	1,613,057	186,798	1,799,855	1,746,626	53,229

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Autistic:					
Salaries of Teachers	\$ 59,907	\$ 2,858	\$ 62,765	\$ 62,765	
Other Salaries for Instruction	127,432	9,042	136,474	134,539	\$ 1,935
General Supplies	2,400	(690)	1,710	1,554	156
Total Autistic	<u>189,739</u>	<u>11,210</u>	<u>200,949</u>	<u>198,858</u>	<u>2,091</u>
Preschool Handicapped - Part-time:					
Salaries of Teachers	276,290	4,047	280,337	276,826	3,511
Other Salaries for Instruction	146,813	(18,468)	128,345	122,760	5,585
General Supplies	7,500	(960)	6,540	6,500	40
Total Preschool Handicapped - Part-time	<u>430,603</u>	<u>(15,381)</u>	<u>415,222</u>	<u>406,086</u>	<u>9,136</u>
Total Special Education Instruction	<u>4,292,542</u>	<u>91,505</u>	<u>4,384,047</u>	<u>4,316,703</u>	<u>67,344</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	<u>775,002</u>	<u>85,832</u>	<u>860,834</u>	<u>860,834</u>	
Total Basic Skills/Remedial - Instruction	<u>775,002</u>	<u>85,832</u>	<u>860,834</u>	<u>860,834</u>	
Bilingual Education - Instruction:					
Salaries of Teachers	51,175	1,015	52,190	52,190	
Other Purchased Services (400-500 series)	425	400	825	692	133
General Supplies	1,400	(100)	1,300	1,251	49
Total Bilingual Education - Instruction	<u>53,000</u>	<u>1,315</u>	<u>54,315</u>	<u>54,133</u>	<u>182</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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	\$ 175,515	\$ 32,604	\$ 208,119	\$ 208,119	
Other Purchased Services (300-500 series)	6,900	10,051	16,951	16,542	409
Supplies and Materials	21,925	(9,430)	12,495	12,495	
Other Objects	20,670	(5,634)	15,036	15,036	
Total School-Sponsored Cocurricular Activities - Instruction	225,010	27,591	252,601	252,192	409
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	348,712	4,795	353,507	353,507	
Other Purchased Services (300-500 series)	97,425	(5,735)	91,690	80,837	10,853
Supplies and Materials	55,550	2,090	57,640	57,141	499
Other Objects	29,000	3,315	32,315	32,003	312
Total School-Sponsored Cocurricular Athletics - Instruction	530,687	4,465	535,152	523,488	11,664
Total Instruction	21,720,208	148,034	21,868,242	21,670,122	198,120

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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 - Special	\$ 166,764	\$ 158,018	\$ 324,782	\$ 324,359	\$ 423
Tuition to County Vocational School District - Regular	904,681	(30,109)	874,572	860,778	13,794
Tuition to County Vocational School District - Special	20,456	29,270	49,726	49,726	
Tuition to County Special Services and Day School		49,421	49,421	49,421	
Tuition to Private Schools for the Handicapped - Within State	<u>1,571,859</u>	<u>(256,454)</u>	<u>1,315,405</u>	<u>1,250,575</u>	<u>64,830</u>
Total Undistributed Expenditures - Instruction:	<u>2,663,760</u>	<u>(49,854)</u>	<u>2,613,906</u>	<u>2,534,859</u>	<u>79,047</u>
Health Services:					
Salaries	442,356	10,343	452,699	452,591	108
Purchased Professional and Technical Services	27,850	(584)	27,266	25,950	1,316
Other Purchased Services (400-500 series)	2,475	190	2,665	2,227	438
Supplies and Materials	<u>31,177</u>	<u>4,983</u>	<u>36,160</u>	<u>34,697</u>	<u>1,463</u>
Total Health Services	<u>503,858</u>	<u>14,932</u>	<u>518,790</u>	<u>515,465</u>	<u>3,325</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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:					
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	\$ 809,143	\$ 13,917	\$ 823,060	\$ 823,060	
Purchased Professional - Educational Services	61,000	(34,600)	26,400	26,400	
Supplies and Materials	2,500	(143)	2,357	2,353	\$ 4
Total Speech, OT, PT and Related Services	872,643	(20,826)	851,817	851,813	4
Other Support Services - Students - Extra Services:					
Salaries	472,461	261,564	734,025	733,959	66
Purchased Professional - Educational Services	2,900	8,315	11,215	10,883	332
Supplies and Materials	5,050	9	5,059	5,059	
Total Other Support Services - Students - Extra Services	480,411	269,888	750,299	749,901	398
Guidance:					
Salaries of Other Professional Staff	1,187,021	5,536	1,192,557	1,192,557	
Salaries of Secretarial and Clerical Assistants	197,092	(59,717)	137,375	137,375	
Purchased Professional - Educational Services	4,800	(2,410)	2,390	2,390	
Other Purchased Professional - Technical Services	13,787	627	14,414	11,240	3,174
Other Purchased Services (400-500 series)	114,324	(3,081)	111,243	103,703	7,540
Supplies and Materials	12,115	5,556	17,671	16,353	1,318
Other Objects	300		300	274	26
Total Guidance	1,529,439	(53,489)	1,475,950	1,463,892	12,058
Child Study Team:					
Salaries of Other Professional Staff	1,348,488	37,737	1,386,225	1,352,567	33,658
Salaries of Secretarial and Clerical Assistants	142,540		142,540	142,540	
Purchased Professional - Educational Services	134,397	(9,050)	125,347	61,626	63,721
Purchased Technical Services	30,000	3,921	33,921	28,547	5,374
Other Purchased Services (400-500 series)	6,982		6,982	4,725	2,257
Supplies and Materials	15,000	11,860	26,860	25,356	1,504
Other Objects	1,160	133	1,293	1,273	20
Total Child Study Team	1,678,567	44,601	1,723,168	1,616,634	106,534

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 272,767		\$ 272,767	\$ 272,767	
Salaries of Other Professional Staff	667,667	\$ (2,082)	665,585	658,791	\$ 6,794
Other Purchased Services (400-500 series)	13,228	175	13,403	11,979	1,424
Other Purchased Professional and Technical Services	1,497	(175)	1,322	634	688
Supplies and Materials	1,250		1,250	1,167	83
Other Objects	9,855		9,855	9,802	53
Total Improvement of Instructional Services	966,264	(2,082)	964,182	955,140	9,042
Educational Media Services/School Library:					
Salaries	437,912	8,120	446,032	442,912	3,120
Supplies and Materials	26,042	(370)	25,672	25,054	618
Total Educational Media Services/School Library	463,954	7,750	471,704	467,966	3,738
Instructional Staff Training Services:					
Salaries of Other Professional Staff		1,966	1,966	1,966	
Purchased Professional - Educational Services	3,900	(289)	3,611	3,197	414
Other Purchased Services (400-500 series)	20,975	4,410	25,385	17,280	8,105
Supplies and Materials	1,200	(55)	1,145	1,000	145
Other Objects		55	55	55	
Total Instructional Staff Training Services	26,075	6,087	32,162	23,498	8,664

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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:					
Support Services - General Administration:					
Salaries	\$ 457,795	\$ (1)	\$ 457,794	\$ 457,794	
Legal Services	124,000	989	124,989	104,789	\$ 20,200
Audit Fees	31,520	(2,903)	28,617	28,000	617
Architectural/Engineering Services	81,816	(15,001)	66,815	49,055	17,760
Other Purchased Professional Services	5,000	(500)	4,500	664	3,836
Purchased Technical Services	13,820		13,820	6,155	7,665
Communications/Telephone	90,190	23,177	113,367	88,236	25,131
BOE Other Purchased Services	2,250	722	2,972	2,447	525
Miscellaneous Purchased Services (400-500 series)	67,029	3,933	70,962	68,223	2,739
Supplies and Materials	9,990	(1,620)	8,370	8,317	53
BOE In-House Training/Meeting Supplies	350	520	870	870	
Miscellaneous Expenditures	31,050	1,199	32,249	32,249	
Total Support Services - General Administration	914,810	10,515	925,325	846,799	78,526
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,294,356	79,896	1,374,252	1,294,222	80,030
Salaries of Secretarial and Clerical Assistants	725,335	65,551	790,886	790,886	
Purchased and Technical Services	54,920	(62)	54,858	44,815	10,043
Other Purchased Services (400-500 series)	80,276	(6,568)	73,708	59,040	14,668
Supplies and Materials	14,800	1,290	16,090	13,854	2,236
Other Objects	11,751	(23)	11,728	11,429	299
Total Support Services - School Administration	2,181,438	140,084	2,321,522	2,214,246	107,276

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 673,087	\$ 5,333	\$ 678,420	\$ 678,420	
Purchased Professional - Services	5,600		5,600	2,100	\$ 3,500
Miscellaneous Purchased Technical Services	18,360	(794)	17,566	14,215	3,351
Miscellaneous Purchased Services (400-500 series)	9,055	1,700	10,755	6,130	4,625
Supplies and Materials	9,535	9,781	19,316	6,248	13,068
Interest on Lease Purchase Agreements	55,334	(2,683)	52,651	44,456	8,195
Miscellaneous Expenditures	2,050	2,902	4,952	4,952	
Total Central Services	<u>773,021</u>	<u>16,239</u>	<u>789,260</u>	<u>756,521</u>	<u>32,739</u>
Administration Information Technology:					
Salaries	530,160	(10,590)	519,570	519,570	
Other Purchased Services (400-500 series)	1,500	150	1,650	1,012	638
Supplies and Materials	4,293	999	5,292	4,098	1,194
Total Administration Information Technology	<u>535,953</u>	<u>(9,441)</u>	<u>526,512</u>	<u>524,680</u>	<u>1,832</u>
Required Maintenance of School Facilities:					
Salaries	686,327	9,789	696,116	696,116	
Cleaning, Repair and Maintenance Services	301,080	140,826	441,906	411,387	30,519
General Supplies	196,283	22,547	218,830	159,385	59,445
Total Required Maintenance of School Facilities	<u>1,183,690</u>	<u>173,162</u>	<u>1,356,852</u>	<u>1,266,888</u>	<u>89,964</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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	\$ 1,505,785	\$ 10,109	\$ 1,515,894	\$ 1,511,388	\$ 4,506
Purchased Professional and Technical Services	170,000	(43,525)	126,475	113,645	12,830
Cleaning, Repair and Maintenance Services	19,500	(12,066)	7,434	6,768	666
Rental of Land and Building	145,025	(5,000)	140,025	136,775	3,250
Other Purchased Property Services	16,800	3,500	20,300	19,711	589
Insurance	288,370	892	289,262	289,262	
Miscellaneous Purchased Services	5,000	(1,936)	3,064	3,064	
General Supplies	145,000	(22,234)	122,766	111,546	11,220
Energy (Electricity)	570,000	(40,000)	530,000	512,895	17,105
Other Objects	1,225	2,120	3,345	3,344	1
Energy (Natural Gas)	100,500	8,652	109,152	83,990	25,162
Energy (Oil)	671,500	(255,015)	416,485	404,417	12,068
Total Custodial Services	3,638,705	(354,503)	3,284,202	3,196,805	87,397
Care and Upkeep of Grounds:					
Salaries	178,298	5,451	183,749	183,074	675
Cleaning, Repair and Maintenance Services	123,900	9,808	133,708	115,111	18,597
General Supplies	45,000	3,392	48,392	40,968	7,424
Total Care and Upkeep of Grounds	347,198	18,651	365,849	339,153	26,696
Security:					
Salaries	118,206	12,245	130,451	130,451	
Cleaning, Repair and Maintenance Services	37,305	(581)	36,724	36,090	634
General Supplies	10,293	1,317	11,610	11,242	368
Total Security	165,804	12,981	178,785	177,783	1,002

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 54,646	\$ 9,058	\$ 63,704	\$ 63,704	
Salaries for Pupil Transportation - Regular	942,612	14,239	956,851	954,883	\$ 1,968
Salaries for Pupil Transportation - Special Education	3,500		3,500	88	3,412
Salaries for Pupil Transportation - Other than Between Home and School	41,008	(35)	40,973	36,084	4,889
Purchased Professional and Technical Services	11,825	2,795	14,620	11,164	3,456
Cleaning, Repair and Maintenance Services	12,305	(3,823)	8,482	7,308	1,174
Lease Purchase Payments - School Buses	170,421	(172)	170,249	170,249	
Contracted Services:					
Aid in Lieu - Non Public Schools	106,080	(16,004)	90,076	89,633	443
Aid in Lieu - Charter School	3,536		3,536	2,652	884
Between Home and School - Vendors	561,810	(53,500)	508,310	500,683	7,627
Other than Between Home and School - Vendors	95,000		95,000	59,689	35,311
ESC Regular Students	321,875	47,000	368,875	368,734	141
ESC Special Education Students	752,729	(6,000)	746,729	658,636	88,093
Miscellaneous Purchased Services-Transportation	21,870		21,870	18,771	3,099
Transportation Supplies	245,737	(1,295)	244,442	199,383	45,059
Other Objects	2,520		2,520	1,725	795
Total Student Transportation Services	3,347,474	(7,737)	3,339,737	3,143,386	196,351
Unallocated Benefits:					
Social Security Contributions	720,000	(30,525)	689,475	689,475	
Other Retirement Contributions - PERS	822,057	(79,114)	742,943	741,743	1,200
Workmen's Compensation	321,233	(63,250)	257,983	256,347	1,636
Health Benefits	8,262,313	(236,432)	8,025,881	7,963,736	62,145
Tuition Reimbursement	149,500	(16,984)	132,516	122,393	10,123
Other Employee Benefits	312,965	(4,405)	308,560	282,281	26,279
Total Unallocated Benefits	10,588,068	(430,710)	10,157,358	10,055,975	101,383

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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)				\$ 1,323,727	\$ (1,323,727)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				2,101,418	(2,101,418)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,777,040	(1,777,040)
Total On-Behalf Contributions				5,202,185	(5,202,185)
Total Personal Services - Employee Benefits	\$ 10,588,068	\$ (430,710)	\$ 10,157,358	15,258,160	(5,100,802)
Total Undistributed Expenses	32,861,132	(213,752)	32,647,380	36,902,309	(4,254,929)
TOTAL CURRENT EXPENSE	54,581,340	(65,718)	54,515,622	58,573,711	(4,058,089)
CAPITAL OUTLAY					
Equipment:					
Other Support Services - Students - Regular	2,270		2,270	2,270	
Required Maintenance for School Facilities		5,610	5,610	5,610	
Custodial Services		3,996	3,996		3,996
Care and Upkeep of Grounds		18,265	18,265	18,265	
Student Transportation- Non- Instructional Equipment	6,500	(6,500)			
Regular Programs - Instruction:					
Grades 6-8		20,360	20,360	20,360	
Total Equipment	8,770	41,731	50,501	46,505	3,996
Facilities Acquisition and Construction Services:					
Legal Services	21,240		21,240	21,240	
Architectural/Engineering Services	110,444		110,444	74,573	35,871
Other Objects	20,797	1	20,798	20,798	
Assessment for Debt Service- SDA Funding	94,542		94,542	94,542	
Construction Services	1,486,930	(1,217,048)	269,882	255,630	14,252
Total Facilities Acquisition and Construction Services	1,733,953	(1,217,047)	516,906	466,783	50,123
TOTAL CAPITAL OUTLAY	1,742,723	(1,175,316)	567,407	513,288	54,119

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Transfer to Charter School	\$ 58,681		\$ 58,681	\$ 58,681	
Total Transfer to Charter School	58,681		58,681	58,681	
TOTAL EXPENDITURES	56,382,744	\$ (1,241,034)	55,141,710	59,145,680	\$ (4,003,970)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,440,184)	1,241,034	(199,150)	985,749	1,184,899
Other Financing Uses:					
Transfer to Capital Projects From Capital Outlay		(540,453)	(540,453)	(540,453)	
Transfer to Capital Projects From Capital Reserve		(735,086)	(735,086)	(735,086)	
Total Other Financing Uses		(1,275,539)	(1,275,539)	(1,275,539)	
Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures	(1,440,184)	(34,505)	(1,474,689)	(289,790)	1,184,899
Fund Balance, July 1	3,043,440		3,043,440	3,043,440	
Fund Balance, June 30	\$ 1,603,256	\$ (34,505)	\$ 1,568,751	\$ 2,753,650	\$ 1,184,899
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 208,440	
Maintenance Reserve				222,829	
Excess Surplus - Designated for Subsequent Year's Expenditures				252,894	
Excess Surplus				36,671	
Assigned Fund Balance:					
Year-end Encumbrances				82,824	
Subsequent Year's Expenditures				807,420	
Subsequent Year's Expenditures - SEMI ARRA				9,404	
Unassigned Fund Balance				1,133,168	
				2,753,650	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(1,551,930)	
Fund Balance per Governmental Funds GAAP				\$ 1,201,720	

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 731,113	\$ 145,397	\$ 876,510	\$ 872,500	\$ (4,010)
Total Revenues	<u>731,113</u>	<u>145,397</u>	<u>876,510</u>	<u>872,500</u>	<u>(4,010)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	90,350	21,800	112,150	108,140	4,010
Tuition	<u>614,505</u>	<u>115,863</u>	<u>730,368</u>	<u>730,368</u>	
Total Instruction	<u>704,855</u>	<u>137,663</u>	<u>842,518</u>	<u>838,508</u>	<u>4,010</u>
Support Services					
Personal Service - Employee Benefits	20,488	5,902	26,390	26,390	
Other Purchased Services	<u>5,770</u>	<u>1,832</u>	<u>7,602</u>	<u>7,602</u>	
Total Support Services	<u>26,258</u>	<u>7,734</u>	<u>33,992</u>	<u>33,992</u>	
Total Expenditures	<u>731,113</u>	<u>145,397</u>	<u>876,510</u>	<u>872,500</u>	<u>4,010</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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	\$ 60,131,429	\$ 872,500
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenue on the Budgetary Basis but not on the GAAP Basis		2,679
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,540,024	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,551,930)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 60,119,523	\$ 875,179
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 59,145,680	\$ 872,500
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		2,679
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 59,145,680	\$ 875,179

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, 2015 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 intergration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>No Child Left Behind</u>		<u>IDEA</u>		<u>Total</u>
	<u>Title I</u>	<u>Title II</u>	<u>Preschool</u>	<u>Basic</u>	
REVENUE:					
Federal Sources	\$ 83,299	\$ 58,833	\$ 30,051	\$ 700,317	\$ 872,500
EXPENDITURES:					
Instruction:					
Salaries of Teachers	62,090	46,050			108,140
Tuition			30,051	700,317	730,368
Total Instruction	62,090	46,050	30,051	700,317	838,508
Support Services:					
Personal Service - Employee Benefits	15,457	10,933			26,390
Other Purchased Professional Educational Services	5,752	1,850			7,602
Total Support Services	21,209	12,783			33,992
Total Expenditures	<u>\$ 83,299</u>	<u>\$ 58,833</u>	<u>\$ 30,051</u>	<u>\$ 700,317</u>	<u>\$ 872,500</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, 2015

Revenue and Other Financing Sources:	
Transfer from Capital Reserve	\$ 735,086
Transfer from Capital Outlay	540,453
Total Revenue and Other Financing Sources	<u>1,275,539</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	52,980
Construction Services	1,659,839
Total Expenditures and Other Financing Uses	<u>1,712,819</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(437,280)
Fund Balance - Beginning of Year	<u>671,732</u>
Fund Balance - End of Year	<u>\$ 234,452</u>
Recapitulation of Fund Balance	
Committed - Year-end Encumbrances	\$ 124,473
Committed	109,979
Fund Balance per Governmental Funds (Budgetary Basis)	234,452
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grants not Recognized on the GAAP Basis	(832,424)
Fund Balance/(Deficit) per Governmental Funds (GAAP)	<u>\$ (597,972)</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL BACKUP GENERATOR PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 162,575		\$ 162,575	\$ 162,575
Transfer from Capital Outlay		\$ 189,089	189,089	189,089
Transfer from Capital Reserve		113,068	113,068	113,068
Total Revenue and Other Financing Sources	<u>162,575</u>	<u>302,157</u>	<u>464,732</u>	<u>464,732</u>
Expenditures:				
Purchased Professional and Technical Services	30,442	8,500	38,942	47,925
Construction Services		464,280	464,280	416,807
Total Expenditures	<u>30,442</u>	<u>472,780</u>	<u>503,222</u>	<u>464,732</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 132,133</u>	<u>\$ (170,623)</u>	<u>\$ (38,490)</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	
High School Backup Generator Project	2380-020-14-1003
Grant Date	6/30/2014
Bonds Authorized Date	N/A
Original Authorized Cost	\$ 406,437
Revised Authorized Cost	464,732
Percentage Decrease over Original Authorized Cost	14.34%
Percentage Completion	100.00%
Original Target Completion Date	6/30/2015

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
STANLICK SCHOOL PARTIAL ROOF REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Period	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 52,846		\$ 52,846	\$ 52,846
Transfer from Capital Outlay		\$ 5,434	5,434	5,434
Transfer from Capital Reserve		70,703	70,703	73,834
Total Revenue and Other Financing Sources	52,846	76,137	128,983	132,114
Expenditures:				
Purchased Professional and Technical Services	13,173	2,871	16,044	14,275
Construction Services		113,460	113,460	117,839
Total Expenditures	13,173	116,331	129,504	132,114
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 39,673</u>	<u>\$ (40,194)</u>	<u>\$ (521)</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:

Stanlick School Partial Roof
Replacement Project

2380-028-14-1005

Grant Date

6/30/2014

Original Authorized Cost

\$ 132,114

Percentage Completion

100.00%

Original Target Completion Date

6/30/2015

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL WATER TANK REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Period	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 59,280		\$ 59,280	\$ 59,280
Transfer from Capital Outlay		\$ 3,486	3,486	3,486
Transfer from Capital Reserve		78,296	78,296	247,989
Total Revenue and Other Financing Sources	<u>59,280</u>	<u>81,782</u>	<u>141,062</u>	<u>310,755</u>
Expenditures:				
Purchased Professional and Technical Services	21,164	8,500	29,664	29,664
Construction Services		281,091	281,091	281,091
Total Expenditures	<u>21,164</u>	<u>289,591</u>	<u>310,755</u>	<u>310,755</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 38,116</u>	<u>\$ (207,809)</u>	<u>\$ (169,693)</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:

High School Water Tank
Replacement Project

2380-020-14-1002

Grant Date

6/30/2014

Original Authorized Cost

\$ 148,199

Revised Authorized Cost

310,755

Percentage Decrease

over Original Authorized Cost

109.69%

Percentage Completion

100.00%

Original Target Completion Date

6/30/2015

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL PARTIAL ROOF REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 78,213		\$ 78,213	\$ 78,213
Transfer from Capital Outlay		\$ 20,708	20,708	20,708
Transfer from Capital Reserve		91,886	91,886	96,611
Total Revenue and Other Financing Sources	<u>78,213</u>	<u>112,594</u>	<u>190,807</u>	<u>195,532</u>
Expenditures:				
Purchased Professional and Technical Services	13,977	4,489	18,466	23,090
Construction Services		146,260	146,260	172,442
Total Expenditures	<u>13,977</u>	<u>150,749</u>	<u>164,726</u>	<u>195,532</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 64,236</u>	<u>\$ (38,155)</u>	<u>\$ 26,081</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:

High School Partial Roof
Replacement Project

2380-020-14-1004

Grant Date

6/30/2014

Original Authorized Cost

\$ 195,532

Percentage Completion

100.00%

Original Target Completion Date

6/30/2015

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
COZY LAKE PARTIAL ROOF REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Period	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 75,640		\$ 75,640	\$ 75,640
Transfer from Capital Outlay		\$ 16,969	16,969	16,969
Transfer from Capital Reserve		91,886	91,886	96,491
Total Revenue and Other Financing Sources	75,640	108,855	184,495	189,100
Expenditures:				
Purchased Professional and Technical Services	13,622	4,375	17,997	22,664
Construction Services		150,560	150,560	166,436
Total Expenditures	13,622	154,935	168,557	189,100
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 62,018	\$ (46,080)	\$ 15,938	\$ -0-

Additional Project Information:

Project Number:

Cozy Lake Partial Roof
Replacement Project

2380-033-14-1006

Grant Date

6/30/2014

Original Authorized Cost

\$ 189,100

Percentage Completion

100.00%

Original Target Completion Date

6/30/2015

JEFFERSON TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
 COZY LAKE BOILER REPLACEMENT PROJECT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Period	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 283,150		\$ 283,150	\$ 283,150
Transfer from Capital Outlay		\$ 280,667	280,667	280,667
Transfer from Capital Reserve		139,911	139,911	144,058
Total Revenue and Other Financing Sources	<u>283,150</u>	<u>420,578</u>	<u>703,728</u>	<u>707,875</u>
Expenditures:				
Purchased Professional and Technical Services	45,087	16,982	62,069	81,865
Construction Services		265,618	265,618	626,010
Total Expenditures	<u>45,087</u>	<u>282,600</u>	<u>327,687</u>	<u>707,875</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 238,063</u>	<u>\$ 137,978</u>	<u>\$ 376,041</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:

Cozy Lake Boiler

Replacement Project

2380-033-14-1007

Grant Date

6/30/2014

Original Authorized Cost

\$ 707,875

Percentage Completion

46.29%

Original Target Completion Date

6/30/2015

F-1g

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ELLEN T. BRIGGS PARTIAL ROOF REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 43,520		\$ 43,520	\$ 43,520
Transfer from Capital Outlay		\$ 5,108	5,108	5,108
Transfer from Capital Reserve		57,450	57,450	60,172
Total Revenue and Other Financing Sources	<u>43,520</u>	<u>62,558</u>	<u>106,078</u>	<u>108,800</u>
Expenditures:				
Purchased Professional and Technical Services	8,241	2,586	10,827	13,050
Construction Services		72,510	72,510	95,750
Total Expenditures	<u>8,241</u>	<u>75,096</u>	<u>83,337</u>	<u>108,800</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 35,279</u>	<u>\$ (12,538)</u>	<u>\$ 22,741</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:

Ellen T. Briggs Partial Roof
Replacement Project

2380-040-14-1008

Grant Date

6/30/2014

Original Authorized Cost

\$ 108,800

Percentage Completion

100.00%

Original Target Completion Date

6/30/2015

F-1h

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL PARTIAL ROOF REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Period	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 77,200		\$ 77,200	\$ 77,200
Transfer from Capital Outlay		\$ 18,992	18,992	18,992
Transfer from Capital Reserve		91,886	91,886	96,808
Total Revenue and Other Financing Sources	77,200	110,878	188,078	193,000
Expenditures:				
Purchased Professional and Technical Services	14,986	4,677	19,663	23,099
Construction Services		166,060	166,060	169,901
Total Expenditures	14,986	170,737	185,723	193,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 62,214	\$ (59,859)	\$ 2,355	\$ -0-
Additional Project Information:				
Project Number:				
Middle School Partial Roof Replacement Project			2380-045-14-1009	
Grant Date			6/30/2014	
Original Authorized Cost		\$	193,000	
Percentage Completion			100.00%	
Original Target Completion Date			6/30/2015	

PROPRIETARY FUNDS

Exhibit G-1

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 154,799
Intergovernmental Accounts Receivable:	
Federal	18,809
State	1,050
Other Accounts Receivable	90
Inventories	17,874

Total Current Assets	<u>192,622</u>
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Non-Current Assets:

Capital Assets	494,230
Less: Accumulated Depreciation	<u>(405,111)</u>

Total Non-Current Assets	<u>89,119</u>
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Total Assets	<u>281,741</u>
--------------	----------------

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	20,564
Prepaid Sales	12,161
Unearned Revenue	<u>6,393</u>

Total Liabilities	<u>39,118</u>
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NET POSITION:

Net Investment in Capital Assets	89,119
Unrestricted	<u>153,504</u>

Total Net Position	<u>\$ 242,623</u>
--------------------	-------------------

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, 2015

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 559,043
Daily Sales - Non-reimbursable Programs	268,938
Special Events	17,761
	<hr/>
Total Operating Revenue	845,742
	<hr/>
Operating Expenses:	
Cost of Sales	501,910
Salaries, Benefits & Payroll Taxes	462,328
Supplies, Insurance & Other Costs	42,822
Management Fee	65,074
Miscellaneous Expenditures	47,540
Depreciation Expense	16,678
	<hr/>
Total Operating Expenses	1,136,352
	<hr/>
Operating Loss	(290,610)
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Income	422
State Sources:	
State School Lunch Program	10,456
Federal Sources:	
National School Lunch Program	234,625
Food Distribution Program	55,136
	<hr/>
Total Non-Operating Revenue	300,639
	<hr/>
Change in Net Position	10,029
	<hr/>
Net Position - Beginning of Year	232,594
	<hr/>
Net Position - End of Year	\$ 242,623
	<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, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 849,756
Payments to Food Service Vendor	(1,145,215)
Net Cash Used for Operating Activities	<u>(295,459)</u>
Cash Flows Used for Capital and Related Financing Activities:	
Purchase of Capital Assets	(27,719)
Net Cash Used for Capital and Related Financing Activities	<u>(27,719)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	422
Net Cash Provided by Investing Activities	<u>422</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	10,810
Federal Sources:	
National School Lunch Program	233,210
Net Cash Provided by Noncapital Financing Activities	<u>244,020</u>
Net Decrease in Cash and Cash Equivalents	(78,736)
Cash and Cash Equivalents, July 1	<u>233,535</u>
Cash and Cash Equivalents, June 30	<u>\$ 154,799</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (290,610)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	16,678
Federal Food Distribution Program	55,136
Changes in Assets and Liabilities:	
(Increase)/Decrease in Other Accounts Receivable	1,935
(Increase)/Decrease in Inventories	1,697
Increase/(Decrease) in Accounts Payable	(85,233)
Increase/(Decrease) in Prepaid Sales	2,079
Increase/(Decrease) in Unearned Revenue	2,859
Net Cash Used for Operating Activities	<u>\$ (295,459)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$57,995 and \$55,136, respectively, the fiscal year ended June 30, 2015.

FIDUCIARY FUNDS

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	Agency			Unemployment Compensation Trust	Scholarship and Memorial Trust Fund	
	Student Activity	Payroll	Summer Savings			Total
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 260,313	\$ 39,790	\$ 543,914	\$ 844,017	\$ 442,682	\$ 40,615
Total Assets	260,313	39,790	543,914	844,017	442,682	40,615
<u>LIABILITIES:</u>						
Accrued Salaries and Wages			543,914	543,914		
Payroll Deductions and Withholdings		39,697		39,697		
Due to Student Groups	260,313			260,313		
Interfund Payable - General Fund		93		93		
Total Liabilities	260,313	39,790	543,914	844,017		
<u>NET POSITION:</u>						
Held in Trust for Unemployment Claims				442,682		
Restricted for Scholarships						40,615
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 442,682	\$ 40,615

Exhibit H-2

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Fund</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 76,833	
Donations		\$ 8,987
Total Contributions	<u>76,833</u>	<u>8,987</u>
Investment Earnings:		
Interest	813	73
Net Investment Earnings	<u>813</u>	<u>73</u>
Total Additions	<u>77,646</u>	<u>9,060</u>
DEDUCTIONS:		
Unemployment Compensation Claims	36,311	
Scholarships Awarded		17,075
Total Deductions	<u>36,311</u>	<u>17,075</u>
Change in Net Position	41,335	(8,015)
Net Position - Beginning of the Year	<u>401,347</u>	<u>48,630</u>
Net Position - End of the Year	<u>\$ 442,682</u>	<u>\$ 40,615</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 224,271	\$ 614,883	\$ 578,841	\$ 260,313
Total Assets	<u>\$ 224,271</u>	<u>\$ 614,883</u>	<u>\$ 578,841</u>	<u>\$ 260,313</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 224,271	\$ 614,883	\$ 578,841	\$ 260,313
Total Liabilities	<u>\$ 224,271</u>	<u>\$ 614,883</u>	<u>\$ 578,841</u>	<u>\$ 260,313</u>

Exhibit H-4

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Elementary Schools:				
Cozy Lake	\$ 2,012	\$ 6,451	\$ 5,988	\$ 2,475
Ellen T. Briggs	3,464	4,683	5,290	2,857
Milton	2,027	3,825	3,499	2,353
Stanlick	3,800	17,156	18,471	2,485
White Rock	2,973	23,273	22,981	3,265
Junior High School:				
Jefferson Middle School	114,262	233,248	215,967	131,543
Senior High School:				
Jefferson High School Activities	95,732	250,640	231,037	115,335
Athletic Account	<u>1</u>	<u>75,607</u>	<u>75,608</u>	
Total	<u>\$ 224,271</u>	<u>\$ 614,883</u>	<u>\$ 578,841</u>	<u>\$ 260,313</u>

Exhibit H-5

JEFFERSON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 285,291	\$ 36,795,270	\$ 37,040,771	\$ 39,790
Total Assets	<u>\$ 285,291</u>	<u>\$ 36,795,270</u>	<u>\$ 37,040,771</u>	<u>\$ 39,790</u>
 <u>LIABILITIES:</u>				
Net Payroll	\$ 2,379	\$ 20,662,807	\$ 20,665,186	
Payroll Deductions and Withholdings	282,912	16,132,370	16,375,585	\$ 39,697
Interfund Payable - General Fund		93		93
Total Liabilities	<u>\$ 282,912</u>	<u>\$ 36,795,270</u>	<u>\$ 37,040,771</u>	<u>\$ 39,790</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, 2015		Interest Rate	Balance June 30, 2014	Matured	Balance June 30, 2015
			Date	Amount				
Refunding School Bonds - Series 2012	7/19/2011	\$ 12,785,000	9/15/2015	\$ 1,105,000	3.000%	\$ 11,570,000	\$ 1,065,000	\$ 10,505,000
			9/15/2016	1,160,000	5.000%			
			9/15/2017	1,225,000	5.000%			
			9/15/2018	1,285,000	3.086%			
			9/15/2019	1,345,000	4.000%			
			9/15/2020	1,400,000	3.036%			
			9/15/2021	1,460,000	3.992%			
			9/15/2022	1,525,000	5.000%			
Refunding School Bonds - Series 2012	2/6/2012	8,415,000	9/15/2024	1,610,000	4.000%	8,415,000		8,415,000
			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	9/1/2015	145,000	4.000%	440,000	145,000	295,000
			9/1/2016	150,000	4.000%			
						<u>\$ 20,425,000</u>	<u>\$ 1,210,000</u>	<u>\$ 19,215,000</u>

Exhibit I-2

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, 2014</u>	<u>Matured</u>	<u>Balance June 30, 2015</u>
Vehicles, Technology and Security Equipment	0.979%	\$ 871,077	\$ 650,645	\$ 214,772	\$ 435,873
Vehicles, Improvements and Equipment	1.139%	1,567,500	<u>1,567,500</u>	<u>367,916</u>	<u>1,199,584</u>
			<u>\$ 2,218,145</u>	<u>\$ 582,688</u>	<u>\$ 1,635,457</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (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	\$ 1,955,274		\$ 1,955,274	\$ 1,955,274	
State Sources:					
Debt Service State Aid Support	44,883		44,883	44,883	
Total Revenue	<u>2,000,157</u>		<u>2,000,157</u>	<u>2,000,157</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	790,157		790,157	790,156	\$ 1
Redemption of Principal	1,210,000		1,210,000	1,210,000	
Total Regular Debt Service	<u>2,000,157</u>		<u>2,000,157</u>	<u>2,000,156</u>	<u>1</u>
Total Expenditures	<u>2,000,157</u>		<u>2,000,157</u>	<u>2,000,156</u>	<u>1</u>
Excess of Revenues Over Expenditures				1	1
Fund Balance, July 1	<u>102,587</u>		<u>102,587</u>	<u>102,587</u>	
Fund Balance, June 30	<u>\$ 102,587</u>	<u>\$ -0-</u>	<u>\$ 102,587</u>	<u>\$ 102,588</u>	<u>\$ 1</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted for Subsequent Year's Expenditures				<u>\$ 102,588</u>	

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 19,572,374	\$ 20,661,641	\$ 22,886,764	\$ 24,977,258	\$ 26,198,886	\$ 26,532,940	\$ 28,602,423	\$ 29,179,264	\$ 30,289,965	\$ 32,927,468
Restricted	1,567,802	1,969,595	598,710	557,191	1,821,187	2,827,708	806,106	834,157	1,321,280	823,422
Unrestricted/(Deficit)	(49,297)	(574,106)	(257,908)	(377,974)	(1,457,291)	(776,754)	(335,734)	(123,770)	(1,091,440)	(17,869,065)
Total Governmental Activities Net Position	<u>\$ 21,090,879</u>	<u>\$ 22,057,130</u>	<u>\$ 23,227,566</u>	<u>\$ 25,156,475</u>	<u>\$ 26,562,782</u>	<u>\$ 28,583,894</u>	<u>\$ 29,072,795</u>	<u>\$ 29,889,651</u>	<u>\$ 30,519,805</u>	<u>\$ 15,881,825</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 2,090	\$ 1,940	\$ 172,924	\$ 155,161	\$ 137,398	\$ 122,568	\$ 107,738	\$ 92,908	\$ 78,078	\$ 89,119
Unrestricted/(Deficit)	61,907	130,734	110,255	107,606	109,598	142,449	249,118	153,825	154,516	153,504
Total Business-type Activities Net Position/(Deficit)	<u>\$ 63,997</u>	<u>\$ 132,674</u>	<u>\$ 283,179</u>	<u>\$ 262,767</u>	<u>\$ 246,996</u>	<u>\$ 265,017</u>	<u>\$ 356,856</u>	<u>\$ 246,733</u>	<u>\$ 232,594</u>	<u>\$ 242,623</u>
District-wide										
Net Investment in Capital Assets	\$ 19,574,464	\$ 20,663,581	\$ 23,059,688	\$ 25,132,419	\$ 26,336,284	\$ 26,655,508	\$ 28,710,161	\$ 29,272,172	\$ 30,368,043	\$ 33,016,587
Restricted	1,567,802	1,969,595	598,710	557,191	1,821,187	2,827,708	806,106	834,157	1,321,280	823,422
Unrestricted/(Deficit)	12,610	(443,372)	(147,653)	(270,368)	(1,347,693)	(634,305)	(86,616)	30,055	(936,924)	(17,715,561)
Total District Net Position	<u>\$ 21,154,876</u>	<u>\$ 22,189,804</u>	<u>\$ 23,510,745</u>	<u>\$ 25,419,242</u>	<u>\$ 26,809,778</u>	<u>\$ 28,848,911</u>	<u>\$ 29,429,651</u>	<u>\$ 30,136,384</u>	<u>\$ 30,752,399</u>	<u>\$ 16,124,448</u>

Source: Jefferson School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 17,474,988	\$ 20,745,687	\$ 21,441,202	\$ 21,156,236	\$ 21,294,150	\$ 22,066,569	\$ 21,450,873	\$ 22,418,746	\$ 22,240,036	\$ 24,769,520
Special Education	3,467,849	4,613,890	5,163,431	4,970,057	5,700,601	5,441,685	6,169,726	5,876,726	6,173,831	6,987,773
Other Special Education	631,260	839,133	691,170	1,392,192	1,286,082	1,152,424	1,149,683	1,224,706	1,138,351	1,483,116
Other Instruction	707,913	857,540	878,116	952,204	979,105	904,469	924,028	989,404	988,435	1,127,240
Support Services:										
Tuition	1,977,919	2,545,819	2,284,066	1,915,384	2,356,722	2,071,907	3,211,400	3,137,916	3,400,450	3,265,227
Student & Instruction Related Services	5,887,183	6,932,571	7,480,932	7,590,303	7,869,148	7,755,778	8,948,590	9,644,373	9,641,690	11,032,073
General Administrative Services	2,373,773	1,455,590	1,347,808	1,341,823	1,345,111	1,413,725	1,519,865	2,011,524	1,280,889	1,357,670
School Administrative Services	1,142,587	2,305,897	2,274,921	2,208,702	3,472,809	2,727,534	2,793,423	2,531,619	2,615,881	2,929,060
Central Services	1,266,036	1,359,432	1,480,926	851,239	901,718	920,142	978,331	1,035,540	1,000,149	1,178,682
Administrative Information Technology				598,017	554,279	552,134	622,155	973,841	621,298	847,993
Plant Operations and Maintenance	5,013,860	5,865,489	6,216,054	6,121,843	6,371,938	5,620,938	5,725,399	5,694,585	6,517,758	6,579,930
Pupil Transportation	3,517,855	3,687,292	4,226,821	3,497,759	3,665,033	3,595,367	3,674,480	3,801,193	3,840,374	3,925,512
Unallocated Depreciation		577,828	379,568	379,568	379,568	379,568	379,568	379,568	379,568	379,568
Unallocated Benefits	3,286,667									
Special Schools	48,082	48,518								
Charter Schools	36,764	17,563	22,606	52,139	73,341	64,175	60,051	42,950	47,458	94,542
Interest on Long-term Debt	1,278,067	1,204,351	1,190,261	1,150,930	988,417	1,059,787	794,287	804,503	759,297	721,896
Capital Outlay	9,887					114,870	66,803	94,542	74,710	58,681
Unallocated	603,608									
Total Governmental Activities Expenses	48,724,298	53,056,600	55,077,882	54,178,396	57,238,022	55,841,072	58,468,662	60,661,736	60,720,175	66,738,483

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type Activities:										
Food Service	\$ 1,169,172	\$ 1,169,172	\$ 1,312,329	\$ 1,160,439	\$ 1,222,759	\$ 1,133,659	\$ 1,056,848	\$ 1,278,871	\$ 1,160,071	\$ 1,136,352
Total Business-type Activities Expense	1,174,818	1,169,172	1,312,329	1,160,439	1,222,759	1,133,659	1,056,848	1,278,871	1,160,071	1,136,352
Total District Expenses	49,899,116	54,225,772	56,390,211	55,338,835	58,460,781	56,974,731	59,525,510	61,940,607	61,880,246	67,874,835
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)									714,925	730,368
Operating Grants and Contributions	1,144,775	19,544,028	20,191,349	19,704,840	21,545,975	19,503,943	20,380,460	22,201,546	20,884,439	27,151,109
Capital Grants and Contributions							75,093	460,430	97,275	
Total Governmental Activities Program Revenues	1,144,775	19,544,028	20,191,349	19,704,840	21,545,975	19,503,943	20,455,553	22,661,976	21,696,639	27,881,477
Business-type Activities:										
Charges for Services:										
Food Service	990,974	977,792	990,861	933,859	847,172	916,339	863,684	872,197	842,745	845,742
Operating Grants and Contributions	203,618	223,668	259,560	204,365	358,034	234,597	284,587	269,157	302,821	300,217
Total Business-type Activities Program Revenues	1,194,592	1,201,460	1,250,421	1,138,224	1,205,206	1,150,936	1,148,271	1,141,354	1,145,566	1,145,959
Total District Program Revenues	2,339,367	20,745,488	21,441,770	20,843,064	22,751,181	20,654,879	21,603,824	23,803,330	22,842,205	29,027,436
Net (Expense)/Revenue										
Governmental Activities	(33,512,572)	(33,512,572)	(34,886,533)	(34,473,556)	(35,692,047)	(36,337,129)	(38,013,109)	(37,999,760)	(39,023,536)	(38,857,006)
Business-type Activities	32,288	32,288	(61,908)	(22,215)	(17,553)	17,277	91,423	(137,517)	(14,505)	9,607
Total District-wide Net Expense	(33,480,284)	(33,480,284)	(34,948,441)	(34,495,771)	(35,709,600)	(36,319,852)	(37,921,686)	(38,137,277)	(39,038,041)	(38,847,399)

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 29,307,192	\$ 31,568,517	\$ 32,331,258	\$ 33,624,508	\$ 34,669,488	\$ 35,716,268	\$ 35,716,268	\$ 36,579,660	\$ 37,311,253	\$ 38,389,377
Taxes Levied for Debt Service	2,141,708	2,084,677	2,117,340	2,141,487	2,165,609	2,031,458	2,037,579	1,893,515	1,943,459	1,955,274
Unrestricted Grants and Contributions	17,140,832	134,850	143,439	386,015	128,851	402,650	637,788	89,497	81,429	134,405
Federal and State Aid - Capital Outlay	9,310									
Tuition Received	52,541									
Loss on Refunding of Long Term Debt	(28,000)									
Investment Earnings	202,623		3,581	1,385	2,020	853	1,027	965	1,471	556
Miscellaneous Income	97,343	700,554	409,014	249,070	132,386	207,012	109,348	492,432	316,078	332,214
Extraordinary Item - Adjustment to Fixed Assets			1,064,836							
Transfers	(41,602)	(9,775)	(12,500)							
Total Governmental Activities	<u>48,881,947</u>	<u>34,478,823</u>	<u>36,056,968</u>	<u>36,402,465</u>	<u>37,098,354</u>	<u>38,358,241</u>	<u>38,502,010</u>	<u>39,056,069</u>	<u>39,653,690</u>	<u>40,811,826</u>
Business-type Activities:										
Miscellaneous/Investment Earnings	29,564	26,614	11,166	1,803	1,782	744	416	27,394	366	422
Extraordinary Item - Adjustment to Fixed Assets			188,747							
Transfers	41,602	9,775	12,500							
Total Business-type Activities	<u>71,166</u>	<u>36,389</u>	<u>212,413</u>	<u>1,803</u>	<u>1,782</u>	<u>744</u>	<u>416</u>	<u>27,394</u>	<u>366</u>	<u>422</u>
Total District-wide	<u>48,953,113</u>	<u>34,515,212</u>	<u>36,269,381</u>	<u>36,404,268</u>	<u>37,100,136</u>	<u>38,358,985</u>	<u>38,502,426</u>	<u>39,083,463</u>	<u>39,654,056</u>	<u>40,812,248</u>
Change in Net Position										
Governmental Activities	966,251	966,251	1,170,435	1,928,909	1,406,307	2,021,112	488,901	1,056,309	630,154	1,954,820
Business-type Activities	68,677	68,677	150,505	(20,412)	(15,771)	18,021	91,839	(110,123)	(14,139)	10,029
Total District	<u>\$ 1,034,928</u>	<u>\$ 1,034,928</u>	<u>\$ 1,320,940</u>	<u>\$ 1,908,497</u>	<u>\$ 1,390,536</u>	<u>\$ 2,039,133</u>	<u>\$ 580,740</u>	<u>\$ 946,186</u>	<u>\$ 616,015</u>	<u>\$ 1,964,849</u>

Source: Jefferson School District Financial Reports

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,218,385	\$ 1,584,491	\$ 1,186,263	\$ 1,074,521	\$ 2,262,262					
Unreserved/(Deficit)	908,280	735,090	263,031	377,511	(614,636)					
Restricted						\$ 890,560	\$ 904,290	\$ 512,046	\$ 1,218,693	\$ 720,834
Assigned						2,048,467	1,030,867	1,318,251	284,723	480,886
Total General Fund	<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>	<u>\$ 1,503,416</u>	<u>\$ 1,201,720</u>
All Other Governmental Funds										
Reserved		\$ 536,060	\$ 94,476	\$ 96,346						
Unreserved, Reported in:										
Capital Projects Fund/(Deficit)	\$ 775,086	(507,115)	(304,632)	(451,574)	\$ (442,895)					
Debt Service Fund	66,156	67,222	36,408	9,792	1,820					
Restricted								\$ 322,111	\$ 102,587	\$ 102,588
Unassigned/(Deficit)						\$ (111,319)	\$ (98,184)		(160,692)	(597,972)
Total All Other Governmental Funds	<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>	<u>\$ (58,105)</u>	<u>\$ (495,384)</u>

Source: Jefferson School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 31,448,900	\$ 33,653,194	\$ 34,448,598	\$ 35,765,995	\$ 36,835,097	\$ 37,747,726	\$ 37,753,847	\$ 38,473,175	\$ 39,254,712	\$ 40,344,651
Tuition Charges	52,541	62,847	78,795	74,047	48,653	61,608	40,039	36,908	75,753	246,096
Interest Earnings	202,622	271,939	164,368	43,082	33,489	18,166	18,846	8,442	8,702	6,607
Miscellaneous	97,343	365,768	169,432	133,326	52,263	128,091	51,490	448,047	233,094	80,067
State Sources	17,288,857	18,890,508	19,525,450	19,282,332	18,168,054	18,662,580	19,659,364	21,789,269	20,898,355	21,352,737
Federal Sources	1,006,060	788,370	811,695	808,522	3,506,773	1,244,013	1,433,977	962,204	879,713	964,701
Total Revenue	<u>50,096,323</u>	<u>54,032,626</u>	<u>55,198,338</u>	<u>56,107,304</u>	<u>58,644,329</u>	<u>57,862,184</u>	<u>58,957,563</u>	<u>61,718,045</u>	<u>61,350,329</u>	<u>62,994,859</u>
Expenditures										
Instruction										
Regular Instruction	15,344,131	15,199,602	15,776,157	16,269,833	15,749,792	16,380,672	15,167,011	15,618,878	15,840,961	15,807,583
Special Education Instruction	2,874,320	3,276,163	3,672,339	3,710,016	4,154,267	4,283,363	4,281,941	4,019,786	4,300,155	4,316,703
Other Special Instruction	522,605	592,075	488,379	1,033,965	916,799	821,985	794,807	830,169	791,269	914,967
Other Instruction	621,027	674,025	683,618	766,807	764,994	703,006	700,567	740,102	748,526	776,960
Support Services:										
Tuition	1,977,918	2,545,819	2,284,066	1,915,384	2,356,722	2,071,907	3,211,400	3,137,916	3,400,450	3,265,227
Student & Instruction Related Services	4,957,288	5,002,184	5,384,796	5,726,785	5,699,619	5,543,971	5,936,664	6,331,374	6,482,871	6,643,029
General Administration	1,019,020	1,002,589	1,142,782	1,162,176	1,129,806	1,002,066	1,096,173	1,571,723	855,718	846,799
School Administrative Services	2,004,758	2,008,815	2,109,029	2,151,777	2,186,170	1,993,343	2,124,918	2,130,115	2,143,474	2,214,246
Central Services	1,074,782	982,596	1,070,311	652,776	669,020	684,193	710,175	730,466	711,890	756,521
Administrative Information Technology				444,502	395,420	394,226	430,408	447,860	432,182	524,680
Plant Operations and Maintenance	4,530,376	4,869,776	5,152,236	5,152,611	5,327,493	4,636,873	4,643,740	4,836,978	5,410,850	4,980,629
Pupil Transportation	2,712,053	3,063,781	3,059,742	3,045,629	3,165,506	3,076,441	3,104,866	3,191,011	3,283,839	3,143,386
Employee Benefits	9,532,614	11,757,488	12,474,265	10,940,829	12,512,212	12,185,168	14,339,781	15,126,190	14,713,221	15,258,160
Special Schools	40,718	48,518			73,341	64,175	60,051	42,950	47,458	58,681
Charter Schools	36,764	17,563	22,606	52,139						
Capital Outlay	1,460,944	796,042	745,453	950,095	1,140,033	323,433	1,305,278	669,711	2,474,956	2,226,107
Debt Service:										
Principal	980,000	1,020,000	1,070,000	1,150,000	1,195,000	1,010,000	1,245,000	1,110,000	1,160,000	1,210,000
Interest and Other Charges	1,290,065	1,226,149	1,190,261	1,150,930	1,108,180	1,066,205	795,518	867,381	827,106	790,156
Total Expenditures	<u>50,979,383</u>	<u>54,083,185</u>	<u>56,326,040</u>	<u>56,276,254</u>	<u>58,544,374</u>	<u>56,241,027</u>	<u>59,948,298</u>	<u>61,402,610</u>	<u>63,624,926</u>	<u>63,733,834</u>
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(883,060)	(50,559)	(1,127,702)	(168,950)	99,955	1,621,157	(990,735)	315,435	(2,274,597)	(738,975)

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)							\$ 21,200,000			
School Bonds Issued							(21,900,000)			
School Bonds Defeased							959,469			
School Bond Deferred Interest							271,381			
School Bond Issuance Costs							(1,930,850)			
School Bond Premium							(224,674)		\$ 413,345	\$ 1,275,539
Transfers In	\$ 40,763	\$ 141,288	\$ 122,343	\$ 1,099	\$ 724,123	\$ 196	(224,674)		(413,345)	(1,275,539)
Transfers Out	(82,365)	(151,063)	(134,843)	(1,099)	(724,123)	(196)	224,674			
Capital Leases (non-budgeted)									1,567,500	
Total Other Financing Sources (Uses)	<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>	<u>1,567,500</u>	<u>-</u>
Net Change in Fund Balances	<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>	<u>\$ (707,097)</u>	<u>\$ (738,975)</u>
Debt Service as a Percentage of Noncapital Expenditures	4.58%	4.40%	4.24%	4.34%	4.18%	3.86%	3.60%	3.37%	3.36%	3.36%

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>
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
2014	75,753	8,702			262,382		346,837
2015	246,096	6,607			80,067		332,770

Source: Jefferson Township School District records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN 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
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
2013	57,050,000	2,253,149,200	7,380,500	175,968,200	4,876,100	21,576,700	2,520,000,700	4,707,731	2,524,708,431	1.587	2,610,466,533
2014	54,056,900	2,207,950,900	7,373,000	178,885,300	5,196,100	21,724,300	2,475,186,500	4,707,731	2,479,894,231	1.607	2,566,355,757

* Revaluation became effective in this year.

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.

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

Year Ended December 31,	Jefferson School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt ^b	Total Direct	Jefferson Township	Morris County	
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
2013	1.508	0.079	1.587	0.698	0.257	2.542
2014	1.529	0.078	1.607	0.773	0.264	2.644

* - 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	2015		Taxpayer	2006	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Ridge Plaza LLC	\$ 20,321,400	0.82%			
City of Newark	18,475,700	0.75%			
Sebastian/Parsippany, LP	7,317,300	0.30%			
Gelormino Associates	7,184,800	0.29%			
Seneca Gardens LLC	6,714,900	0.27%		Information Not Available	
Fifteen South Plaza	5,692,400	0.23%			
Leifken Brothers Marinas LLC	4,729,000	0.19%			
RLM Development Corp	3,880,900	0.16%			
Good Kids Holdings LLC	3,500,000	0.14%			
Seretis Properties LLC	3,488,900	0.14%			
Total	\$ 81,305,300	3.28%			

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2014	39,254,712	39,254,712	100.00%	-0-
2015	40,344,651	40,344,651	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.

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			
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	1.63%	1,174.61
2012	22,695,000		362,695	23,057,695	1.45%	1,074.10
2013	21,585,000		184,273	21,769,273	1.41%	1,011.49
2014	20,425,000		2,218,145	22,643,145	1.47%	1,054.79
2015	19,215,000		1,635,457	20,850,457	1.35%	970.56

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
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%	1,002.93
2014	20,425,000		20,425,000	0.81%	951.46
2015	19,215,000		19,215,000	0.77%	894.43

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, 2014
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	\$ 21,115,528	100.00%	\$ 21,115,528
Morris County General Obligation Debt	235,116,781	2.87%	<u>6,751,714</u>
Subtotal, overlapping debt			27,867,242
Jefferson Township School District Direct Debt			<u>20,850,457</u>
Total direct and overlapping debt			<u><u>\$ 48,717,699</u></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 2015

	Equalized valuation basis
	2014 \$ 2,609,029,725
	2013 2,605,599,152
	2012 2,706,933,909
	<u>\$ 7,921,562,786</u>
Average equalized valuation of taxable property	<u>\$ 2,640,520,929</u>
Debt limit (4% of average equalization value)	\$ 105,620,837 ^a
Net bonded school debt	<u>19,215,000</u>
Legal debt margin	<u>\$ 86,405,837</u>

	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$91,967,453	\$106,006,041	\$118,045,804	\$125,618,011	\$127,248,254	\$ 124,224,482	\$ 119,767,712	\$113,993,321	\$109,130,287	\$ 105,620,837
Total net debt applicable to limit	<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>	<u>20,425,000</u>	<u>19,215,000</u>
Legal debt margin	<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>	<u>\$ 88,705,287</u>	<u>\$ 86,405,837</u>
Total net debt applicable to the limit as a percentage of debt limit	32.71%	27.42%	23.72%	21.37%	20.16%	19.84%	18.95%	18.94%	18.72%	18.19%

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

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

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

Year	Township Population ^a	Township Personal Income ^b	Morris County Per Capita Personal Income ^c	Township Unemployment Rate ^d
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	21,315	1,488,021,465	69,811	7.00%
2011	21,436	1,541,955,788	71,933	6.80%
2012	21,500	1,592,225,500	74,057	7.10%
2013	21,534	1,544,633,820	71,730	7.50%
2014	21,483	1,540,975,590	71,730 *	N/A
2015	21,483 **	1,540,975,590 **	71,730 *	N/A

* - Latest Morris County per capita personal income available (2013) was used for calculation purposes.

** - Latest population data available (2014) 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

Employer	2015		Employer	2006	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Picatinny Arsenal	6,090	2.37%	Novartis Corporation	5,631	N/A
Atlantic Health System	4,844	1.88%	U.S. Army Armament R&D	3,939	N/A
Novartis	4,749	1.85%	Atlantic Health System	3,667	N/A
Bayer Healthcare, LLC	2,665	1.04%	Cendant Corp.	3,006	N/A
St. Clare's Health Services	1,756	0.68%	Lucent Technologies	2,539	N/A
County of Morris	1,667	0.65%	County of Morris	2,268	N/A
Accenture	1,621	0.63%	Pfizer	2,250	N/A
Wyndham Worldwide	1,546	0.60%	St. Clare's Health Services	2,128	N/A
BASF Corporation	1,500	0.58%	Automated Data Processing (ADP)	1,950	N/A
Greystone Park Psychiatric	1,244	0.48%	Greystone Psychiatric	1,212	N/A
Total	<u>27,682</u>	<u>10.77%</u>	Total	<u>28,590</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 TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</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>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	266.0	274.0	270.0	276.0	278.0	205.5	209.9	208.4	222.3	214.0
Special education	2.0	2.0	1.0	1.5	1.0	56.5	112.5	41.5	62.1	64.5
Other special education	47.0	55.0	37.0	49.5	47.0	45.1		63.4	66.0	67.0
Support Services:										
Student & instruction related services	71.0	71.0	66.5	64.5	70.5	69.0	69.7	95.9	70.1	31.5
School administrative services	4.0	4.0	29.0	31.0	26.5	19.0	24.8	23.3	23.5	23.5
General and business administrative services	29.0	29.0	5.0	19.0	4.5	4.5	18.6	4.5	4.1	20.2
Plant operations and maintenance	15.0	15.0	51.0	55.0	55.5	42.3	42.7	42.8	43.9	37.6
Pupil transportation	78.0	78.0	20.0	20.0	21.5	19.0	20.4	18.8	19.5	39.6
Other support services	34.0	36.0	12.5		14.5	14.5		15.0	15.0	44.0
Total	<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>	<u>526.5</u>	<u>541.9</u>

(a) Prior year position counts included part-time employees as full-time equivalent. 2008 and subsequent years have been corrected to reflect 2 part-time positions as 1 full-time equivalent.

Source: District Personnel Records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN 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				
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%
2014	3,352	59,162,864	17,650	3.52%	284	1:19	1:13	1:13	3,285.4	3,145.6	-1.63%	95.74%
2015	3,245	59,507,571	18,338	3.90%	279	1:15	1:10	1:10	3,208.8	3,062.5	-2.33%	95.44%

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 TEN FISCAL YEARS
UNAUDITED

District Building	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	33,828
Capacity (students)	270.62	270.62	270.62	270.62	270.62	270.62	270.62	270.62	270.62	270.62
Enrollment	251	258	261	256	256	390	393	393	328	313
Cozy Lake School (1962)										
Square Feet	35,776	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	386.21
Enrollment	308	288	283	280	280	245	247	247	241	234
Drummond School (1950)										
Square Feet	12,144	12,144	12,144	12,144	12,144	-	-	-	-	-
Capacity (students)	97.15	97.15	97.15	97.15	97.15	-	-	-	-	-
Enrollment	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	22,052
Capacity (students)	176.42	176.42	176.42	176.42	176.42	176.42	176.42	176.42	176.42	176.42
Enrollment	193	176	203	179	179	186	138	138	148	157
Stanlick School (1962)										
Square Feet	65,304	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	453.60
Enrollment	363	380	363	388	388	380	382	382	381	368
White Rock School (1969)										
Square Feet	65,684	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	424.80
Enrollment	452	424	415	439	439	426	425	425	380	382
Middle School (1969)										
Square Feet	65,000	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	653.40
Enrollment	905	877	866	825	825	807	810	810	813	788
High School (1962)										
Square Feet	235,851	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	1,264.80
Enrollment	1,059	1,110	1,113	1,108	1,108	1,190	1,069	1,069	1,004	1,003
Other										
Administration Building										
Square Feet	4,846	4,846	4,846	4,846	4,846	4,846	12,144	12,144	12,144	12,144
Transportation										
Square Feet	400	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	2,500
Number of Schools at June 30, 2015										
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.

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,									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Jefferson Township High School	N/A	\$ 303,089	\$ 497,623	\$ 479,578	\$ 454,764	\$ 473,758	\$ 371,300	\$ 338,706	\$ 388,707	\$ 486,669	\$ 507,645
Arthur Stanlick School	N/A	39,978	150,271	138,732	121,450	90,689	60,724	55,393	78,819	79,592	83,023
Drummond School	N/A	33,516	27,944	27,259	22,580	80,767					
Cozy Lake School	N/A	76,019	82,324	88,177	133,482	150,932	101,061	92,190	175,727	132,462	138,171
Ellen T. Briggs School	N/A	117,710	77,841	74,119	60,390	105,290	70,500	64,311	39,084	92,406	96,389
Jefferson Township Middle School	N/A	189,645	194,663	275,787	120,765	202,498	135,589	123,687	99,035	177,719	185,379
Milton School	N/A	141,762	50,744	66,917	46,358	34,032	22,787	20,787	67,053	29,867	31,154
White Rock School	N/A	24,606	151,145	142,808	174,214	245,918	164,662	150,207	164,938	215,825	225,127
		<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>\$ 1,013,363</u>	<u>\$ 1,214,540</u>	<u>\$ 1,266,888</u>

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

Source: Jefferson Township School District records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
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, 2015
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



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

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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2015.

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

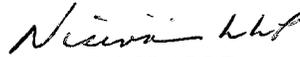
Compliance and Other Matters

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.

November 19, 2015
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's OMB Circulars 04-04 and 15-08

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, 2015. 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's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal 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, 2015.

Report on Internal Control Over Compliance

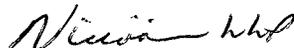
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the 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 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

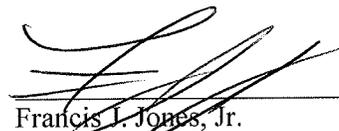
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 and 15-08. Accordingly, this report is not suitable for any other purpose.

November 19, 2015
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, 2015**

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Unearned Revenue/ (Accounts Receivable) 6/30/14	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Receivables	Repayment of Prior Years' Balance	Balance 6/30/15		Due to Grantor 6/30/15
											Accounts Receivable	Unearned Revenue	
U.S. Department of Agriculture													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Federal Food Distribution Program	10.555	N/A	7/1/14-6/30/15	\$ 57,995			\$ 57,995	\$ (51,602)				\$ 6,393	
Federal Food Distribution Program	10.555	N/A	7/1/13-6/30/14	57,711	\$ 3,534			(3,534)					
Total Food Distribution Program					3,534		57,995	(55,136)				6,393	
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	23,828			21,587	(23,828)			\$ (2,241)		
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	21,074	(2,037)		2,037						
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	205,970			189,779	(205,970)			(16,191)		
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	202,448	(15,140)		15,140						
Special Milk Program	10.556	N/A	7/1/14-6/30/15	4,827			4,450	(4,827)			(377)		
Special Milk Program	10.556	N/A	7/1/13-6/30/14	3,301	(217)		217						
Total Child Nutrition Cluster					(17,394)		233,210	(234,625)			(18,809)		
Total U.S. Department of Agriculture					(13,860)		291,205	(289,761)			(18,809)	6,393	
Passed-through State Department of Education:													
General Fund:													
U.S. Department of Health and Human Services:													
Medicaid Reimbursement	93.778	N/A	7/1/11-6/30/15	12,706			12,706	(12,706)					
Medicaid Reimbursement	93.778	N/A	7/1/12-6/30/15	19,658			19,658	(19,658)					
Medicaid Reimbursement	93.778	N/A	7/1/14-6/30/15	47,754			47,754	(47,754)					
Medicaid Reimbursement - ARRA	93.778	N/A	10/1/08-12/31/10	9,404			9,404	(9,404)					
Total General Fund							89,522	(89,522)					
Special Revenue Fund:													
U.S. Department of Education:													
No Child Left Behind Consolidated Grant:													
Title IIA	84.278A	NCLB552012	9/1/11-8/31/12	65,934	(170)				\$ 170				
Title IIA	84.278A	NCLB552014	7/1/13-6/30/14	57,688	(4,262)		4,262						
Title IIA	84.278A	NCLB552015	7/1/14-6/30/15	58,833			35,290	(58,833)			(23,543)		
Total Title IIA					(4,432)		39,552	(58,833)	170		(23,543)		
Title I	84.186A	NCLB552014	7/1/13-6/30/14	69,318	(9,687)		9,687						
Title I	84.186A	NCLB552014	7/1/14-6/30/15	87,309			54,896	(83,299)			(28,403)		
Total Title I					(9,687)		64,583	(83,299)			(28,403)		
Special Education Cluster:													
U.S. Department of Education:													
I.D.E.A. Part B, Basic	84.027	FT-5520-14	7/1/13-6/30/14	687,327	(60,898)		60,897		1				
I.D.E.A. Part B, Preschool	84.027	FT-5520-15	7/1/14-6/30/15	30,051			30,051	(30,051)					
I.D.E.A. Part B, Basic	84.027	FT-5520-15	7/1/14-6/30/15	700,317			700,317	(700,317)					
Total Special Education Cluster					(60,898)		791,265	(730,368)	1				
Total Special Revenue Fund/U.S. Department of Education					(75,017)		895,400	(872,500)	171		(51,946)		
Total Federal Awards					\$ (88,877)	\$ -0-	\$ 1,276,127	\$ (1,251,783)	\$ 171	\$ -0-	\$ (70,755)	\$ 6,393	\$ -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, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Receivable Cancelled	Balance 6/30/15		Memo	
				(Accounts Receivable) 06/30/14					GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
General Fund												
NJ Department of Education:												
Equalization Aid	15-495-034-5120-078	7/1/14 - 6/30/15	\$ 12,431,553			\$11,212,134	\$(12,431,553)				\$ 1,219,419	\$ 12,431,553
Transportation Aid	15-495-034-5120-014	7/1/14 - 6/30/15	418,875			377,787	(418,875)				41,088	418,875
Special Education Aid	15-495-034-5120-089	7/1/14 - 6/30/15	2,137,733			1,928,041	(2,137,733)				209,692	2,137,733
Security Aid	15-495-034-5120-084	7/1/14 - 6/30/15	303,337			273,582	(303,337)				29,755	303,337
Additional Adjustment Aid		7/1/14 - 6/30/15	466,287			420,549	(466,287)				45,738	466,287
PARCC Readiness Aid	15-495-034-5120-098	7/1/14 - 6/30/15	31,800			28,681	(31,800)				3,119	31,800
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14 - 6/30/15	31,800			28,681	(31,800)				3,119	31,800
Non-Public Transportation Aid	15-495-034-5120-014	7/1/14 - 6/30/15	28,787				(28,787)		\$ (28,787)		28,787	28,787
Extraordinary Aid	15-100-034-5120-473	7/1/14 - 6/30/15	267,403				(267,403)		(267,403)		267,403	267,403
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14 - 6/30/15	1,777,040			1,689,544	(1,777,040)		(87,496)		87,496	1,777,040
Equalization Aid	14-495-034-5120-078	7/1/13 - 6/30/14	12,431,553	\$ (1,214,948)		1,214,948						12,431,553
Transportation Aid	14-495-034-5120-014	7/1/13 - 6/30/14	418,875	(40,937)		40,937						418,875
Special Education Aid	14-495-034-5120-089	7/1/13 - 6/30/14	2,137,733	(208,923)		208,923						2,137,733
Security Aid	14-495-034-5120-084	7/1/13 - 6/30/14	303,337	(29,645)		29,645						303,337
Additional Adjustment Aid		7/1/13 - 6/30/14	466,287	(45,571)		45,571						466,287
Non-Public Transportation Aid	14-495-034-5120-014	7/1/13 - 6/30/14	29,288	(29,288)		29,288						29,288
Extraordinary Aid	14-100-034-5120-473	7/1/13 - 6/30/14	381,094	(381,094)		381,094						381,094
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13 - 6/30/14	1,833,092	(128,289)		90,074		\$ 38,215				1,833,092
Total General Fund State Aid				(2,078,695)		17,999,479	(17,894,615)	38,215	(383,686)		1,935,616	35,895,874
Debt Service Aid Type II	15-100-034-5120-124	7/1/14 - 6/30/15	44,883			44,883	(44,883)					44,883
Total Debt Service Aid						44,883	(44,883)					44,883
Total NJ Department of Education				(2,078,695)		18,044,362	(17,939,498)	38,215	(383,686)		1,935,616	35,940,757
New Jersey Department of Agriculture:												
Food Service Fund:												
School Lunch Program - State	14-100-010-3350-023	7/1/13 - 6/30/14	11,070	(1,404)		1,404						11,070
School Lunch Program - State	15-100-010-3350-023	7/1/14 - 6/30/15	10,456			9,406	(10,456)				(1,050)	10,456
Total NJ Department of Agriculture				(1,404)		10,810	(10,456)				(1,050)	21,526

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Grant Receivable Cancelled	Balance 6/30/15		Memo	
				(Accounts Receivable) 06/30/14					GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
NJ Schools Development Authority:												
Capital Projects Fund:												
High School Backup Generator Project	2380-020-14-1003	7/1/14 - 6/30/15	\$ 162,575	\$ (30,442)			\$ (132,133)				\$ (162,575)	\$ 162,575
Stanlick School Partial Roof Replacement Project	2380-028-14-1005	7/1/14 - 6/30/15	52,846	(13,173)			(39,673)				(52,846)	52,846
High School Water Tank Replacement Project	2380-020-14-1002	7/1/14 - 6/30/15	59,280	(21,164)			(38,116)				(59,280)	59,280
High School Partial Roof Replacement Project	2380-020-14-1004	7/1/14 - 6/30/15	78,213	(13,977)			(64,236)				(78,213)	78,213
Cozy Lake Partial Roof Replacement Project	2380-033-14-1006	7/1/14 - 6/30/15	75,640	(13,622)			(62,018)				(75,640)	75,640
Cozy Lake Boiler Replacement Project	2380-033-14-1007	7/1/14 - 6/30/15	283,150	(45,087)			(238,063)				(283,150)	283,150
Ellen T. Briggs Partial Roof Replacement Project	2380-040-14-1008	7/1/14 - 6/30/15	43,520	(8,241)			(35,279)				(43,520)	43,520
Middle School Partial Roof Replacement Project	2380-045-14-1009	7/1/14 - 6/30/15	77,200	(14,986)			(62,214)				(77,200)	77,200
Total NJ Schools Development Authority				(160,692)			(671,732)				(832,424)	832,424
Total State Awards				<u>\$ (2,240,791)</u>	<u>\$ -0-</u>	<u>\$18,010,289</u>	<u>\$(18,576,803)</u>	<u>\$ 38,215</u>	<u>\$ (383,686)</u>	<u>\$ -0-</u>	<u>\$ 1,102,142</u>	<u>\$ 36,794,707</u>

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, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Jefferson Township School District Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *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 (\$11,906) for the general fund, \$2,679 for the special revenue fund and (\$671,732) for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue, and capital projects funds. The schedule of expenditures of state awards does not include the on-behalf Pension Contributions and Post Retirement Medical Benefits of \$1,323,727 and \$2,101,418 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 89,522	\$ 21,307,854	\$21,397,376
Special Revenue Fund	875,179		875,179
Capital Projects Fund		671,732	671,732
Debt Service Fund		44,883	44,883
Enterprise Fund - Food Service	289,761	10,456	300,217
Total Awards	<u>\$ 1,254,462</u>	<u>\$22,034,925</u>	<u>\$23,289,387</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

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

During fiscal year end June 30, 2014, the District was awarded \$832,424 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act for roofing and other projects throughout District schools. As of June 30, 2015, there have been preliminary expenditures for those projects, however there have been no reimbursement requests submitted.

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, 2015. 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, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' 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's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The District's programs tested as major state programs for the current fiscal year consisted of the following awards:

<u>State:</u>	<u>State Grant Number/ CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 12,431,553	\$12,431,553
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	2,137,733	2,137,733
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	303,337	303,337
Additional Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	466,287	466,287
PARCC Readiness Growth Aid	15-495-034-5120-098	7/1/14-6/30/15	31,800	31,800
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	31,800	31,800
SDA - High School Back Up Generator	2380-020-14-1003	7/1/14-6/30/15	162,575	132,133
SDA - Stanlick School Partial Roof Replacement	2380-028-14-1005	7/1/14-6/30/15	52,846	39,673
SDA - High School Water Tank Replacement	2380-020-14-1002	7/1/14-6/30/15	59,280	38,116
SDA - High School Partial Roof Replacement	2380-020-14-1004	7/1/14-6/30/15	78,213	64,236
SDA - Cozy Lake Partial Roof Replacement	2380-033-14-1006	7/1/14-6/30/15	75,640	62,018
SDA - Cozy Lake Boiler Replacement	2380-033-14-1007	7/1/14-6/30/15	283,150	238,063
SDA - Ellen T. Briggs School Partial Roof Replacement	2380-040-14-1008	7/1/14-6/30/15	43,520	35,279
SDA - Middle School Partial Roof Replacement	2380-045-14-1009	7/1/14-6/30/15	77,200	62,214

Federal:

- | | | | | |
|-----------------------------|--------|----------------|---------|---------|
| Special Education Cluster | | | | |
| I.D.E.A. Part B - Preschool | 84.173 | 7/1/14-6/30/15 | 30,051 | 30,051 |
| I.D.E.A. Part B - Basic | 84.027 | 7/1/14-6/30/15 | 700,317 | 700,317 |
- The threshold used for distinguishing between Type A and Type B programs was \$300,000 and \$557,304 for federal and state grants, respectively.
 - The District was determined to be a "low-risk" auditee under the provisions of section 530 of the federal Circular for both federal and state programs.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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's OMB Circulars 04-04 and 15-08.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

The District had no prior year audit findings.