

**SCHOOL DISTRICT  
OF  
JEFFERSON TOWNSHIP**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011**

**Comprehensive Annual  
Financial Report**

**of the**

**Jefferson Township School District**

**Jefferson Township, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

**Prepared by**

**Jefferson Township School District  
Business Office**

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2011

INTRODUCTORY SECTION

Letter of Transmittal .....	1
Organizational Chart.....	5
Roster of Officials.....	6
Consultants and Advisors .....	7

FINANCIAL SECTION ..... 8

Independent Auditors' Report .....	9
------------------------------------	---

Required Supplementary Information .....	11
Management's Discussion and Analysis (Unaudited).....	12

Basic Financial Statements (Sections A. and B.).....	21
--	----

A. District-Wide Financial Statements .....	22
A-1 Statement of Net Assets.....	23
A-2 Statement of Activities .....	24

B. Fund Financial Statements .....	26
B-1 Balance Sheet – Governmental Funds.....	27
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds .....	28
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	30
B-4 Statement of Net Assets – Proprietary Funds.....	31
B-5 Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	32
B-6 Statement of Cash Flows – Proprietary Funds .....	33
B-7 Statement of Fiduciary Net Assets – Fiduciary Funds .....	34
B-8 Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	35

Notes to Basic Financial Statements.....	36
--	----

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules (Unaudited) .....	57
C-1 Budgetary Comparison Schedule – General Fund .....	58
C-2 Budgetary Comparison Schedule – Special Revenue Fund .....	69
C-3 Required Supplementary Information – Budget Comparison Schedule.....	70

D. School Level Schedules (Not Applicable) .....	71
--	----

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

FINANCIAL SECTION (Cont'd)

E. Special Revenue Fund.....	72
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis .....	73
E-2 Preschool Education Aid Budgetary Basis (Not Applicable)	
F. Capital Projects Fund.....	75
F-1 Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budgetary Basis.....	76
F-1a Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Renovations and additions at the Middle School/High School – Budgetary Basis.....	77
F-1b Schedule of Project Revenue, Expenditures, Project Balance and Project Status – High School/Middle School Consumer Life Science Construction – Budgetary Basis.....	78
G. Proprietary Funds.....	79
Enterprise Fund	
G-1 Statement of Net Assets .....	80
G-2 Statement of Revenue, Expenses and Changes in Fund Net Assets.....	81
G-3 Statement of Cash Flows.....	82
H. Fiduciary Funds .....	83
H-1 Combining Statement of Fiduciary Net Assets .....	84
H-2 Combining Statement of Changes in Fiduciary Net Assets .....	85
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements .....	86
H-4 Student Activity Agency Fund Statement of Activity.....	87
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	88
I. Long-Term Debt.....	89
I-1 Schedule of Serial Bonds.....	90
I-2 Schedule of Obligations Under Capital Leases .....	91
I-3 Debt Service Fund Budgetary Comparison Schedule .....	92
J. Statistical Section (Unaudited) .....	93
J-1 Net Assets by Component .....	94
J-2 Changes in Net Assets.....	95
J-3 Fund Balances – Governmental Funds.....	98
J-4 Changes in Fund Balances – Governmental Funds.....	99
J-5 General Fund Other Local Revenue by Source.....	101
J-6 Assessed Value and Actual Value of Taxable Property.....	102
J-7 Direct and Overlapping Property Tax Rates.....	103
J-8 Principal Property Tax Payers.....	104
J-9 Property Tax Levies and Collections .....	105
J-10 Ratios of Outstanding Debt by Type.....	106
J-11 Ratios of Net General Bonded Debt Outstanding .....	107
J-12 Ratios of Overlapping Governmental Activities Debt .....	108

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

J. Statistical Section (Cont'd)	
J-13 Legal Debt Margin Information .....	109
J-14 Demographic and Economic Statistics.....	110
J-15 Principal Employers .....	111
J-16 Full-Time Equivalent District Employees by Function/Program.....	112
J-17 Operating Statistics.....	113
J-18 School Building Information.....	114
J-19 Schedule of Required Maintenance for School Facilities .....	115
J-20 Insurance Schedule.....	116
K. SINGLE AUDIT SECTION .....	118
K-1 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 <i>Government Auditing Standards</i> .....	119
K-2 Independent Auditors' Report on Compliance with Requirements That Could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04.....	121
Schedule of Expenditures of Federal Awards.....	123
Schedule of Expenditures State Awards .....	124
Notes to the Schedules of Federal and State Awards.....	125
Schedule of Findings and Questioned Costs .....	127
Summary Schedule of Prior Audit Findings .....	129

INTRODUCTORY SECTION

# Jefferson Township Public Schools

28 Bowling Green Parkway  
 Lake Hopatcong, New Jersey 07849  
 (973) 663-5782 FAX (973) 663-5004  
 www.jefftwp.org

**Kathaleen F. Fuchs, Ph.D.**  
 Superintendent of Schools

**Dora E. Zeno**  
 Business Administrator/Board Secretary

**Joseph G. Kraemer**  
 Assistant Superintendent of Schools

**Mary K. Thornton, Ph.D.**  
 Director, Curriculum and Instruction

September 30, 2011

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Jefferson Township School District (the "District") for the fiscal year ended June 30, 2011, 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 Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Jefferson Township School District is an independent reporting entity within the criteria adopted by the Government 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 2010-11 fiscal year with an enrollment of 3,540 students, which is a decrease of 37 students from the previous year's enrollment.

The Honorable President and Members of  
the Board of Education  
Jefferson Township School District  
Page 2  
September 30, 2011

The following details the changes in student enrollment of the District over the last five years:

<u>Fiscal Year</u>	<u>Year End Student Enrollment</u>	<u>Percent Change</u>
2010-2011	3,540	-1.03%
2009-2010	3,577	-1.11%
2008-2009	3,617	-0.17%
2007-2008	3,623	0.03%
2006-2007	3,622	-0.71%

## 2) ECONOMIC CONDITION AND OUTLOOK:

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

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

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

## 3) MAJOR INITIATIVES:

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

The District Report Card was issued by the State of New Jersey during the 2010-2011 school year for the 2009-2010 school year. The report card, issued for each school in a district, compares more than fifteen areas to the state average, including, but not limited to: student attendance rate, student/faculty ratios, student/computer ratios, financial data, and statewide assessment results.

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

Professional development is offered to all District staff.

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

The Honorable President and Members of  
 the Board of Education  
 Jefferson Township School District  
 Page 3  
 September 30, 2011

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2011.

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

7) DEBT ADMINISTRATION: As of June 30, 2011, the District's outstanding debt totals \$25,175,453. This debt consists of serial bonds dated September 15, 2002, in the amount of \$23,815,000, for the improvements to school facilities, refunding bonds in the amount of \$825,000 and capital leases of \$535,453.

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

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

10) OTHER INFORMATION:

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The independent auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

The Honorable President and Members of  
the Board of Education  
Jefferson Township School District  
Page 4  
September 30, 2011

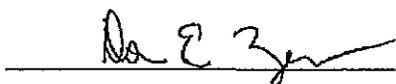
11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Jefferson Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance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

Respectfully submitted,



---

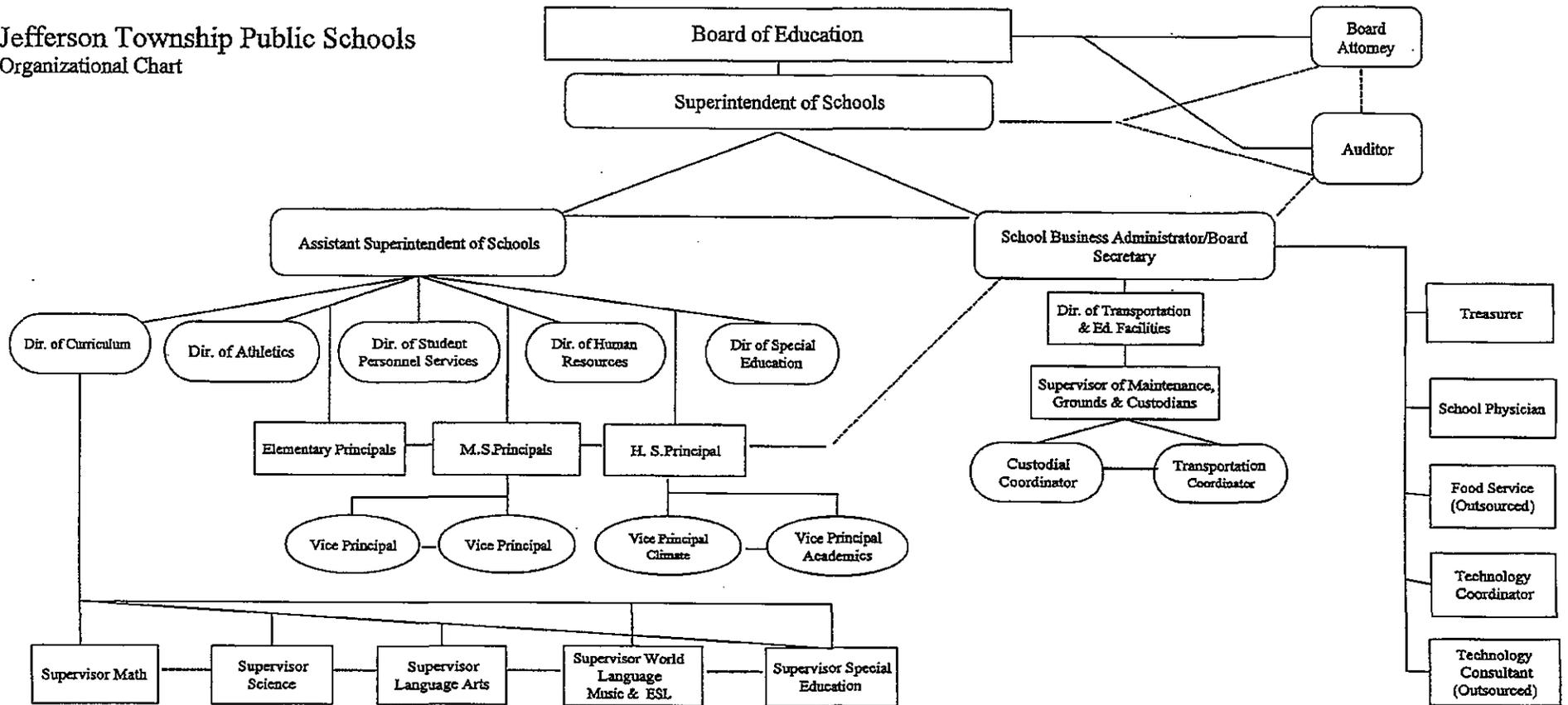
Superintendent  
Kathaleen F. Fuchs, Ph.D.



---

Business Administrator/Board Secretary  
Dora E. Zeno

Jefferson Township Public Schools  
Organizational Chart



Line Authority —————

Communication - - - - -

BOE Policy # 1110  
Approved May 16, 2005

**JEFFERSON TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2011**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Mr. H. Ronald Smith	President	2014
Mr. Matthew Millar	Vice President	2013
Mrs. Judy Castiglione	Member	2012
Mr. Frank J. Cuccio	Member	2014
Mr. Nicholas A. Anzano	Member	2013
Mrs. Stacey Poulas	Member	2014
Mrs. Cynthia R. Scott	Member	2013
Mr. Robert P. Feldmann	Member	2012
Mr. Michael Stewart	Member	2012

Other Officers

Kathaleen F. Fuchs, Ph.D., Superintendent  
 Joseph Kraemer, Assistant Superintendent  
 Dora E. Zeno, Business Administrator/Board Secretary  
 Elizabeth Hickey, Treasurer (From 7/1/10 - to 6/1/11)  
 William Eagen, Treasurer (From 6/1/11 to 6/30/11)

**JEFFERSON TOWNSHIP SCHOOL DISTRICT**  
**Consultants and Advisors**

**Bond Counsel**

McManimon & Scotland, LLC  
Newark, New Jersey 07102

**Audit Firm**

Nisivoccia LLP  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, New Jersey 07856-1320

**Attorney**

Schwartz, Simon, Edelstein & Celso, LLC  
44 Whippany Road  
Suite 210, P.O. Box 2355  
Morristown, New Jersey 07962

Schenck, Price, Smith & King, LLP  
10 Washington Street  
P.O. Box 905  
Morristown, New Jersey 07963-0905

**Insurance Agent**

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

**Official Depositories**

Lakeland Bank  
CITI Bank  
Cash Management Fund New Jersey/ARM  
Skylands Community Bank  
Wachovia

FINANCIAL SECTION



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

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

### Independent Auditors' Report

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

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 in the County of Morris as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2011 on our consideration of the Board of Education of the Jefferson Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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* and should be considered in assessing the results of our audit.

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

The Management Discussion and Analysis section and Budgetary Comparison Information on schedules C-1 through C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Jefferson Township School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining and individual fund financial statements, and supplementary schedules listed in the table of contents and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

September 30, 2011  
Mount Arlington, New Jersey

  
NISIVOCIA LLP

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

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management 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, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### *Financial Highlights*

- In total, net assets increased by \$2,039,133 or 7.61%. Net assets of governmental activities increased \$2,021,112 while net assets of business-type activities increased by \$18,021.
- Revenues totaled \$59,013,864 for this fiscal year.
- The District has \$55,841,072 in expenses related to governmental activities. Expenses relating to business-type activities totaled \$1,133,659.
- The District continued to pay down its debt by retiring \$1,010,000 of outstanding bonds.

### *Overview of the Financial Statements*

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

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

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

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

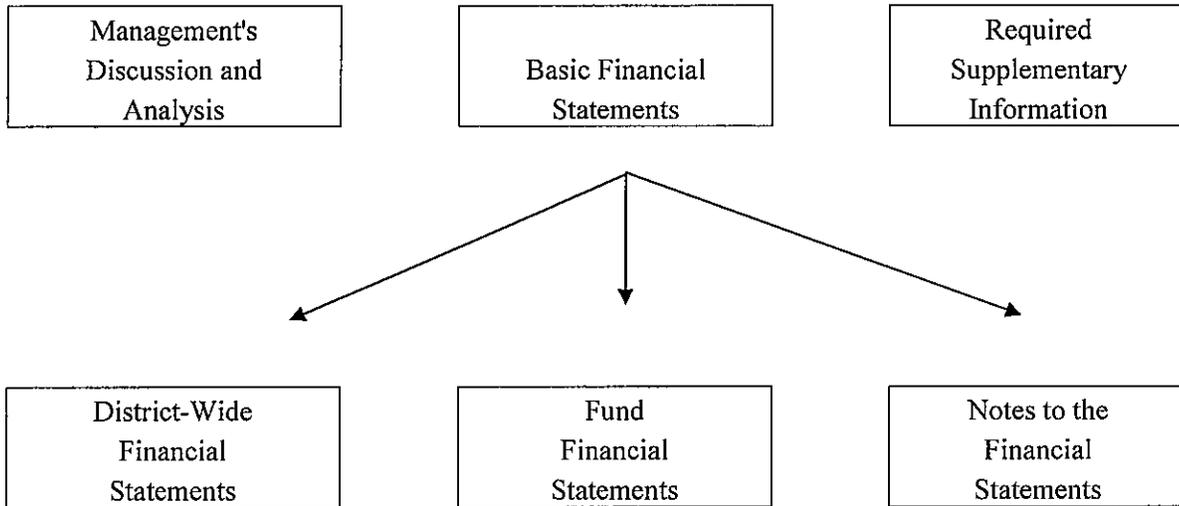


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenue, expenses and, changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

### *District-wide Statements*

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

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

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

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

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

### *Fund Financial Statements*

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that 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 Assets.* The Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a school's financial position.

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

**Figure A-3**  
**Condensed Statement of Net Assets**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	
Current and Other Assets	\$ 1,487,981	\$ 2,856,739	\$ 157,253	\$ 203,257	\$ 1,645,234	\$ 3,059,996	85.99%
Capital Assets	52,786,580	51,708,393	137,398	122,568	52,923,978	51,830,961	-2.07%
Total Assets	54,274,561	54,565,132	294,651	325,825	54,569,212	54,890,957	0.59%
Long-Term Debt Outstanding	27,205,590	25,733,866	31,770	31,564	27,237,360	25,765,430	-5.40%
Other Liabilities	506,189	247,372	15,885	29,244	522,074	276,616	-47.02%
Total Liabilities	27,711,779	25,981,238	47,655	60,808	27,759,434	26,042,046	-6.19%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	26,198,886	26,532,940	137,398	122,568	26,336,284	26,655,508	1.21%
Restricted for:							
Debt Service	1,820	748			1,820	748	-58.90%
Capital Projects		139,648				139,648	100.00%
Other Purposes	1,819,367	2,687,312			1,819,367	2,687,312	47.71%
Unrestricted/(Deficit)	(1,457,291)	(776,754)	109,598	142,449	(1,347,693)	(634,305)	-52.93%
Total Net Assets	\$ 26,562,782	\$ 28,583,894	\$ 246,996	\$ 265,017	\$ 26,809,778	\$ 28,848,911	7.61%

*Changes in Net Assets.* The District's *combined* net assets were \$28,848,911 on June 30, 2011, \$2,039,133 or 7.61% more than they were the year before. (See Figure A-3). The major factor for the increase is a reduction in long term debt outstanding, and the District reduced its debt associated with capital assets by \$1,412,241. The net assets of the business-type activities increased \$18,021, which is attributable to revenues exceeding expenditures in the enterprise food service fund (See Figure A-4).

**Figure A-4**  
**Changes in Net Assets from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services			\$ 847,172	\$ 916,339	\$ 847,172	\$ 916,339	8.16%
Operating Grants and Contributions	\$ 21,545,975	\$ 19,503,943	358,034	234,597	21,904,009	19,738,540	-9.89%
<b>General Revenue:</b>							
Property Taxes	36,835,097	37,747,726			36,835,097	37,747,726	2.48%
Unrestricted Federal and State Aid	128,851	402,650			128,851	402,650	212.49%
Other	134,406	207,865	1,782	744	136,188	208,609	53.18%
<b>Total Revenue</b>	<b>58,644,329</b>	<b>57,862,184</b>	<b>1,206,988</b>	<b>1,151,680</b>	<b>59,851,317</b>	<b>59,013,864</b>	<b>-1.40%</b>
<b>Expenses:</b>							
Instruction	29,259,938	29,565,147			29,259,938	29,565,147	1.04%
Pupil and Instruction Services	10,225,870	9,827,685			10,225,870	9,827,685	-3.89%
Administrative and Business	6,273,917	5,613,535			6,273,917	5,613,535	-10.53%
Maintenance and Operations	6,371,938	5,620,938			6,371,938	5,620,938	-11.79%
Transportation	3,665,033	3,595,367			3,665,033	3,595,367	-1.90%
Other	1,441,326	1,618,400	1,222,759	1,133,659	2,664,085	2,752,059	3.30%
<b>Total Expenses</b>	<b>57,238,022</b>	<b>55,841,072</b>	<b>1,222,759</b>	<b>1,133,659</b>	<b>58,460,781</b>	<b>56,974,731</b>	<b>-2.54%</b>
<b>Increase/(Decrease) in Net Assets</b>	<b>\$ 1,406,307</b>	<b>\$ 2,021,112</b>	<b>\$ (15,771)</b>	<b>\$ 18,021</b>	<b>\$ 1,390,536</b>	<b>\$ 2,039,133</b>	<b>46.64%</b>

*Revenue Sources.* The District's total revenue for the 2010/11 school year was \$59,013,864. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for \$37,747,726 of the total, or 63.96 percent. (See Figure A-5). Another 33.45 percent came from operating grants and contributions, and the remainder from federal and state unrestricted aid, miscellaneous sources and charges for services. The District basically conducts its operations from the revenue it receives from its local taxpayers and state aid.

**Figure A-5**  
**Sources of Revenue for Fiscal Year 2011**

	Amount	Percentage
<b>Sources of Income:</b>		
Operating Grants and Contributions	\$ 19,738,540	33.45%
Property Taxes	37,747,726	63.96%
Federal and State Unrestricted Aid	402,650	0.68%
Charges for Services	916,339	1.55%
Other	208,609	0.36%
	<b>\$ 59,013,864</b>	<b>100.00%</b>

The total cost of all programs and services was \$56,974,731. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (75.45 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.85 percent of total costs.

**Figure A-6**  
**Expenses for Fiscal Year 2011**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 29,565,147	51.89%
Pupil and Instruction Services	9,827,685	17.25%
Administrative and Business	5,613,535	9.85%
Maintenance and Operations	5,620,938	9.87%
Transportation	3,595,367	6.31%
Other	2,752,059	4.83%
	<u>\$ 56,974,731</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 savings actions implemented during the year were:

- Increased use of federal funds for tuition and related service costs.
- Dividends from the District's joint venture for workmen's compensation insurance pool due to prior claim experience and past pool net assets were significant this year. Dividends must be used to reduce current year expenses, and are not considered a revenue.
- Poised to restructure debt when 3.00% or greater yield is viable.

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

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

**Figure A-7**  
**Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2009/10</u>	<u>2010/11</u>	<u>2009/10</u>	<u>2010/11</u>
Sources of Income:				
Instruction	\$ 29,259,938	\$ 29,565,147	\$10,722,439	\$11,578,068
Pupil and Instruction Services	10,225,870	9,827,685	9,666,836	9,235,110
Administrative and Business	6,273,917	5,613,535	5,905,059	5,240,915
Maintenance and Operations	6,371,938	5,620,938	6,102,022	5,350,480
Transportation	3,665,033	3,595,367	1,854,365	3,319,756
Other	1,441,326	1,618,400	1,441,326	1,612,800
	<u>\$ 57,238,022</u>	<u>\$ 55,841,072</u>	<u>\$ 35,692,047</u>	<u>\$ 36,337,129</u>

- The cost of all governmental activities this year was \$55.84 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$19.5 million).
- Most of the District's costs however, were financed by District taxpayers.
- The remainder of the funding came from charges for services, unrestricted state and federal aid, miscellaneous revenue and investment earnings.

### *Business-Type Activities*

Net assets from the District's business-type activity increased by \$18,021. (Refer to Figure A-4). The factor contributing to this result was:

- Food services revenue exceeded expenses by \$18,021.

### *Financial Analysis of the District's Funds*

The District's financial position remains relatively stable despite difficult economic conditions. Expenditures related to special needs children have increased due to additional students, requiring related services and material needs. Salaries of staff have been increased by prior year negotiated agreements and health benefits. The debt service requirement for the 2002 bond issue and the aforementioned required increases in expenditures resulted in a higher tax rate in 2010 and 2011. The ability to generate fund balance and to have increased ratables is essential since there is not a guaranteed state aid increase.

### *General Fund Budgetary Highlights*

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

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

### *Capital Asset and Debt Administration*

**Figure A-8**  
**Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	
Land	\$ 883,279	\$ 883,279			\$ 883,279	\$ 883,279	0.00%
Buildings and Improvements	49,689,881	48,755,814			49,689,881	48,755,814	-1.88%
Equipment and Furniture	2,213,420	2,069,300	\$ 137,398	\$ 122,568	2,350,818	2,191,868	-6.76%
	<u>\$ 52,786,580</u>	<u>\$ 51,708,393</u>	<u>\$ 137,398</u>	<u>\$ 122,568</u>	<u>\$ 52,923,978</u>	<u>\$ 51,830,961</u>	-2.07%

### *Long-term Debt*

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

**Figure A-9**  
**Outstanding Long-Term Debt**

	Total School District		Percentage Change
	2009/10	2010/11	
General Obligation Bonds (Financed with Property Taxes)	\$ 25,650,000	\$ 24,640,000	-3.94%
Capital Leases	937,694	535,453	-42.90%
Other Long-Term Debt	617,896	558,413	-9.63%
	\$ 27,205,590	\$ 25,733,866	-5.41%

- The District continued to pay down its debt, retiring \$1,010,000 of outstanding bonds.
- The District continued to pay down its leases, retiring \$402,241 of outstanding capital leases.

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

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

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

### *Contacting the District's Financial Management*

This financial report is designed to provide the District’s citizens, taxpayers, customers and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 28 Bowling Green Parkway, Lake Hopatcong, New Jersey 07849.

**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,625,172	\$ 143,629	\$ 1,768,801
Receivables from Other Governments	747,230	42,483	789,713
Other Receivables	9,913	3,153	13,066
Interfund Receivable	1,694		1,694
Inventory		13,992	13,992
Restricted Assets:			
Capital Reserve Account - Cash	472,730		472,730
Capital Assets:			
Sites (Land)	883,279		883,279
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	50,825,114	122,568	50,947,682
Total Assets	<u>54,565,132</u>	<u>325,825</u>	<u>54,890,957</u>
<b>LIABILITIES</b>			
Accounts Payable - Vendors	10,347	25,023	35,370
Accrued Salaries Payable	17,320		17,320
Accrued Interest Payable	218,341		218,341
Deferred Revenue	1,364	4,221	5,585
Noncurrent Liabilities:			
Due Within One Year	1,420,788		1,420,788
Due Beyond One Year	24,313,078	31,564	24,344,642
Total Liabilities	<u>25,981,238</u>	<u>60,808</u>	<u>26,042,046</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	26,532,940	122,568	26,655,508
Restricted for:			
Debt Service	748		748
Capital Projects	139,648		139,648
Other Purposes	2,687,312		2,687,312
Unrestricted/(Deficit)	(776,754)	142,449	(634,305)
Total Net Assets	<u>\$ 28,583,894</u>	<u>\$ 265,017</u>	<u>\$ 28,848,911</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, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<b>Governmental Activities:</b>					
<b>Instruction:</b>					
Regular	\$ 22,066,569		\$ 15,198,884	\$ (6,867,685)	\$ (6,867,685)
Special Education	5,441,685		2,637,326	(2,804,359)	(2,804,359)
Other Special Instruction	1,152,424		93,726	(1,058,698)	(1,058,698)
Other Instruction	904,469		57,143	(847,326)	(847,326)
<b>Support services:</b>					
Tuition	2,071,907			(2,071,907)	(2,071,907)
Student & Instruction Related Services	7,755,778		592,575	(7,163,203)	(7,163,203)
General Administrative Services	1,413,725		52,661	(1,361,064)	(1,361,064)
School Administrative Services	2,727,534		208,246	(2,519,288)	(2,519,288)
Central Services	920,142		66,924	(853,218)	(853,218)
Administrative Technology	552,134		44,789	(507,345)	(507,345)
Plant Operations and Maintenance	5,620,938		270,458	(5,350,480)	(5,350,480)
Pupil Transportation	3,595,367		275,611	(3,319,756)	(3,319,756)
Interest on Long-Term Debt	1,059,787			(1,059,787)	(1,059,787)
Unallocated Depreciation	379,568			(379,568)	(379,568)
Capital Outlay	114,870		5,600	(109,270)	(109,270)
Transfer to Charter School	64,175			(64,175)	(64,175)
<b>Total Governmental Activities</b>	<b>55,841,072</b>	<b>\$ -0-</b>	<b>19,503,943</b>	<b>(36,337,129)</b>	<b>\$ -0-</b>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:						
Food Service	\$ 1,133,659	\$ 916,339	\$ 234,597		\$ 17,277	\$ 17,277
Total Business-Type Activities	<u>1,133,659</u>	<u>916,339</u>	<u>234,597</u>		<u>17,277</u>	<u>17,277</u>
Total Primary Government	<u>\$ 56,974,731</u>	<u>\$ 916,339</u>	<u>\$ 19,738,540</u>	<u>\$ (36,337,129)</u>	<u>17,277</u>	<u>(36,319,852)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				35,716,268		35,716,268
Taxes Levied for Debt Service				2,031,458		2,031,458
Federal and State Aid not Restricted				402,650		402,650
Interest on Capital and Maintenance Reserve Accounts				853		853
Miscellaneous Income				<u>207,012</u>	<u>744</u>	<u>207,756</u>
Total General Revenue				<u>38,358,241</u>	<u>744</u>	<u>38,358,985</u>
Change in Net Assets				2,021,112	18,021	2,039,133
Net Assets - Beginning				<u>26,562,782</u>	<u>246,996</u>	<u>26,809,778</u>
Net Assets - Ending				<u>\$ 28,583,894</u>	<u>\$ 265,017</u>	<u>\$ 28,848,911</u>

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

FUND FINANCIAL STATEMENTS

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,624,424			\$ 748	\$ 1,625,172
Intergovernmental Accounts Receivable - State	620,465				620,465
Intergovernmental Accounts Receivable - Federal		\$ 126,765			126,765
Interfund Receivable	232,307				232,307
Other Receivable	9,913				9,913
Restricted Cash and Cash Equivalents	472,730				472,730
<b>Total Assets</b>	<b>\$ 2,959,839</b>	<b>\$ 126,765</b>		<b>\$ 748</b>	<b>\$ 3,087,352</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable - Vendors	\$ 3,492	\$ 6,855			\$ 10,347
Accrued Salaries and Benefits	17,320				17,320
Interfund Payable		118,546	\$ 112,067		230,613
Deferred Revenue		1,364			1,364
<b>Total Liabilities</b>	<b>20,812</b>	<b>126,765</b>	<b>112,067</b>		<b>259,644</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	251,715				251,715
Maintenance Reserve Account	221,015				221,015
Excess Surplus	417,830				417,830
Capital Projects Fund			(112,067)		(112,067)
Debt Service Fund				\$ 748	748
<b>Assigned to:</b>					
Year-end Encumbrances	438,976				438,976
Subsequent Year's Expenditures	1,609,491				1,609,491
<b>Total Fund Balances</b>	<b>2,939,027</b>		<b>(112,067)</b>	<b>748</b>	<b>2,827,708</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,959,839</b>	<b>\$ 126,765</b>	<b>\$ - 0 -</b>	<b>\$ 748</b>	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$65,603,826 and the accumulated depreciation is \$13,895,433.	51,708,393
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.	(218,341)
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	(25,733,866)
<b>Net Assets of Governmental Activities</b>	<b>\$ 28,583,894</b>

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, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUE:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 35,716,268			\$ 2,031,458	\$ 37,747,726
Miscellaneous	207,669		\$ 196		207,865
Total - Local Sources	<u>35,923,937</u>		<u>196</u>	<u>2,031,458</u>	<u>37,955,591</u>
State Sources	18,288,077		330,828	43,675	18,662,580
Federal Sources	28,147	\$ 1,215,866			1,244,013
Total Revenue	<u>54,240,161</u>	<u>1,215,866</u>	<u>331,024</u>	<u>2,075,133</u>	<u>57,862,184</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Regular Instruction	15,402,791	977,881			16,380,672
Special Education Instruction	4,050,978	232,385			4,283,363
Other Special Instruction	821,985				821,985
Other Instruction	703,006				703,006
<b>Support Services and Undistributed Costs:</b>					
Tuition	2,071,907				2,071,907
Student & Instruction Related Services	5,543,971				5,543,971
General Administrative Services	1,002,066				1,002,066
School Administrative Services	1,993,343				1,993,343

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	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	\$ 684,193				\$ 684,193
Administrative Technology	394,226				394,226
Plant Operations and Maintenance	4,636,873				4,636,873
Pupil Transportation	3,076,441				3,076,441
Unallocated Benefits	12,185,168				12,185,168
Debt Service:					
Principal				\$ 1,010,000	1,010,000
Interest and Other Charges				1,066,205	1,066,205
Capital Outlay	317,833	\$ 5,600			323,433
Transfer to Charter School	64,175				64,175
Total Expenditures	<u>52,948,956</u>	<u>1,215,866</u>		<u>2,076,205</u>	<u>56,241,027</u>
Excess/(Deficiency) of Revenue over Expenditures	<u>1,291,205</u>		<u>\$ 331,024</u>	<u>(1,072)</u>	<u>1,621,157</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In	196				196
Transfers Out			(196)		(196)
Total Other Financing Sources/(Uses)	<u>196</u>		<u>(196)</u>		
Net Change in Fund Balances	1,291,401		330,828	(1,072)	1,621,157
Fund Balance/(Deficit)—July 1	<u>1,647,626</u>		<u>(442,895)</u>	<u>1,820</u>	<u>1,206,551</u>
Fund Balance/(Deficit)—June 30	<u>\$ 2,939,027</u>	<u>\$ -0-</u>	<u>\$ (112,067)</u>	<u>\$ 748</u>	<u>\$ 2,827,708</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, 2011

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,621,157

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>208,563</u>	
			(1,078,187)

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 (+). 59,483

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. (+) 6,418

Repayment of serial bonds and capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities. 1,412,241

Change in Net Assets of Governmental Activities \$ 2,021,112

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 143,629
Intergovernmental Accounts Receivable:	
Federal	39,953
State	2,530
Accounts Receivable	3,153
Inventories	13,992
	203,257
Total Current Assets	
Non-Current Assets:	
Capital Assets	466,511
Less: Accumulated Depreciation	(343,943)
	122,568
Total Non-Current Assets	
Total Assets	325,825
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	25,023
Deferred Revenue	4,221
Long-Term Liabilities:	
Accounts Payable - Vendors	31,564
	60,808
Total Current Liabilities	
<u>NET ASSETS:</u>	
Investment in Capital Assets Net of Related Debt	122,568
Unrestricted	142,449
	265,017
Total Net Assets	\$ 265,017

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 910,365
Special Events	5,974
	916,339
Total Operating Revenue	916,339
Operating Expenses:	
Cost of Sales	474,192
Salaries and Payroll Taxes	466,047
Employee Benefits	46,674
Management Fee	68,459
Professional and Technical Services	63,457
Depreciation Expense	14,830
	1,133,659
Total Operating Expenses	1,133,659
Operating Income/(Loss)	(217,320)
Non-Operating Income:	
State Sources:	
State School Lunch Program	11,591
Federal Sources	
National School Lunch Program	194,459
Food Distribution Program	28,547
Interest Revenue	744
	235,341
Total Non-Operating Income	235,341
Change in Net Assets	18,021
Net Assets - Beginning of Year	246,996
Net Assets - End of Year	\$ 265,017

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, 2011

	<u>Business-type Activities- Enterprise Funds</u> <u>Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 916,339
Payments to Food Service Vendor	(1,089,208)
Net Cash (Used) for Operating Activities	<u>(172,869)</u>
Cash Flows from Investing Activities:	
Investment Income	744
Net Cash Provided by Investing Activities	<u>744</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	10,071
Federal Sources:	
National School Lunch Program	167,465
Net Cash Provided by Noncapital Financing Activities	<u>177,536</u>
Net Increase in Cash and Cash Equivalents	5,411
Cash and Cash Equivalents, July 1	<u>138,218</u>
Cash and Cash Equivalents, June 30	<u>\$ 143,629</u>
Reconciliation of Operating Income/(Loss) to Net Cash (Used) for Operating Activities:	
Operating (Loss)	\$ (217,320)
Adjustment to Reconcile Operating Income/(Loss) to Cash (Used) for Operating Activities:	
Depreciation	14,830
Federal Food Distribution Program	28,547
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	1,913
(Increase) in Inventory	(13,992)
Increase in Accounts Payable	8,932
Increase in Deferred Revenue	4,221
Net Cash (Used) for Operating Activities	<u>\$ (172,869)</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 \$28,547 for the fiscal year ended June 30, 2011.

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

Exhibit B-7

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	<u>Agency Total</u>	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Funds</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 1,026,437	\$ 241,902	\$ 54,200
Total Assets	<u>1,026,437</u>	<u>241,902</u>	<u>54,200</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	808,697		
Due to Student Groups	216,046		
Interfund Payable	<u>1,694</u>		
Total Liabilities	<u>1,026,437</u>		
<u>NET ASSETS:</u>			
Held in Trust for Unemployment Claims		241,902	
Reserved for Scholarships			<u>54,200</u>
Total Net Assets	<u>\$ -</u>	<u>\$ 241,902</u>	<u>\$ 54,200</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 ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Trust	Scholarship and Memorial Trust Fund
ADDITIONS:		
Contributions:		
District Contributions	\$ 300,000	
Plan Member	68,989	
Donations		\$ 6,778
Total Contributions	368,989	6,778
Investment Earnings:		
Interest	534	85
Net Investment Earnings	534	85
Total Additions	369,523	6,863
DEDUCTIONS:		
Unemployment Compensation Claims	350,064	
Scholarships Awarded		9,600
Total Deductions	350,064	9,600
Change in Net Assets	19,459	(2,737)
Net Assets - Beginning of the Year	222,443	56,937
Net Assets - End of the Year	\$ 241,902	\$ 54,200

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, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(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 funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

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

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

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

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

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

The District reports the following proprietary funds:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(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 Memorial Trust Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting:

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

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 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, 2011  
(Continued)

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

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

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

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 53,969,236	\$ 946,159
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		269,707
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,641,441	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,370,516)	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 54,240,161	\$ 1,215,866
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 52,948,956	\$ 946,159
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.		269,707
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 52,948,956	\$ 1,215,866

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

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

	Revenue	Capital Projects Fund
Restricted Fund Balance - Budgetary Basis	\$ -0-	\$ 491,129
Reconciliation to Governmental Funds Statements (GAAP):		
NJSDA Grant Receivable not Recognized on GAAP Basis	330,828	(603,196)
Fund Balance per Governmental Funds (GAAP)	\$ 330,828	\$ (112,067)

E. Cash and Cash Equivalents, and Investments:

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

H. Encumbrances:

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

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

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

K. Capital Assets:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, however twelve month employees are subject to having salary accruals at year end. Accrued salaries and wages as of June 30, 2011 totaled \$17,320.

N. Compensated Absences:

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
 (Continued)

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

N. Compensated Absences: (Cont'd)

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

O. Deferred Revenue:

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

P. Fund Balance Restrictions, Commitments, and Assignments:

General Fund: Of the \$2,939,027 General Fund balance at June 30, 2011, \$438,976 is assigned for encumbrances, \$251,715 is restricted in the capital reserve account; \$221,015 is restricted in the maintenance reserve account; \$1,609,491 is assigned for subsequent year's expenditures; \$417,830 is current year excess surplus which will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2013, and \$-0- is unassigned which is \$1,370,516 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2011.

Capital Projects Fund: The (\$112,067) Capital Projects Fund balance at June 30, 2011 is restricted.

Debt Service Fund: The \$748 Debt Service Fund balance at June 30, 2011 is assigned for subsequent year's expenditures.

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$1,370,516 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 last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Fund Balances/Net Assets:

The \$776,754 deficit in unrestricted net assets for the governmental activities at June 30, 2011 resulted from the accrual of \$218,341 in interest payable and \$558,413 in compensated absences payable. The District had a \$112,067 deficit in fund balance in the capital projects fund which resulted from the New Jersey School Development Authority grant funding not being recognized as revenue on a GAAP basis as of June 30, 2011.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
 (Continued)

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

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

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

R. Net Assets:

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2011.

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, 2011.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2011, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash</u>	<u>Total</u>
Checking and Savings Accounts	\$ 3,091,340	\$ 472,730	\$ 3,564,070
	<u>\$ 3,091,340</u>	<u>\$ 472,730</u>	<u>\$ 3,564,070</u>

During the period ended June 30, 2011, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2011, was \$3,564,070 and the bank balance was \$4,855,185.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Jefferson Township of Education by inclusion of \$1 on October 16, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010	\$ 151,286
Add:	
Transfer from General Fund through Resolution	100,000
Interest Earned in Capital Reserve Account	429
Ending Balance, June 30, 2011	<u>\$ 251,715</u>

The June 30, 2011 LRF balance of local support costs of uncompleted capital projects at June 30, 2011 is equal to or greater than \$251,715. There were no withdrawals from the capital reserve account for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2011, the District transferred a total of \$399,953 to capital outlay accounts for equipment which did not require approval from the County Superintendent.

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 6: CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 883,279			\$ 883,279
Total Capital Assets Not Being Depreciated	<u>883,279</u>			<u>883,279</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	60,072,486	\$ 72,030		60,144,516
Machinery and Equipment	4,543,435	136,533	\$ (103,937)	4,576,031
Total Capital Assets Being Depreciated	<u>64,615,921</u>	<u>208,563</u>	<u>(103,937)</u>	<u>64,720,547</u>
Governmental Activities Capital Assets	<u>65,499,200</u>	<u>208,563</u>		<u>65,603,826</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(10,382,605)	(1,006,097)		(11,388,702)
Machinery and Equipment	(2,330,015)	(280,653)	103,937	(2,506,731)
	<u>(12,712,620)</u>	<u>(1,286,750)</u>	<u>103,937</u>	<u>(13,895,433)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 52,786,580</u>	<u>\$ (1,078,187)</u>	<u>\$ -</u>	<u>\$ 51,708,393</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 466,511			\$ 466,511
Less: Accumulated Depreciation	(329,113)	\$ (14,830)		(343,943)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 137,398</u>	<u>\$ (14,830)</u>	<u>\$ -</u>	<u>\$ 122,568</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2010</u>	<u>Issued/</u> <u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2011</u>
Compensated Absences Payable	\$ 617,896	\$ 156,124	\$ 215,607	\$ 558,413
Capital Leases Payable	937,694		402,241	535,453
Serial Bonds Payable	<u>25,650,000</u>		<u>1,010,000</u>	<u>24,640,000</u>
	<u>\$27,205,590</u>	<u>\$ 156,124</u>	<u>\$1,627,848</u>	<u>\$ 25,733,866</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, 2011 as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
9/15/2027	4.00% - 4.50%	\$23,815,000
9/1/2016	4.00%	825,000
		<u>\$24,640,000</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,055,000	\$ 1,024,905	\$ 2,079,905
2013	1,110,000	981,605	2,091,605
2014	1,160,000	936,205	2,096,205
2015	1,220,000	888,605	2,108,605
2016	1,275,000	838,705	2,113,705
2017-2021	6,670,000	3,408,147	10,078,147
2022-2026	8,265,000	1,835,633	10,100,633
2027-2028	<u>3,885,000</u>	<u>176,738</u>	<u>4,061,738</u>
	<u>\$24,640,000</u>	<u>\$ 10,090,543</u>	<u>\$34,730,543</u>

B. Bonds Authorized but not Issued:

As of June 30, 2011, 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, 2011  
(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, 2011.

<u>Year</u>	<u>Amount</u>
2012	\$ 190,314
2013	190,314
2014	<u>190,314</u>
	570,942
Less: Amount representing interest	<u>(35,489)</u>
Present value of net minimum lease payments	<u>\$ 535,453</u>

The current portion of Capital Leases payable at June 30, 2011 is \$172,758 and the long-term portion is \$362,695. Capital leases will be liquidated through the general fund.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$193,030 and is separated from the long-term liability balance of compensated absences of \$365,383. 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, 2011, no liability existed for compensated absences in the Food Service Fund.

NOTE 8. PENSION PLANS

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

District contributions to PERS amounted to \$736,070, \$551,815 and \$423,602 for the fiscal years ended June 30, 2011, 2010 and 2009 respectively.

During the fiscal years ended June 30, 2011, 2010, and 2009 the State of New Jersey contributed \$-0, \$-0- and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributed to P.L. 1992, c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$1,594,688, \$1,502,232 and \$1,369,625 for 2011, 2010 and 2009, respectively.

NOTE 10. RISK MANAGEMENT

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

Property and Liability

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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

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

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

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

The PIP's June 30, 2011 audited financial statements were not available as of the date of our report; however, selected, summarized financial information as of June 30, 2010 is as follows:

	<u>Pooled Insurance Program</u>
Total Assets	\$ 18,213,888
Net Assets	\$ 4,394,252
Total Revenue	\$ 7,706,329
Total Expenses	\$ 7,261,105
Change in Net Assets	\$ 445,224
Net Assets Distribution to Participating Members	\$ 1,075,284

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

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

New Jersey Unemployment Compensation Insurance

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 300,000	\$ 534	\$ 68,989	\$ 350,064	\$ 241,902
2009-2010	309,684	130	70,477	168,395	222,443
2008-2009	-0-	219	102,645	128,286	10,547

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, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 232,307	
Special Revenue Fund		\$ 118,546
Capital Projects Fund		112,067
Agency Funds		1,694
	<u>\$ 232,307</u>	<u>\$ 232,307</u>

The General Fund is owed \$112,067 from the Capital Projects Fund which is a combination of a prior year interfund and interfunds advanced to cover the expenses for the renovation project at the high school and middle school as well as the consumer life science project. The General Fund is owed \$118,546 from Special Revenue Fund to cover a cash deficit which will be reimbursed when grant money is received from the federal grantors. The General Fund is also owed \$1,694 from Agency funds from a prior year interfund which was not yet liquidated.

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits 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                    |

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 14. TAX CALENDAR

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

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

NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bonds. The amount of liability at June 30, 2011, if any, is unknown.

Encumbrances

At June 30, 2011, there were encumbrances as detailed below in the governmental funds.

General Fund	Total Governmental Activities
\$ 438,976	\$ 438,976

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 16. MAINTENANCE RESERVE ACCOUNT

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

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

The activity of the maintenance reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance July 1, 2010	\$ 120,591
Add:	
Interest Earnings	424
Transfer from General Fund through Resolution	100,000
Ending Balance June 30, 2011	\$ 221,015

NOTE 17. SUBSEQUENT EVENTS

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

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 35,716,268		\$ 35,716,268	\$ 35,716,268	
Tuition	64,158		64,158	61,608	\$ (2,550)
Interest Earned on Capital Reserve	732		732	429	(303)
Interest Earned on Maintenance Reserve	582		582	424	(158)
Miscellaneous	40,000		40,000	145,208	105,208
<b>Total - Local Sources</b>	<b>35,821,740</b>		<b>35,821,740</b>	<b>35,923,937</b>	<b>102,197</b>
State Sources:					
Equalization Aid	12,664,359	\$ 669,261	11,995,098	11,995,098	
Special Education Aid	1,378,444	(669,261)	2,047,705	2,047,705	
Extraordinary Aid	295,000		295,000	502,218	207,218
Nonpublic Transportation Aid				32,808	32,808
On-Behalf TPAF Non Contributory Group Insurance (Non-Budgeted)				75,079	75,079
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,594,688	1,594,688
TPAF Social Security (Reimbursed - Non-Budgeted)				1,769,556	1,769,556
<b>Total State Sources</b>	<b>14,337,803</b>		<b>14,337,803</b>	<b>18,017,152</b>	<b>3,679,349</b>
Federal Sources:					
Medicaid Reimbursement	29,711		29,711	28,147	(1,564)
<b>Total Federal Sources</b>	<b>29,711</b>		<b>29,711</b>	<b>28,147</b>	<b>(1,564)</b>
<b>TOTAL REVENUES</b>	<b>50,189,254</b>		<b>50,189,254</b>	<b>53,969,236</b>	<b>3,779,982</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	491,078	(57,920)	433,158	411,783	21,375
Grades 1-5 - Salaries of Teachers	5,247,452	(236,287)	5,011,165	4,709,079	302,086
Grades 6-8 - Salaries of Teachers	3,716,509	(121,415)	3,595,094	3,574,647	20,447
Grades 9-12 - Salaries of Teachers	5,617,641	(131,076)	5,486,565	5,320,187	166,378
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000	42,108	77,108	77,108	
Other Purchased Services	10,000		10,000	9,793	207

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Regular Programs - Instruction (Cont'd):</b>					
Other Salaries for Instruction	\$ 95,966	\$ (18,049)	\$ 77,917	\$ 48,376	\$ 29,541
Purchased Professional - Educational Services	2,460		2,460	1,000	1,460
Other Purchased Services (400-500 series)	446,718	(2,199)	444,519	433,940	10,579
General Supplies	578,858	6,979	585,837	573,199	12,638
Textbooks	244,407	803	245,210	242,124	3,086
Other Objects	2,294		2,294	1,555	739
<b>Total Regular Programs - Instruction</b>	<b>16,488,383</b>	<b>(517,056)</b>	<b>15,971,327</b>	<b>15,402,791</b>	<b>568,536</b>
<b>Special Education - Instruction:</b>					
Other Salaries for Instruction	27,520	592	28,112	25,079	3,033
<b>Total Cognitive - Mild</b>	<b>27,520</b>	<b>592</b>	<b>28,112</b>	<b>25,079</b>	<b>3,033</b>
<b>Learning and or Language Disabilities:</b>					
Salaries of Teachers	562,401		562,401	525,162	37,239
Other Salaries for Instruction	307,409	(20,522)	286,887	275,996	10,891
General Supplies	7,500	(123)	7,377	6,917	460
<b>Total Learning and or Language Disabilities</b>	<b>877,310</b>	<b>(20,645)</b>	<b>856,665</b>	<b>808,075</b>	<b>48,590</b>
<b>Visual Impairments:</b>					
Other Salaries for Instruction	23,956	9,404	33,360	25,576	7,784
<b>Total Visual Impairments</b>	<b>23,956</b>	<b>9,404</b>	<b>33,360</b>	<b>25,576</b>	<b>7,784</b>
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	267,719	49,802	317,521	293,714	23,807
Other Salaries for Instruction	96,200	16,900	113,100	106,515	6,585
General Supplies	4,750	823	5,573	4,829	744
<b>Total Behavioral Disabilities</b>	<b>368,669</b>	<b>67,525</b>	<b>436,194</b>	<b>405,058</b>	<b>31,136</b>
<b>Multiple Disabilities:</b>					
Salaries of Teachers	251,353	182,515	433,868	433,868	
Other Salaries for Instruction	293,804	(23,807)	269,997	254,254	15,743
General Supplies	9,500	(701)	8,799	7,649	1,150
<b>Total Multiple Disabilities</b>	<b>554,657</b>	<b>158,007</b>	<b>712,664</b>	<b>695,771</b>	<b>16,893</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,544,230	(133,120)	1,411,110	1,405,864	5,246
Other Salaries for Instruction	139,559	79,945	219,504	219,504	
General Supplies	9,500		9,500	9,008	492
Textbooks	1,344	(1,344)			
<b>Total Resource Room/Resource Center</b>	<b>1,694,633</b>	<b>(54,519)</b>	<b>1,640,114</b>	<b>1,634,376</b>	<b>5,738</b>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Autistic:					
Salaries of Teachers	\$ 55,379	\$ 1,470	\$ 56,849	\$ 56,849	
Other Salaries for Instruction	147,971		147,971	124,219	\$ 23,752
General Supplies	900	(84)	816	816	
Total Autistic	<u>204,250</u>	<u>1,386</u>	<u>205,636</u>	<u>181,884</u>	<u>23,752</u>
Preschool Handicapped - Part-time:					
Salaries of Teachers	214,603	(32,671)	181,932	165,359	16,573
Other Salaries for Instruction	155,212	(100)	155,112	109,715	45,397
General Supplies		100	100	85	15
Total Preschool Handicapped - Part-time	<u>369,815</u>	<u>(32,671)</u>	<u>337,144</u>	<u>275,159</u>	<u>61,985</u>
Total Special Education Instruction	<u>4,120,810</u>	<u>129,079</u>	<u>4,249,889</u>	<u>4,050,978</u>	<u>198,911</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	919,839	(123,609)	796,230	772,007	24,223
Total Basic Skills/Remedial - Instruction	<u>919,839</u>	<u>(123,609)</u>	<u>796,230</u>	<u>772,007</u>	<u>24,223</u>
Bilingual Education - Instruction:					
Salaries of Teachers	64,140	(4,261)	59,879	49,816	10,063
Other Purchased Services (400-500 series)	400		400	162	238
General Supplies	325		325		325
Total Bilingual Education - Instruction	<u>64,865</u>	<u>(4,261)</u>	<u>60,604</u>	<u>49,978</u>	<u>10,626</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	117,829	55,044	172,873	172,688	185
Other Purchased Services (300-500 series)	5,750	2,150	7,900	5,731	2,169
Supplies and Materials	19,975	1,436	21,411	20,003	1,408
Other Objects	21,428	226	21,654	21,481	173
Total School-Sponsored Cocurricular Activities - Instruction	<u>164,982</u>	<u>58,856</u>	<u>223,838</u>	<u>219,903</u>	<u>3,935</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 263,287	\$ 65,077	\$ 328,364	\$ 328,364	
Other Purchased Services (300-500 series)	130,236	(12,462)	117,774	77,696	\$ 40,078
Supplies and Materials	41,139	9,357	50,496	49,207	1,289
Other Objects	21,205	6,631	27,836	27,836	
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>455,867</b>	<b>68,603</b>	<b>524,470</b>	<b>483,103</b>	<b>41,367</b>
<b>Total Instruction</b>	<b>22,214,746</b>	<b>(388,388)</b>	<b>21,826,358</b>	<b>20,978,760</b>	<b>847,598</b>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	523,734	65,556	589,290	553,996	35,294
Tuition to County Vocational School District - Regular	359,645	77,707	437,352	435,156	2,196
Tuition to County Vocational School District - Special	72,564	(49,488)	23,076	17,352	5,724
Tuition to County Special Services and Day School	197,589	(25,052)	172,537	171,588	949
Tuition to Private Schools for the Handicapped - Within State	969,883	(61,098)	908,785	871,044	37,741
Tuition to State Facility	22,771		22,771	22,771	
<b>Total Undistributed Expenditures - Instruction:</b>	<b>2,146,186</b>	<b>7,625</b>	<b>2,153,811</b>	<b>2,071,907</b>	<b>81,904</b>
Health Services:					
Salaries	529,257	(49,449)	479,808	465,177	14,631
Salaries of Other Professional Staff	3,800	17,750	21,550	17,915	3,635
Purchased Professional and Technical Services	24,150		24,150	23,750	400
Other Purchased Services (400-500 series)	1,850		1,850	1,504	346
Supplies and Materials	16,970	3,161	20,131	19,549	582
<b>Total Health Services</b>	<b>576,027</b>	<b>(28,538)</b>	<b>547,489</b>	<b>527,895</b>	<b>19,594</b>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	\$ 675,631		\$ 675,631	\$ 617,476	\$ 58,155
Purchased Professional - Educational Services	157,707	\$ (30,000)	127,707	46,325	81,382
Supplies and Materials	3,500		3,500	3,481	19
<b>Total Speech, OT, PT and Related Services</b>	<b>836,838</b>	<b>(30,000)</b>	<b>806,838</b>	<b>667,282</b>	<b>139,556</b>
Other Support Services - Students - Extra Services:					
Purchased Professional - Educational Services	63,275	30,575	93,850	87,599	6,251
Supplies and Materials	5,000	(199)	4,801	4,595	206
<b>Total Other Support Services - Students - Extra Services</b>	<b>68,275</b>	<b>30,376</b>	<b>98,651</b>	<b>92,194</b>	<b>6,457</b>
Guidance:					
Salaries of Other Professional Staff	1,077,022		1,077,022	1,061,612	15,410
Salaries of Secretarial and Clerical Assistants	77,586	118,914	196,500	160,384	36,116
Purchased Professional - Educational Services		2,481	2,481	1,119	1,362
Other Purchased Professional - Technical Services	22,364	(1,362)	21,002	4,956	16,046
Other Purchased Services (400-500 series)	24,332	(6,220)	18,112	17,761	351
Supplies and Materials	7,940	1,490	9,430	6,671	2,759
Other Objects	550	(389)	161	90	71
<b>Total Guidance</b>	<b>1,209,794</b>	<b>114,914</b>	<b>1,324,708</b>	<b>1,252,593</b>	<b>72,115</b>
Child Study Team:					
Salaries of Other Professional Staff	1,391,645	(107,301)	1,284,344	1,259,441	24,903
Salaries of Secretarial and Clerical Assistants	153,890		153,890	142,305	11,585
Purchased Professional - Educational Services	54,930	4,964	59,894	20,085	39,809
Other Purchased Professional - Technical Services	47,100	(4,963)	42,137	25,156	16,981
Other Purchased Services (400-500 series)	6,086		6,086	5,454	632
Supplies & Materials	15,740	(280)	15,460	15,260	200
Other Objects	1,140	(12)	1,128	1,073	55
<b>Total Child Study Team</b>	<b>1,670,531</b>	<b>(107,592)</b>	<b>1,562,939</b>	<b>1,468,774</b>	<b>94,165</b>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Improvement of Instructional Services:</b>					
Salaries of Supervisor of Instruction	\$ 522,213	\$ (50,543)	\$ 471,670	\$ 370,098	\$ 101,572
Salaries of Other Professional Staff	722,732	22,497	745,229	745,224	5
Salaries of Secretarial and Clerical Assistants	49,380	(1,205)	48,175	48,175	
Purchased Professional - Educational Services	1,200		1,200	988	212
Other Purch Prof. and Tech. Services	963		963	963	
Other Purchased Services (400-500 series)	12,337	(169)	12,168	8,982	3,186
Supplies and Materials	2,800	510	3,310	3,310	
Other Objects	4,965	4,377	9,342	9,342	
<b>Total Improvement of Instructional Services</b>	<b>1,316,590</b>	<b>(24,533)</b>	<b>1,292,057</b>	<b>1,187,082</b>	<b>104,975</b>
<b>Educational Media Services/School Library:</b>					
Salaries	291,193	2,002	293,195	282,192	11,003
Salaries of Other Professional Staff	4,921	20,599	25,520	25,520	
Supplies and Materials	27,775	819	28,594	27,918	676
<b>Total Educational Media Services/School Library</b>	<b>323,889</b>	<b>23,420</b>	<b>347,309</b>	<b>335,630</b>	<b>11,679</b>
<b>Instructional Staff Training Services:</b>					
Salaries of Other Professional Staff					
Purchased Professional - Educational Services	6,000	(5,587)	413	413	
Other Purchased Services (400-500 series)	17,850	209	18,059	9,930	8,129
Supplies and Materials	2,000	1,150	3,150	2,168	982
Other Objects		10	10	10	
<b>Total Instructional Staff Training Services</b>	<b>25,850</b>	<b>(4,218)</b>	<b>21,632</b>	<b>12,521</b>	<b>9,111</b>
<b>Support Services - General Administration:</b>					
Salaries	469,429		469,429	461,749	7,680
Legal Services	231,567	(74,915)	156,652	119,645	37,007
Audit Fees	28,875		28,875	28,250	625
Architecture/Engineering Services	7,706	88,497	96,203	63,396	32,807
Other Purchased Professional Services	2,395	1,845	4,240	2,395	1,845
Other Purchased Professional - Technical Services	13,717	(5,561)	8,156	6,205	1,951
Communications/Telephone	258,227	(30,479)	227,748	204,249	23,499
BOE Other Purchased Services	350		350	316	34
Other Purchased Services (400-500 series)	53,657	14,484	68,141	68,141	
Supplies and Materials	7,500	5,000	12,500	12,500	
BOE In-House Training/meeting Supplies		2,177	2,177	980	1,197
Judgements Against the School District		64,317	64,317		64,317
Miscellaneous Expenditures	37,243	(874)	36,369	34,061	2,308
Board of Education Dues	2,450	(175)	2,275	179	2,096
<b>Total Support Services - General Administration</b>	<b>1,113,116</b>	<b>64,316</b>	<b>1,177,432</b>	<b>1,002,066</b>	<b>175,366</b>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,145,205	\$ 47,205	\$ 1,192,410	\$ 1,192,410	
Salaries of Secretarial and Clerical Assistants	700,026	(52,217)	647,809	633,569	\$ 14,240
Other Purchased Professional - Technical Services	52,300	30,883	83,183	79,429	3,754
Other Purchased Services (400-500 series)	83,569	348	83,917	66,866	17,051
Supplies and Materials	14,200	855	15,055	10,496	4,559
Other Objects	11,804	(157)	11,647	10,573	1,074
<b>Total Support Services - School Administration</b>	<b>2,007,104</b>	<b>26,917</b>	<b>2,034,021</b>	<b>1,993,343</b>	<b>40,678</b>
Central Services:					
Salaries	601,907	(358,735)	243,172	241,277	1,895
Salaries of Other Professional Staff	3,746	343,769	347,515	345,542	1,973
Purchased Professional - Educational Services	5,400	3,200	8,600	5,300	3,300
Other Purchased Professional - Technical Services	16,866	4,926	21,792	16,850	4,942
Other Purchased Services (400-500 series)	7,432	(889)	6,543	6,370	173
Supplies and Materials	12,000	213	12,213	12,213	
Interest on Lease Purchase Agreements	54,500		54,500	54,500	
Miscellaneous Expenditures	2,650		2,650	2,141	
<b>Total Central Services</b>	<b>704,501</b>	<b>(7,516)</b>	<b>696,985</b>	<b>684,193</b>	<b>12,283</b>
Administration Information Technology:					
Salaries	420,965	(27,275)	393,690	392,728	962
Other Purchased Services (400-500 series)	2,000	90	2,090	1,148	942
Supplies and Materials	1,000		1,000	350	650
<b>Total Administration Information Technology</b>	<b>423,965</b>	<b>(27,185)</b>	<b>396,780</b>	<b>394,226</b>	<b>2,554</b>
Required Maintenance of School Facilities:					
Salaries	729,479	(52,179)	677,300	622,025	55,275
Salaries of Other Professional Staff	2,127	59,407	61,534	58,076	3,458
Cleaning, Repair and Maintenance Services	149,435	(27)	149,408	91,651	57,757
Other Purchased Services (400-500 series)		18,075	18,075	18,075	
General Supplies	193,038	(20,048)	172,990	136,796	36,194
<b>Total Required Maintenance of School Facilities</b>	<b>1,074,079</b>	<b>5,228</b>	<b>1,079,307</b>	<b>926,623</b>	<b>152,684</b>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Custodial Services:</b>					
Salaries	\$ 1,689,885	\$ (52,143)	\$ 1,637,742	\$ 1,415,032	\$ 222,710
Salaries Non-Instructional Aides	12,526	(5,242)	7,284	244	7,040
Purchased Professional and Technical Services	176,603	(143)	176,460	148,902	27,558
Cleaning, Repair and Maintenance Services	46,600	2,000	48,600	46,474	2,126
Rental of Land and Building	132,393	2,150	134,543	134,543	
Other Purchased Property Services	33,550	(14,176)	19,374	16,264	3,110
Insurance	157,178	(9,833)	147,345	141,384	5,961
Miscellaneous Purchased Services	2,425	435	2,860	2,860	
General Supplies	150,207	(16,776)	133,431	133,431	
Energy (Electricity)	818,555	(105,811)	712,744	613,573	99,171
Other Objects	225		225	225	
Energy (Natural Gas)	67,141	7,787	74,928	65,456	9,472
Energy (Oil)	546,706	95,000	641,706	641,009	697
<b>Total Custodial Services</b>	<b>3,833,994</b>	<b>(96,752)</b>	<b>3,737,242</b>	<b>3,359,397</b>	<b>377,845</b>
<b>Care and Upkeep of Grounds:</b>					
Salaries	182,682	(12,490)	170,192	154,942	15,250
Cleaning, Repair and Maintenance Services	27,100	(1,643)	25,457	4,213	21,244
General Supplies	40,000	(3,000)	37,000	33,996	3,004
<b>Total Care and Upkeep of Grounds</b>	<b>249,782</b>	<b>(17,133)</b>	<b>232,649</b>	<b>193,151</b>	<b>39,498</b>
<b>Security:</b>					
Salaries	71,105	51,400	122,505	121,163	1,342
Cleaning, Repair and Maintenance Services	10,483	14,931	25,414	22,427	2,987
General Supplies	556	19,556	20,112	14,112	6,000
<b>Total Security</b>	<b>82,144</b>	<b>85,887</b>	<b>168,031</b>	<b>157,702</b>	<b>10,329</b>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Student Transportation Services:</b>					
Salaries of Non-Instructional Aides	\$ 56,203		\$ 56,203	\$ 47,304	\$ 8,899
Salaries for Pupil Transportation - Regular	933,740	\$ (17,008)	916,732	899,961	16,771
Salaries for Pupil Transportation - Special Education	23,451		23,451	6,317	17,134
Salaries for Pupil Transportation - Other	42,827	79	42,906	24,193	18,713
Purchased Professional and Technical Services	9,139	(36)	9,103	8,235	868
Cleaning, Repair and Maintenance Services	10,000	36	10,036	9,215	821
Lease Purchase Payments - School Buses	157,903	(6,200)	151,703	151,703	
<b>Contracted Services:</b>					
Aid in Lieu - Non Public Schools	114,920	(9,184)	105,736	105,186	550
Aid in Lieu - Charter School	2,652	884	3,536	3,536	
Between Home and School - Vendors	553,488	(10,280)	543,208	540,721	2,487
Other than Between Home and School - Vendors	57,281	16,780	74,061	73,051	1,010
ESC Regular Students	319,555	(10,000)	309,555	301,165	8,390
ESC Special Education Students	647,069	36,746	683,815	679,910	3,905
Miscellaneous Purchased Services-Transportation	18,767		18,767	16,538	2,229
Transportation Supplies	190,000	25,107	215,107	207,181	7,926
Other Objects	2,500		2,500	2,225	275
<b>Total Student Transportation Services</b>	<b>3,139,495</b>	<b>26,924</b>	<b>3,166,419</b>	<b>3,076,441</b>	<b>89,978</b>
<b>Unallocated Benefits:</b>					
Social Security Contributions	653,212	56,231	709,443	621,943	87,500
Other Retirement Contributions - PERS	595,460	140,610	736,070	736,070	
Workmen's Compensation	267,001	13,920	280,921	280,921	
Unemployment Compensation	150,000	150,000	300,000	300,000	
Health Benefits	7,924,547	(457,036)	7,467,511	6,540,029	927,482
Tuition Reimbursement	134,822		134,822	88,142	46,680
Other Employee Benefits	137,699	46,144	183,843	178,740	5,103
<b>Total Unallocated Benefits</b>	<b>9,862,741</b>	<b>(50,131)</b>	<b>9,812,610</b>	<b>8,745,845</b>	<b>1,066,765</b>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
On-Behalf Contributions:					
On-Behalf TPAF Non Contributory Group Insurance (Non-Budgeted)				\$ 75,079	\$ (75,079)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				1,594,688	(1,594,688)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,769,556	(1,769,556)
Total On-Behalf Contributions				<u>3,439,323</u>	<u>(3,439,323)</u>
Total Personal Services - Employee Benefits	\$ 9,862,741	\$ (50,131)	\$ 9,812,610	12,185,168	<u>(2,372,558)</u>
Total Undistributed Expenses	<u>30,664,901</u>	<u>(7,991)</u>	<u>30,656,910</u>	31,588,188	<u>(931,787)</u>
<b>TOTAL CURRENT EXPENSE</b>	<u>52,879,647</u>	<u>(396,379)</u>	<u>52,483,268</u>	<u>52,566,948</u>	<u>(83,680)</u>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Other Support Services - Students - Regular		77,648	77,648	77,648	
Required Maintenance for School Facilities		44,854	44,854	19,323	25,531
Custodial Equipment		38,500	38,500	38,500	
Security		33,530	33,530	33,530	
Student Transportation		171,231	171,231	30,733	140,498
Regular Programs - Instruction:					
Grades 1-5		11,445	11,445	1,029	10,416
Grades 6-8		513	513	513	
Grades 9-12		22,232	22,232	707	21,525
Total Equipment		<u>399,953</u>	<u>399,953</u>	<u>201,983</u>	<u>197,970</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	980		980	980	
Other Objects		114,870	114,870	114,870	
Total Facilities Acquisition and Construction Services	<u>980</u>	<u>114,870</u>	<u>115,850</u>	<u>115,850</u>	
<b>TOTAL CAPITAL OUTLAY</b>	<u>980</u>	<u>514,823</u>	<u>515,803</u>	<u>317,833</u>	<u>197,970</u>

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Transfer to Charter School	\$ 48,619	\$ 21,820	\$ 70,439	\$ 64,175	\$ 6,264
Total Transfer to Charter School	48,619	21,820	70,439	64,175	6,264
<b>TOTAL EXPENDITURES</b>	<b>52,929,246</b>	<b>140,264</b>	<b>53,069,510</b>	<b>52,948,956</b>	<b>120,554</b>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,739,992)	(140,264)	(2,880,256)	1,020,280	3,900,536
Other Financing Sources/(Uses):					
Capital Projects Transfer to General Fund for Interest				196	196
Total Other Financing Sources/(Uses)				196	196
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(2,739,992)	(140,264)	(2,880,256)	1,020,476	3,900,732
Fund Balance, July 1	3,289,067		3,289,067	3,289,067	
Fund Balance, June 30	<u>\$ 549,075</u>	<u>\$ (140,264)</u>	<u>\$ 408,811</u>	<u>\$ 4,309,543</u>	<u>\$ 3,900,732</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 251,715	
Maintenance Reserve				221,015	
Excess Surplus				417,830	
Assigned Fund Balance:					
Year-end Encumbrances				438,976	
Subsequent Year's Expenditures				1,749,788	
Unassigned Fund Balance				<u>1,230,219</u>	
				4,309,543	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				<u>(1,370,516)</u>	
Fund Balance per Governmental Funds GAAP				<u>\$ 2,939,027</u>	

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 819,091	\$ 435,841	\$ 1,254,932	\$ 946,159	\$ (308,773)
Total Revenues	819,091	435,841	1,254,932	946,159	(308,773)
EXPENDITURES:					
Instruction					
Salaries of Teachers	54,300	101,700	156,000	46,822	109,178
Other Purchased Services	744,065	33,306	777,371	752,306	25,065
General Supplies		76,345	76,345	74,878	1,467
Total Instruction	798,365	211,351	1,009,716	874,006	135,710
Support Services					
Salaries of Other Professional Staff		165,832	165,832		165,832
Personal Service - Employee Benefits	20,132	39,266	59,398	52,167	7,231
Purchased Professional - Technical Services		4,811	4,811	4,811	
Other Purchased Services	160	3,862	4,022	4,022	
Supplies and Materials	434	5,119	5,553	5,553	
Total Support Services	20,726	218,890	239,616	66,553	173,063
Facilities Acquisition and Construction Services:					
Instructional Equipment		5,600	5,600	5,600	
Total Facilities Acquisition and Construction Services		5,600	5,600	5,600	
Total Expenditures	819,091	435,841	1,254,932	946,159	308,773
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	\$ 53,969,236	\$ 946,159
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		269,707
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,641,441	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,370,516)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 54,240,161	\$ 1,215,866
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 52,948,956	\$ 946,159
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.		269,707
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 52,948,956	\$ 1,215,866

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 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, 2011

	<u>No Child Left Behind Title II</u>	<u>IDEA ARRA Preschool</u>	<u>IDEA ARRA Basic</u>	<u>IDEA Part B - Preschool</u>	<u>IDEA Part B - Preschool C/O</u>
REVENUE:					
Federal Sources	\$ 67,765	\$ 21,662	\$ 107,253	\$ 27,285	\$ 4,182
Total Revenue	<u>67,765</u>	<u>21,662</u>	<u>107,253</u>	<u>27,285</u>	<u>4,182</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	46,822				
Other Purchased Services			2,827	27,285	4,182
General Supplies		12,676	62,202		
Total Instruction	<u>46,822</u>	<u>12,676</u>	<u>65,029</u>	<u>27,285</u>	<u>4,182</u>
Support Services:					
Personal Service - Employee Benefit	15,934		36,233		
Purchased Professional - Technical Services	4,811				
Other Purchased Services		4,022			
Supplies and Materials	198	4,964	391		
Total Support Services	<u>20,943</u>	<u>8,986</u>	<u>36,624</u>		
Facilities Acquisition and Construction Services:					
Instructional Equipment			5,600		
Total Facilities Acquisition and Construction Services			<u>5,600</u>		
Total Expenditures	<u>\$ 67,765</u>	<u>\$ 21,662</u>	<u>\$ 107,253</u>	<u>\$ 27,285</u>	<u>\$ 4,182</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>IDEA Part B - Basic</u>	<u>Total</u>
REVENUE:		
Federal Sources	\$ 718,012	\$ 946,159
Total Revenue	<u>718,012</u>	<u>946,159</u>
EXPENDITURES:		
Instruction:		
Salaries of Teachers		46,822
Other Purchased Services	718,012	752,306
General Supplies		<u>74,878</u>
Total Instruction	<u>718,012</u>	<u>874,006</u>
Support Services:		
Personal Service - Employee Benefit		52,167
Purchased Professional - Technical Services		4,811
Other Purchased Services		4,022
Supplies and Materials		<u>5,553</u>
Total Support Services		<u>66,553</u>
Facilities Acquisition and Construction Services:		
Instructional Equipment		<u>5,600</u>
Total Facilities Acquisition and Construction Services		<u>5,600</u>
Total Expenditures	<u>\$ 718,012</u>	<u>\$ 946,159</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, 2011

Revenue and Other Financing Sources:	
Interest on Capital Investments	\$ 196
Total Revenue and Other Financing Sources	<u>196</u>
Other Financing Uses:	
Transfer to General Fund	<u>(196)</u>
Total Other Financing Uses	<u>(196)</u>
Fund Balance - Beginning of Year	<u>491,129</u>
Fund Balance - End of Year	<u>\$ 491,129</u>
Recapitulation:	
Fund Balance Budgetary Basis	\$ 491,129
SDA Grant Receivable not Recognized on a GAAP Basis	<u>(603,196)</u>
Fund Balance/(Deficit) GAAP Basis	<u>\$ (112,067)</u>

F-1a

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
RENOVATIONS AND ADDITIONS AT THE MIDDLE SCHOOL/HIGH SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

## Additional Project Information:

## Project Number:

Renovations and Additions at the  
Middle School/High School

SP # 202371

Grant Date

8/8/2002

Bonds Authorized Date

3/12/2002

Bonds Authorized Date

\$ 19,068,540

Bonds Authorized Date

19,067,907

Bonds Authorized Date

26,148,244

Bonds Authorized Date

26,147,611

## Percentage Decrease

over Original Authorized Cost

0.00%

Percentage Completion

100.00%

Original Target Completion Date

9/1/2004

Revised Target Completion Date

9/1/2010

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
HIGH SCHOOL/MIDDLE SCHOOL CONSUMER LIFE SCIENCE CONSTRUCTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

**Additional Project Information:**

## Project Number:

Renovations and Additions at the Middle School/High School	2380-040-09-1001
High School Consumer Life Science	2380-040-09-1002
Middle School Consumer Life Science	2380-040-09-1003

Grant Date	9/1/2010
Original Authorized Cost	\$ 1,205,625
Revised Authorized Cost	1,205,625
Percentage Decrease	
over Original Authorized Cost	0.00%
Percentage Completion	67.27%
Original Target Completion Date	9/1/2011

PROPRIETARY FUNDS

JEFFERSON TOWNSHIP BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 143,629
Intergovernmental Accounts Receivable:	
Federal	39,953
State	2,530
Accounts Receivable	3,153
Inventories	13,992

Total Current Assets	<u>203,257</u>
----------------------	----------------

## Non-Current Assets:

Capital Assets	466,511
Less: Accumulated Depreciation	<u>(343,943)</u>

Total Non-Current Assets	<u>122,568</u>
--------------------------	----------------

Total Assets	<u>325,825</u>
--------------	----------------

## LIABILITIES:

## Current Liabilities:

Accounts Payable - Vendors	25,023
----------------------------	--------

## Long Term Liabilities:

Accounts Payable - Vendors	31,564
Deferred Revenue	<u>4,221</u>

Total Liabilities	<u>60,808</u>
-------------------	---------------

## NET ASSETS:

Investment in Capital Assets Net of Related Debt	122,568
Unrestricted	<u>142,449</u>

Total Net Assets	<u>\$ 265,017</u>
------------------	-------------------

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, 2011

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 910,365
Special Events	5,974
	<hr/>
Total Operating Revenue	916,339
	<hr/>
Operating Expenses:	
Cost of Sales	474,192
Salaries, Benefits & Payroll Taxes	466,047
Supplies, Insurance & Other Costs	46,674
Management Fee	68,459
Miscellaneous Expenditures	63,457
Depreciation Expense	14,830
	<hr/>
Total Operating Expenses	1,133,659
	<hr/>
Operating (Loss)	(217,320)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	744
State Sources:	
State School Lunch Program	11,591
Federal Sources:	
National School Lunch Program	194,459
Food Distribution Program	28,547
	<hr/>
Total Non-Operating Income	235,341
	<hr/>
Change in Net Assets	18,021
	<hr/>
Net Assets - Beginning of Year	246,996
	<hr/>
Net Assets - End of Year	\$ 265,017
	<hr/> <hr/>

JEFFERSON TOWNSHIP BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 916,339
Payments to Food Service Vendor	(1,089,208)
Net Cash Used for Operating Activities	<u>(172,869)</u>
Cash Flows by Investing Activities:	
Local Sources:	
Interest Income	744
Net Cash Provided by Investing Activities	<u>744</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	10,071
Federal Sources:	
National School Lunch Program	167,465
Net Cash Provided by Noncapital Financing Activities	<u>177,536</u>
Net Increase in Cash and Cash Equivalents	5,411
Cash and Cash Equivalents, July 1	<u>138,218</u>
Cash and Cash Equivalents, June 30	<u>\$ 143,629</u>
Reconciliation of Operating Loss to Net Cash Provided/(Used) for Operating Activities:	
Operating (Loss)	\$ (217,320)
Adjustment to Reconcile Operating Income to Cash Provided/(Used) for Operating Activities:	
Depreciation	14,830
Federal Food Distribution Program	28,547
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	1,913
(Increase)/Decrease in Inventory	(13,992)
Increase/(Decrease) in Accounts Payable	8,932
Increase/(Decrease) in Deferred Revenue	4,221
Net Cash Used for Operating Activities	<u>\$ (172,869)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$28,547 and \$24,326, respectively, the fiscal year ended June 30, 2011.

FIDUCIARY FUNDS

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2011

	Agency			Total	Unemployment Compensation Trust	Scholarship and Memorial Trust Fund
	Student Activity	Payroll	Summer Savings			
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 216,046	\$ 351,146	\$ 459,245	\$ 1,026,437	\$ 241,902	\$ 54,200
Total Assets	216,046	351,146	482,206	1,026,437	241,902	54,200
<u>LIABILITIES:</u>						
Payroll Deductions and Withholdings Due to Student Groups	216,046	349,452	459,245	808,697		
Interfund Payable		1,694		1,694		
Total Liabilities	216,046	351,146	459,245	1,026,437		
<u>NET ASSETS:</u>						
Held in Trust for Unemployment Claims					241,902	
Reserve for Scholarships						54,200
Total Net Assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 241,902	\$ 54,200

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Fund</u>
<b>ADDITIONS:</b>		
Contributions:		
District Contributions	\$ 300,000	
Plan Member	68,989	
Donations		\$ 6,778
Total Contributions	<u>368,989</u>	<u>6,778</u>
Investment Earnings:		
Interest	534	85
Net Investment Earnings	<u>534</u>	<u>85</u>
Total Additions	<u>369,523</u>	<u>6,863</u>
<b>DEDUCTIONS:</b>		
Unemployment Compensation Claims	350,064	
Scholarships Awarded		9,600
Total Deductions	<u>350,064</u>	<u>9,600</u>
Change in Net Assets	19,459	(2,737)
Net Assets - Beginning of the Year	<u>222,443</u>	<u>56,937</u>
Net Assets - End of the Year	<u>\$ 241,902</u>	<u>\$ 54,200</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 206,777	\$ 510,753	\$ 501,484	\$ 216,046
Total Assets	<u>\$ 206,777</u>	<u>\$ 510,753</u>	<u>\$ 501,484</u>	<u>\$ 216,046</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 206,777	\$ 510,753	\$ 501,484	\$ 216,046
Total Liabilities	<u>\$ 206,777</u>	<u>\$ 510,753</u>	<u>\$ 501,484</u>	<u>\$ 216,046</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Elementary Schools:				
Drummond	\$ 705	\$ 277	\$ 982	
Cozy Lake	3,554	4,511	5,053	\$ 3,012
Ellen T. Briggs	3,411	12,810	10,470	5,751
Milton	5,341	3,105	7,714	732
Stanlick	671	14,213	12,459	2,425
White Rock	7,542	24,696	30,912	1,326
Junior High School:				
Jefferson Middle School	98,403	85,855	90,281	93,977
Senior High School:				
Jefferson High School Activities	87,123	286,558	266,551	107,130
Athletic Account	27	78,728	77,062	1,693
Total	<u>\$ 206,777</u>	<u>\$ 510,753</u>	<u>\$ 501,484</u>	<u>\$ 216,046</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 309,159	\$ 34,972,209	\$ 34,930,222	\$ 351,146
Total Assets	<u>\$ 309,159</u>	<u>\$ 34,972,209</u>	<u>\$ 34,930,222</u>	<u>\$ 351,146</u>
 <u>LIABILITIES:</u>				
Net Payroll		\$ 20,821,471	\$ 20,821,471	
Payroll Deductions and Withholdings	\$ 307,465	14,150,738	14,108,751	\$ 349,452
Interfund Payable	1,694			1,694
Total Liabilities	<u>\$ 309,159</u>	<u>\$ 34,972,209</u>	<u>\$ 34,930,222</u>	<u>\$ 351,146</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, 2011		Interest Rate	Balance June 30, 2010	Matured	Balance June 30, 2011
			Date	Amount				
Improvements to School Facilities	9/15/2002	\$ 29,245,000	9/15/2011	\$ 935,000	4.000%	\$ 24,705,000	\$ 890,000	\$ 23,815,000
			9/15/2012	980,000	4.000%			
			9/15/2013	1,025,000	4.000%			
			9/15/2014	1,075,000	4.000%			
			9/15/2015	1,130,000	4.000%			
			9/15/2016	1,185,000	4.000%			
			9/15/2017	1,240,000	4.000%			
			9/15/2018	1,300,000	4.000%			
			9/15/2019	1,365,000	4.100%			
			9/15/2020	1,430,000	4.200%			
			9/15/2021	1,500,000	4.300%			
			9/15/2022	1,570,000	4.400%			
			9/15/2023	1,650,000	4.500%			
			9/15/2024	1,730,000	4.500%			
			9/15/2025	1,815,000	4.500%			
9/15/2026	1,900,000	4.500%						
9/15/2027	1,985,000	4.500%						
School Refunding Bond Series - 2005	9/1/05	2,120,000	9/1/2011	120,000	4.000%	945,000	120,000	825,000
			9/1/2012	130,000	4.000%			
			9/1/2013	135,000	4.000%			
			9/1/2014	145,000	4.000%			
			9/1/2015	145,000	4.000%			
			9/1/2016	150,000	4.000%			
						<u>\$ 25,650,000</u>	<u>\$ 1,010,000</u>	<u>\$ 24,640,000</u>

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

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2010</u>	<u>Matured</u>	<u>Balance June 30, 2011</u>
2005-06 Various Equipment	6.209%	\$ 831,520	\$ 173,833	\$ 173,833	
2006-07 Copier Equipment	Various	280,468	61,134	61,134	
2009-10 Vehicles and Other Equipment	4.723%	890,525	<u>702,727</u>	<u>167,274</u>	<u>\$ 535,453</u>
			<u>\$ 937,694</u>	<u>\$ 402,241</u>	<u>\$ 535,453</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<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	\$ 2,031,458		\$ 2,031,458	\$ 2,031,458	
State Sources:					
Debt Service State Aid Support	43,675		43,675	43,675	
Total Revenue	<u>2,075,133</u>		<u>2,075,133</u>	<u>2,075,133</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,066,205		1,066,205	1,066,205	
Redemption of Principal	1,010,000		1,010,000	1,010,000	
Total Regular Debt Service	<u>2,076,205</u>		<u>2,076,205</u>	<u>2,076,205</u>	
Total Expenditures	<u>2,076,205</u>		<u>2,076,205</u>	<u>2,076,205</u>	
(Deficiency) of Revenues (Under) Expenditures	<u>(1,072)</u>		<u>(1,072)</u>	<u>(1,072)</u>	
Fund Balance, July 1	<u>1,820</u>		<u>1,820</u>	<u>1,820</u>	
Fund Balance, June 30	<u>\$ 748</u>	<u>\$ -0-</u>	<u>\$ 748</u>	<u>\$ 748</u>	<u>\$ -0-</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted for Subsequent Years Expenditures				<u>\$ 748</u>	

**STATISTICAL SECTION**

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

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

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

	June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>							
Invested in Capital Assets, Net of Related Debt	\$17,426,060	\$19,572,374	\$20,661,641	\$22,886,764	\$24,977,258	\$26,198,886	\$26,532,940
Restricted	3,182,778	1,567,802	1,969,595	598,710	557,191	1,821,187	2,827,708
Unrestricted/(Deficit)	(328,557)	(49,297)	(574,106)	(257,908)	(377,974)	(1,457,291)	(776,754)
<b>Total Governmental Activities Net Assets</b>	<u>\$20,280,281</u>	<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>
<b>Business-type Activities</b>							
Invested in Capital Assets, Net of Related Debt	\$ -	\$ 2,090	\$ 1,940	\$ 172,924	\$ 155,161	\$ 137,398	\$ 122,568
Unrestricted	(26,942)	61,907	130,734	110,255	107,606	109,598	142,449
<b>Total Business-type Activities Net Assets</b>	<u>\$ (26,942)</u>	<u>\$ 63,997</u>	<u>\$ 132,674</u>	<u>\$ 283,179</u>	<u>\$ 262,767</u>	<u>\$ 246,996</u>	<u>\$ 265,017</u>
<b>District-wide</b>							
Invested in Capital Assets, Net of Related Debt	\$17,426,060	\$19,574,464	\$20,663,581	\$23,059,688	\$25,132,419	\$26,336,284	\$26,655,508
Restricted	3,182,778	1,567,802	1,969,595	598,710	557,191	1,821,187	2,827,708
Unrestricted/(Deficit)	(355,499)	12,610	(443,372)	(147,653)	(270,368)	(1,347,693)	(634,305)
<b>Total District Net Assets</b>	<u>\$20,253,339</u>	<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>

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

Source: Jefferson School District Financial Reports

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

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

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

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

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

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

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

Source: Jefferson School District Financial Reports

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

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

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

Source: Jefferson School District Financial Reports

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

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

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

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses)							
Transfers In	20,937	40,763	141,288	122,343	1,099	724,123	196
Transfers Out	(357,485)	(82,365)	(151,063)	(134,843)	(1,099)	(724,123)	(196)
Capital Leases (non-budgeted)	1,474,627						
Total Other Financing Sources (Uses)	<u>1,138,079</u>	<u>(41,602)</u>	<u>(9,775)</u>	<u>(12,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (11,508,072)</u>	<u>\$ (924,662)</u>	<u>\$ (60,334)</u>	<u>\$ (1,140,202)</u>	<u>\$ (168,950)</u>	<u>\$ 99,955</u>	<u>\$ 1,621,157</u>
Debt Service as a Percentage of Noncapital Expenditures	4.81%	4.58%	4.40%	4.24%	4.34%	4.18%	3.86%

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

Source: Jefferson School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Rentals</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>
2002		\$ 1,120	\$ 68,666			\$ 11,648	\$ 52,207	\$ 133,641
2003			7,294	\$ 64,968		11,536	77,936	161,734
2004			21,482			10,999	4,943	37,424
2005	\$ 15,349		99,379			40,738	42,486	197,952
2006	52,541		161,859			16,033	68,933	299,366
2007	62,847		244,275			76,835	103,075	487,032
2008	78,795		164,368			11,203		254,366
2009	74,047		41,983	47,531	\$ 61,442	22,290	2,063	249,356
2010	48,653		32,741			52,263		133,657
2011	61,608		18,166			14,090	113,805	207,669

Source: Jefferson Township School District records

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

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

\* Revaluation became effective in this year.

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

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100 of assessed valuation.

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 <sup>a</sup>	General Obligation		Jefferson Township	Morris County	
		Debt <sup>b</sup>	Total Direct			
2001	\$ 1.733	\$ 0.023	\$ 1.756	\$ 0.745	\$ 0.349	\$ 2.850
2002	1.800	0.022	1.822	0.770	0.365	2.957
2003	1.850	0.159	2.009	0.831	0.393	3.233
2004	1.975	0.115	2.090	0.845	0.426	3.361
2005	2.071	0.157	2.228	0.797	0.455	3.480
2006*	0.938	0.073	1.011	0.369	0.210	1.592
2007	0.985	0.064	1.049	0.488	0.225	1.762
2008	1.019	0.065	1.084	0.463	0.232	1.779
2009	1.066	0.067	1.133	0.550	0.225	1.908
2010	1.244	0.071	1.315	0.666	0.256	2.237

\* - 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	2011		Taxpayer	2000	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Newark Watershed Conservation	\$ 22,281,400	0.79%	City of Newark	\$ 10,498,300	0.93%
Kite New Jersey, LLC	17,927,700	0.64%	Gelormino Associates	5,630,900	0.50%
Sebastian/Parsippany, LP	7,488,700	0.27%	Baker Firestone	3,359,400	0.30%
Gelormino Associates	7,184,600	0.26%	Fifteen South Plaza	3,288,600	0.29%
Seneca Gardens, LLC	6,714,900	0.24%	K. Hovnanian at Jefferson	3,198,500	0.28%
Fifteen South Plaza	5,692,400	0.20%	Bowling Green Golf Club, Inc.	2,838,700	0.25%
Bowling Green Golf Club, Inc	5,245,800	0.19%	Jefferson Properties Investors	2,782,000	0.25%
Verizon - NJ Property Tax Department	4,824,483	0.17%	Individual Taxpayer #1	1,674,000	0.15%
Individual Taxpayer #1	4,322,100	0.15%	Individual Taxpayer #2	1,638,900	0.15%
Individual Taxpayer #2	3,306,800	0.12%	Wilshire Oil	1,496,600	0.13%
<b>Total</b>	<b>\$ 84,988,883</b>	<b>3.03%</b>		<b>\$ 36,405,900</b>	<b>3.23%</b>

Note - A revaluation was performed in 2006

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

Source: Municipal Tax Assessor

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 22,114,120	\$ 22,114,120	100.00%	-0-
2003	23,157,129	23,157,129	100.00%	-0-
2004	27,406,966	27,406,966	100.00%	-0-
2005	29,849,442	29,849,442	100.00%	-0-
2006	31,448,900	31,448,900	100.00%	-0-
2007	33,653,194	33,653,194	100.00%	-0-
2008	34,448,598	34,448,598	100.00%	-0-
2009	35,765,995	35,765,995	100.00%	-0-
2010	36,835,097	36,835,097	100.00%	-0-
2011	37,747,726	37,747,726	100.00%	-0-

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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases			
2002	\$ 3,212,000		\$ 1,124,240	\$ 4,336,240	0.39%	\$ 217.81
2003	32,222,000		952,242	33,174,242	2.87%	1,613.22
2004	31,972,000		1,059,749	33,031,749	2.58%	1,554.73
2005	31,037,000		1,856,273	32,893,273	2.44%	1,524.18
2006	30,085,000		1,258,489	31,343,489	2.28%	1,427.10
2007	29,065,000		1,725,004	30,133,584	2.19%	1,372.02
2008	27,995,000		1,087,396	29,082,396	1.89%	1,352.61
2009	26,845,000		677,795	27,522,795	1.87%	1,276.98
2010	25,650,000		937,694	26,587,694	1.81%	1,233.60
2011	24,640,000		535,453	25,175,453	1.71%	1,168.07

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			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 3,212,000		\$ 3,212,000	0.29%	\$ 163.42
2003	32,222,000		32,222,000	0.26%	1,618.55
2004	31,972,000		31,972,000	2.59%	1,554.76
2005	31,037,000		31,037,000	2.29%	1,460.84
2006	30,085,000		30,085,000	2.17%	1,394.05
2007	29,065,000		29,065,000	0.91%	1,323.36
2008	27,995,000		27,995,000	0.87%	1,302.03
2009	26,845,000		26,845,000	0.83%	1,245.53
2010	25,650,000		25,650,000	0.79%	1,190.09
2011	24,640,000		24,640,000	0.88%	1,143.23

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, 2010  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Jefferson Township	\$ 14,857,771	100.00%	\$ 14,857,771
Morris County General Obligation Debt	249,234,104	3.08%	<u>7,681,551</u>
Subtotal, overlapping debt			22,539,322
Jefferson Township School District Direct Debt			<u>25,175,453</u>
Total direct and overlapping debt			<u>\$ 47,714,775</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 2011

Equalized valuation basis	
2010	\$ 2,970,326,691
2009	\$ 3,140,013,215
2008	3,206,496,237
	\$ 9,316,836,143
Average equalized valuation of taxable property	\$ 3,105,612,048
Debt limit (4% of average equalization value)	124,224,482 <sup>a</sup>
Net bonded school debt	24,640,000
Legal debt margin	\$ 99,584,482

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 55,327,792	\$ 60,232,051	\$ 68,197,367	\$ 78,805,583	\$ 91,967,453	\$ 106,006,041	\$ 118,045,804	\$ 125,618,011	\$ 127,248,254	\$ 124,224,482
Total net debt applicable to limit	3,212,000	32,222,000	31,972,000	31,037,000	30,085,000	29,065,000	27,995,000	26,845,000	25,650,000	24,640,000
Legal debt margin	\$ 52,115,792	\$ 28,010,051	\$ 36,225,367	\$ 47,768,583	\$ 61,882,453	\$ 76,941,041	\$ 90,050,804	\$ 98,773,011	\$ 101,598,254	\$ 99,584,482
Total net debt applicable to the limit as a percentage of debt limit	5.81%	53.50%	46.88%	39.38%	32.71%	27.42%	23.72%	21.37%	20.16%	19.84%

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

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

Exhibit J-14

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

Year	Township Population <sup>a</sup>	Township Personal Income <sup>b</sup>	Morris County Per Capita Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
2001	19,609	\$ 1,111,300,857	\$ 56,673	2.40%
2002	19,804	1,119,619,140	56,535	3.80%
2003	20,408	1,163,623,344	57,018	3.70%
2004	21,027	1,284,770,727	61,101	3.00%
2005	21,286	1,347,339,942	63,297	3.30%
2006	21,495	1,469,484,180	68,364	3.40%
2007	21,443	1,528,885,900	71,300	3.10%
2008	21,501	1,537,902,027	71,527	4.00%
2009	21,553	1,471,013,803	68,251	6.90%
2010	21,553 **	1,471,013,803	68,251 *	7.00%
2011	21,553 **	1,471,013,803	68,251 *	N/A

\* - Latest Morris County per capita personal income available (2009) was used for calculation purposes.

\*\* - Latest population data available (2009) was used for calculation purposes

N/A - Information Unavailable

Source:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal Income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per Capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> 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	2010		Employer	2001	
	Employees	Percentage of Total Employment		Employees	Percentage of Total Employment
Atlantic Health System	6,300	N/A			
U.S. Army Armament Research and Development	3,575	N/A			
Novartis	3,573	N/A			
Saint Claire's Health System	2,342	N/A			Information Not Available
County of Morris	2,126	N/A			
ADP	2,019	N/A			
United Parcel Service	1,941	N/A			
AT&T	1,500	N/A			
Honeywell	1,500	N/A			
Wyndham Worldwide	1,395	N/A			
	<u>26,271</u>	<u>N/A</u>			

\* - 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 SEVEN FISCAL YEARS  
UNAUDITED

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

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

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

Source: District Personnel Records

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST SEVEN FISCAL YEARS  
UNAUDITED

Pupil/Teacher Ratio

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

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

Sources: Jefferson Township School District records

Note: Enrollment based on annual October district count.

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST SEVEN FISCAL YEARS

<u>District Building</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Ellen T. Briggs School (1955)							
Square Feet	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
Enrollment	380	251	258	261	256	256	390
Cozy Lake School (1962)							
Square Feet	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
Enrollment	276	308	288	283	280	280	245
Drummond School (1950)							
Square Feet	12,144	12,144	12,144	12,144	12,144	12,144	-
Capacity (students)	97.15	97.15	97.15	97.15	97.15	97.15	-
Enrollment	104	117	109	121	131	131	-
Milton School (1950)							
Square Feet	22,052	22,052	22,052	22,052	22,052	22,052	22,052
Capacity (students)	176.42	176.42	176.42	176.42	176.42	176.42	176.42
Enrollment	204	193	176	203	179	179	186
Stanlick School (1962)							
Square Feet	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
Enrollment	367	363	380	363	388	388	380
White Rock School (1969)							
Square Feet	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
Enrollment	484	452	424	415	439	439	426
Middle School (1969)							
Square Feet	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
Enrollment	905	905	877	866	825	825	807
High School (1962)							
Square Feet	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
Enrollment	1,006	1,059	1,110	1,113	1,108	1,108	1,190
Other							
Administration Building							
Square Feet	4,846	4,846	4,846	4,846	4,846	4,846	4,846
Transportation							
Square Feet	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
Number of Schools at June 30, 2010							
Elementary = 6							
Middle School = 1							
High School = 1							

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

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

Source: Jefferson Township School District Facilities Office

Note: Year of original construction is shown in parentheses.

Enrollment is based on the annual October district count.

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

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

School Facilities	Projects #	Fiscal Year Ended June 30,									
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Jefferson Township High School	N/A	\$ 125,778	\$ 145,252	\$ 231,832	\$ 284,192	\$ 303,089	\$ 497,623	\$ 479,578	\$ 454,764	\$ 473,758	\$ 371,300
Arthur Stanlick School	N/A	38,301	28,806	48,891	50,971	39,978	150,271	138,732	121,450	90,689	60,724
Drummond School	N/A	13,794	36,558	49,211	16,665	33,516	27,944	27,259	22,580	80,767	
Cozy Lake School	N/A	40,636	43,725	58,668	52,124	76,019	82,324	88,177	133,482	150,932	101,061
Ellen T. Briggs School	N/A	37,521	52,637	45,526	56,510	117,710	77,841	74,119	60,390	105,290	70,500
Jefferson Township Middle School	N/A	92,299	105,051	108,139	130,306	189,645	194,663	275,787	120,765	202,498	135,589
Milton School	N/A	25,139	42,268	26,744	28,696	141,762	50,744	66,917	46,358	34,032	22,787
White Rock School	N/A	48,239	36,675	41,417	47,619	24,606	151,145	142,808	174,214	245,918	164,662
		<u>\$ 421,707</u>	<u>\$ 490,972</u>	<u>\$ 610,428</u>	<u>\$ 667,083</u>	<u>\$ 926,325</u>	<u>\$ 1,232,555</u>	<u>\$ 1,293,377</u>	<u>\$ 1,134,003</u>	<u>\$ 1,383,884</u>	<u>\$ 926,623</u>

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

Source: Jefferson Township School District records

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2011  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Selective Way:		
Property blanket building and contents replacement cost value	\$ 106,461,841	\$ 2,500
Zurich American:		
Storage tank system third party liability and cleanup policy		
Each occurrence	1,000,000	5,000
Annual aggregate	2,000,000	
Selective Way:		
General Liability		
Each Occurrence	1,000,000	
General Aggregate	3,000,000	
Prod/Completed Operating	3,000,000	
Personal Injury	1,000,000	
Fire Damage	100,000	
Medical Expense Limit (Excluding students)	5,000	
Employee Benefit Liability	1,000,000	1,000
Aggregate	3,000,000	
Selective Way		
Automotive Coverage		
Combined Single Limit	1,000,000	
Hired/Non-Owned	1,000,000	
Uninsured & Underinsured	1,000,000	500
Each Accident	1,000,000	
Hired Automotive Physical Damage	40,000	
Selective Way		
Inland Marine		
Electronic Data Processing Equipment	1,674,316	
Property in Transit	161,231	500
Miscellaneous School Equipment	500,000	500
Miscellaneous Musical Instruments	500,000	500
Cameras - Miscellaneous	50,000	500
Fine Arts Unscheduled Property	10,000	500
Utility Vehicle	10,932	500
Liquid Cooled Riding Mower	9,759	500

Source: Jefferson Township School District Records.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2011  
UNAUDITED

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Jefferson Township School District, in the County of Morris (the "Board") as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatement on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis.

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

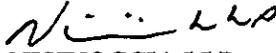
The Honorable President and Members  
of the Board of Education  
Jefferson Township School District  
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. However, we noted certain matters that we reported to management in the separate *Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance* dated September 30, 2011.

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

September 30, 2011  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

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



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

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

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

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

Compliance

We have audited the compliance of the Board of Education of the Jefferson Township School District in the County of Morris (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

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

### Internal Control Over Compliance

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

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

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

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

September 30, 2011  
Mount Arlington, New Jersey

  
NISIVOCIA 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, 2011**

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Deferred Revenue/ (Accounts Receivable) 6/30/10	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balance	Balance 6/30/11 Accounts Receivable	Deferred Revenue	Due to Grantor 6/30/11
<b>U.S. Department of Agriculture</b>												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.555	N/A	7/1/10-6/30/11	\$ 28,547			\$ 24,326	\$ (28,547)			\$ 4,221	
Total Food Distribution Program							24,326	(28,547)			4,221	
School Breakfast Program	10.553	N/A	7/1/10-6/30/11	17,253			13,037	(17,253)		\$ (4,216)		
School Breakfast Program	10.553	N/A	7/1/09-6/30/10	15,671	\$ (1,240)		1,240					
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	173,052			138,003	(173,052)		(35,049)		
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	177,495	(11,465)		11,465					
Special Milk Program	10.556	N/A	7/1/10-6/30/11	4,154			3,466	(4,154)		(688)		
Special Milk Program	10.556	N/A	7/1/09-6/30/10	4,003	(254)		254					
Total Child Nutrition Cluster					(12,959)		167,465	(194,459)		(39,953)		
Total U.S. Department of Agriculture					(12,959)		191,791	(223,006)		(39,953)	4,221	
<b>U.S. Department of Health and Human Services Education Passed-through State Department of Education:</b>												
General Fund:												
Medical Assistance Program (SEMI)	93.778	N/A	7/1/10-6/30/11	28,147			28,147	(28,147)				
Total General Fund							28,147	(28,147)				
Special Revenue Fund:												
No Child Left Behind Consolidated Grant:												
Title IIA	84.278A	NCLB552011	9/1/10-8/31/11	73,096			48,865	(67,765)		(18,900)		
Title IIA	84.278A	NCLB552009	9/1/09-8/31/10	72,954	(33,040)		33,040					
Total Title IIA					(33,040)		81,905	(67,765)		(18,900)		
Special Education Cluster:												
I.D.E.A. Part B, Preschool	84.173	FT-5520-11	9/1/10-8/31/11	32,177			28,649	(27,285)			1,364	
I.D.E.A. Part B, Preschool	84.173	FT-5520-10	9/1/09-8/31/11	31,006	(13,182)		17,364	(4,182)				
I.D.E.A. Preschool ARRA	84.392	ARRA-5520-11	7/1/09-8/31/11	27,680			13,139	(21,662)		(8,523)		
I.D.E.A. Part B, Basic ARRA	84.391	ARRA-5520-11	7/1/09-8/31/11	765,516	(299,001)		306,912	(107,253)		(99,342)		
I.D.E.A. Part B, Basic	84.027	FT-5520-11	9/1/10-8/31/11	718,012			718,012	(718,012)				
I.D.E.A. Part B, Basic	84.027	FT-5520-10	9/1/09-8/31/10	708,182	(115,942)		115,942					
Total Special Education Cluster					(428,125)		1,200,018	(878,394)		(107,865)	1,364	
Total Special Revenue Fund/U.S. Department of Education					(461,165)		1,281,923	(946,159)		(126,765)	1,364	
Total Federal Awards					<u>\$(474,124)</u>	<u>\$ -0-</u>	<u>\$1,501,861</u>	<u>\$ (1,197,312)</u>	<u>\$ -0-</u>	<u>\$(166,718)</u>	<u>\$ 5,585</u>	<u>\$ -0-</u>

N/A: Not Available

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

**JEFFERSON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance 6/30/11		Memo		
				Balance (Accounts Receivable) 06/30/10				GAAP (Accounts Receivable)	Budgetary Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures	
<b>General Fund</b>												
<b>NJ Department of Education:</b>												
Equalization Aid	11-495-034-5120-078	7/1/10 - 6/30/11	\$ 11,995,098			\$ 10,830,159	\$ (11,995,098)			\$ 1,164,939	\$ 11,995,098	
Special Education Aid	11-495-034-5120-089	7/1/10 - 6/30/11	2,047,705			1,842,128	(2,047,705)			205,577	2,047,705	
Non-Public Transportation Aid	11-495-034-5120-014	7/1/10 - 6/30/11	32,808				(32,808)	\$ (32,808)		32,808	32,808	
Extraordinary Aid	11-100-034-5120-473	7/1/10 - 6/30/11	502,218				(502,218)	(502,218)		502,218	502,218	
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10 - 6/30/11	1,769,556			1,684,117	(1,769,556)	(85,439)		85,439	1,769,556	
Equalization Aid	10-495-034-5120-078	7/1/09 - 6/30/10	10,347,728	\$ (1,281,611)		1,281,611					10,347,728	
Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	1,685,471	(131,292)		131,292					1,685,471	
Special Education Aid	10-495-034-5120-089	7/1/09 - 6/30/10	2,075,647	(200,525)		200,525					2,075,647	
Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	218,454	(28,013)		28,013					218,454	
Extraordinary Aid	10-100-034-5120-473	7/1/09 - 6/30/10	369,215	(369,215)		369,215					369,215	
Nonpublic Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	27,724	(27,724)		27,724					27,724	
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09 - 6/30/10	1,758,037	(86,941)		86,941					1,758,037	
<b>Total General Fund State Aid</b>				<b>(2,125,321)</b>		<b>16,481,725</b>	<b>(16,347,385)</b>	<b>(620,465)</b>		<b>1,990,981</b>	<b>34,432,591</b>	
<b>New Jersey Department of Agriculture:</b>												
<b>Food Service Fund:</b>												
School Lunch Program - State	11-100-010-3350-023	7/1/10 - 6/30/11	11,591			9,061	(11,591)	(2,530)		2,530	11,591	
School Lunch Program - State	10-100-010-3350-023	7/1/09 - 6/30/10	13,536	(855)		855					13,536	
School Breakfast Program - State	10-100-010-3350-021	7/1/09 - 6/30/10	1,941	(155)		155					1,941	
<b>Total NJ Department of Agriculture</b>				<b>(1,010)</b>		<b>10,071</b>	<b>(11,591)</b>	<b>(2,530)</b>		<b>2,530</b>	<b>27,068</b>	
<b>Debt Service Fund:</b>												
Debt Service State Aid Support	11-495-034-5120-017	7/1/10 - 6/30/11	43,675			43,675	(43,675)				43,675	
<b>Total Debt Service Fund</b>						<b>43,675</b>	<b>(43,675)</b>				<b>43,675</b>	
<b>NJ Schools Development Authority:</b>												
<b>Capital Projects Fund:</b>												
NJSDA Grant	SP # 202371	N/A	7,079,704	(451,774)		330,828		(120,946)		120,946	7,079,704	
NJSDA Grant	2380-040-09-1001; 2380-040-09-1002; 2380-040-09-1003	N/A	482,250	(482,250)				(482,250)		482,250	482,250	
<b>Total NJ Schools Development Authority</b>				<b>(934,024)</b>		<b>330,828</b>		<b>(603,196)</b>		<b>603,196</b>	<b>7,561,954</b>	
<b>Total State Awards</b>				<b>\$ (3,060,355)</b>	<b>\$ -0-</b>	<b>\$ 16,866,299</b>	<b>\$ (16,402,651)</b>	<b>\$ (1,226,191)</b>	<b>\$ -0-</b>	<b>\$ 2,596,707</b>	<b>\$ 42,065,288</b>	

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, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Jefferson Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2011. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund, capital projects fund and debt service fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$270,925 for the general and \$269,707 for the special revenue fund and \$330,828 for the capital projects fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. The schedule of expenditures of state awards does not include the on-behalf TPAF Non Contributory Group Insurance and Post Retirement Contributions of \$75,079 and \$1,594,688 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page:

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 28,147	\$ 18,288,077	\$18,316,224
Special Revenue Fund	1,215,866		1,215,866
Capital Projects Fund		330,828	330,828
Debt Service Fund		43,675	43,675
Enterprise Fund - Food Service	223,006	11,591	234,597
Total Awards	<u>\$ 1,467,019</u>	<u>\$18,674,171</u>	<u>\$20,141,190</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

The District has been awarded grants in the amounts of \$7,079,704 and \$482,250 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act for renovations and additions to the Middle School/High School and consumer life science construction at the Middle School/High School, respectively. As of June 30, 2011, \$7,079,704 and \$482,250 has been expended, submitted for reimbursement, and \$120,946 and \$482,250 are receivables both on a budgetary and GAAP basis.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2011. 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, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major programs.
- An unqualified report was issued on the District's compliance for major programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular NJOMB 04-04 or federal OMB Circular A-133.
- The District's major federal and state programs for the current fiscal year consisted of the following:

<u>State:</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	\$11,995,098	\$11,995,098
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	2,047,705	2,047,705
 <u>Federal:</u>				
Special Education Cluster				
I.D.E.A. Part B - Preschool	84.173	9/1/10-8/31/11	32,177	32,177
I.D.E.A. Part B - Preschool - Carryover	84.173	9/1/09-8/31/11	31,006	31,006
I.D.E.A. Part B - Basic	84.027	9/1/10-8/31/11	718,012	718,012
I.D.E.A. Part B - Basic ARRA	84.391	7/1/09-8/31/11	765,516	765,516
I.D.E.A. - Preschool ARRA	84.392	7/1/09-8/31/11	27,680	27,680

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(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 Circular NJOMB 04-04.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

The District had no prior year audit findings.