

**SCHOOL DISTRICT
OF
JEFFERSON TOWNSHIP**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual
Financial Report**

of the

Jefferson Township School District

Jefferson Township, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

**Jefferson Township School District
Business Office**

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INTRODUCTORY SECTION



Jefferson Township Board of Education

31 State Route 181, Lake Hopatcong, NJ 07849
 Phone: (973) 663-5782 Fax: (973) 663-5004
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 Jeanne Howe

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October 15, 2016

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Jefferson Township School District (the "District") for the fiscal year ended June 30, 2016, 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 economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped youngsters. The District completed the 2015-15 fiscal year with an enrollment of 3,158 students, which is a decrease of 87 students from the previous year's enrollment.

The Honorable President and Members of
the Board of Education
Jefferson Township School District
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2) ECONOMIC CONDITION AND OUTLOOK:

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

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

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

3) MAJOR INITIATIVES:

The District Report Card was issued by the State of New Jersey during the 2015-2016 school year for the 2014-2015 school year. The report card, issued for each school in a district, compares more than fifteen areas to the state average, including, but not limited to: student attendance rate, student/faculty ratios, student/computer ratios, financial data, and statewide assessment results.

Professional development is offered to all District staff.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

The Honorable President and Members of
the Board of Education
Jefferson Township School District
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October 15, 2016

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 a vote of the Board of Education. 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, 2016.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

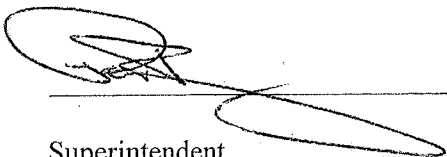
9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The independent auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

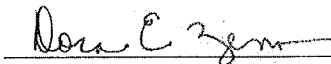
The Honorable President and Members of
the Board of Education
Jefferson Township School District
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October 15, 2016

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

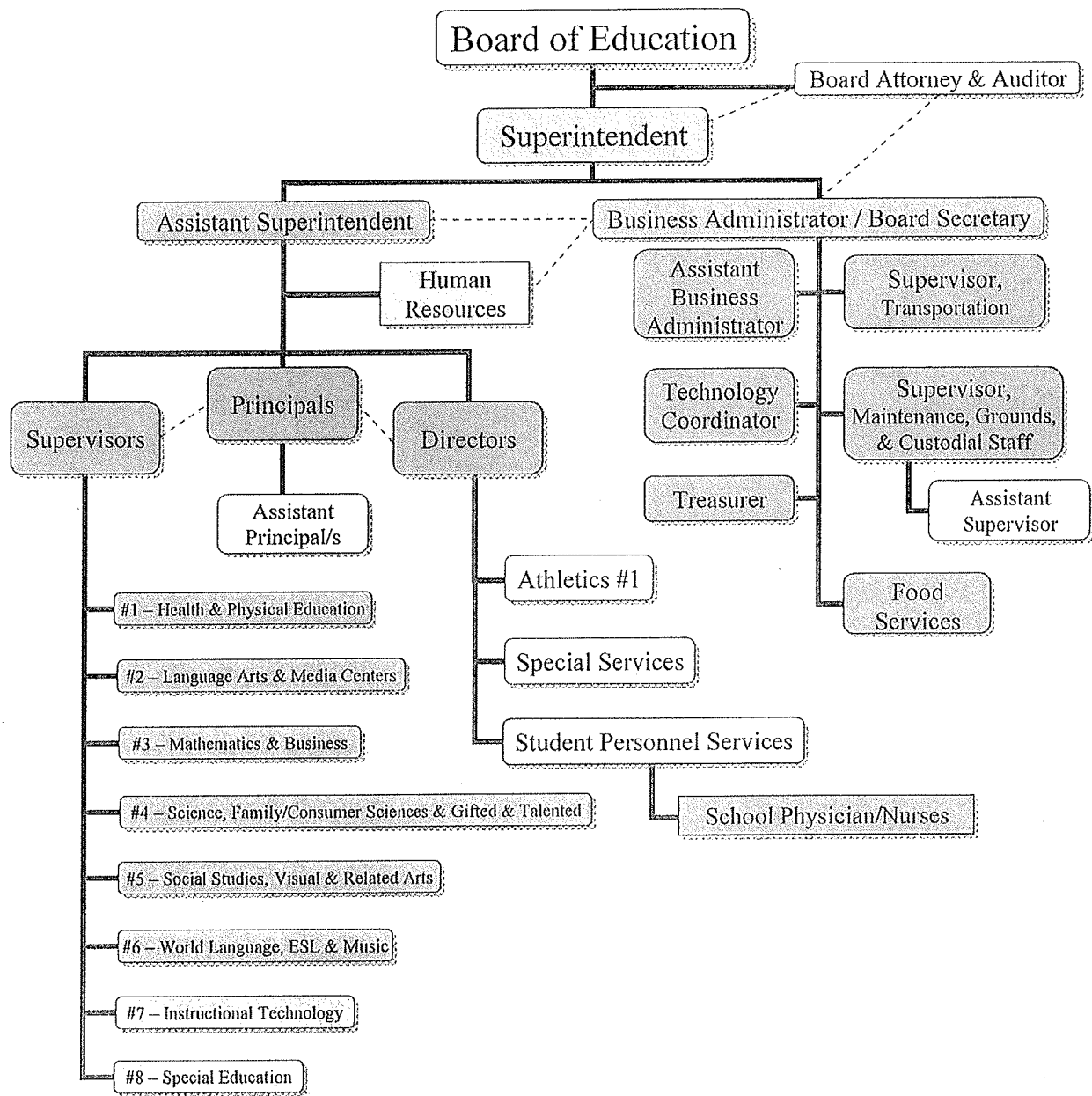
Respectfully submitted,



Superintendent
Patrick Tierney, Ed.D.



Business Administrator/Board Secretary
Dora E. Zeno



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

**TOWNSHIP OF JEFFERSON BOARD OF EDUCATION
LAKE HOPATCONG, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of Education

| | | <u>Term Expires</u> |
|-----------------------|----------------|----------------------------|
| Mr. H. Ronald Smith | President | 2017 |
| Mr. Matthew Millar | Vice President | 2016 |
| Mr. Frank J. Cuccio | Member | 2017 |
| Mrs. Amy Gould | Member | 2018 |
| Mrs. Stacey Poulas | Member | 2017 |
| Mr. Edward Quigley | Member | 2016 |
| Mrs. Melissa Senatore | Member | 2018 |
| Mr. Michael Stewart | Member | 2016 |
| Mrs. Jill Van Ness | Member | 2018 |

Other Officials

Dr. Patrick Tierney, Superintendent

Jeanne Howe, Assistant Superintendent

Dora E. Zeno, Business Administrator/Board Secretary

TOWNSHIP OF JEFFERSON
BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

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Insurance Agent

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Official Depositories

Lakeland Bank
Bank of America
Wells Fargo
TD Bank
Fulton Bank
First Hope Bank
US Bancorp

FINANCIAL SECTION



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Jefferson Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Jefferson Township School District, in the County of Morris, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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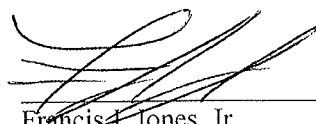
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

October 15, 2016
Mount Arlington, New Jersey


NISIVOCCIA LLP



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

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

Management's Discussion and Analysis (Unaudited)

This section of Jefferson Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- In total, net position increased by \$1,534,781 or 9.52%. Net position of governmental activities increased \$1,493,107 while net position of business-type activities increased by \$41,674.
- Revenues totaled \$74,263,180 for this fiscal year.
- The District had \$71,549,016 in expenses related to governmental activities. Expenses relating to business-type activities totaled \$1,179,383.
- The District continued to pay down its debt by retiring \$1,250,000 of outstanding bonds.

Overview of the Financial Statements

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

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

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

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

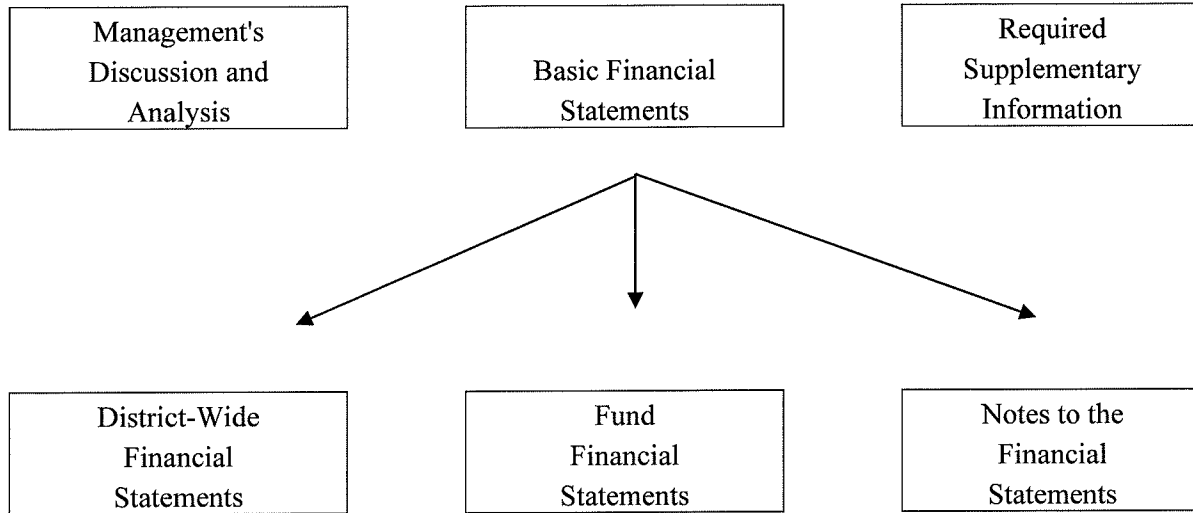


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

Financial Analysis of the District as a Whole

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

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

Figure A-3
Condensed Statement of Net Position

| | Government Activities | | Business-Type Activities | | Total School District | | Percentage Change |
|----------------------------------|-----------------------|---------------|--------------------------|------------|-----------------------|---------------|-------------------|
| | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | |
| Current and Other Assets | \$ 1,143,255 | \$ 3,071,692 | \$ 192,622 | \$ 240,328 | \$ 1,335,877 | \$ 3,312,020 | 147.93% |
| Capital Assets | 53,777,925 | 53,784,367 | 89,119 | 78,235 | 53,867,044 | 53,862,602 | -0.01% |
| Total Assets | 54,921,180 | 56,856,059 | 281,741 | 318,563 | 55,202,921 | 57,174,622 | 3.57% |
| Deferred Outflows of Resources | 1,234,732 | 4,266,929 | | | 1,234,732 | 4,266,929 | 245.58% |
| Long-Term Debt Outstanding | 36,918,751 | 40,759,032 | | | 36,918,751 | 40,759,032 | 10.40% |
| Other Liabilities | 2,128,249 | 2,448,904 | 39,118 | 34,266 | 2,167,367 | 2,483,170 | 14.57% |
| Total Liabilities | 39,047,000 | 43,207,936 | 39,118 | 34,266 | 39,086,118 | 43,242,202 | 10.63% |
| Deferred Inflows of Resources | 1,227,087 | 540,120 | | | | | 100.00% |
| Net Position: | | | | | | | |
| Net Investment in Capital Assets | 32,927,468 | 34,700,172 | 89,119 | 78,235 | 33,016,587 | 34,778,407 | 5.34% |
| Restricted for: | | | | | | | |
| Debt Service | 102,588 | 2 | | | 102,588 | 2 | -100.00% |
| Capital Projects | 208,440 | 398,109 | | | 208,440 | 398,109 | 90.99% |
| Other Purposes | 512,394 | 314,402 | | | 512,394 | 314,402 | -38.64% |
| Unrestricted/(Deficit) | (17,869,065) | (18,037,753) | 153,504 | 206,062 | (17,715,561) | (17,831,691) | -0.66% |
| Total Net Position | \$ 15,881,825 | \$ 17,374,932 | \$ 242,623 | \$ 284,297 | \$ 16,124,448 | \$ 17,659,229 | 9.52% |

Changes in Net Position. The District's *combined* net position was \$17,659,229 on June 30, 2016, \$1,534,781 or 9.52% more than the year before. (See Figure A-3). Net investments in capital assets increased primarily due to the current year maturity of serial bonds payable and capital leases payable of \$1,862,214, deferred interest of \$677,272 as well as current year capital asset additions of \$1,397,556 offset by current year depreciation of \$1,391,114 and new capital leases issued in the amount of \$773,224. Restricted net position decreased primarily due to the utilization of funds from excess surplus in the amount of \$252,894 offset by a year end increase in capital reserve of \$200,000 by Board resolution. Unrestricted net assets decreased primarily due to a decrease in accrued compensated absences offset by an increase in net pension liability. The net position of the business-type activities increased \$41,674 which is attributable to revenue exceeding expenses in the enterprise food service fund (See Figure A-4).

Figure A-4
Changes in Net Position from Operating Results

| | Governmental Activities | | Business-Type Activities | | Total School District | | Total Percentage Change |
|--|----------------------------|---------------------|-----------------------------|------------------|--------------------------|---------------------|-------------------------------|
| | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | |
| Revenue: | | | | | | | |
| Program Revenue: | | | | | | | |
| Charges for Services | \$ 730,368 | \$ 194,621 | \$ 845,742 | \$ 895,294 | \$1,576,110 | \$ 1,089,915 | -30.85% |
| Operating Grants and Contributions | 27,151,109 | 30,582,566 | 300,217 | 319,548 | 27,451,326 | 30,902,114 | 12.57% |
| Capital Grants and Contributions | | | | 5,794 | | 5,794 | |
| General Revenue: | | | | | | | |
| Property Taxes | 40,344,651 | 41,265,554 | | | 40,344,651 | 41,265,554 | 2.28% |
| Unrestricted Federal and State Aid | 134,405 | 761,653 | | | 134,405 | 761,653 | 466.69% |
| Other | 332,770 | 237,729 | 422 | 421 | 333,192 | 238,150 | -28.52% |
| Total Revenue | 68,693,303 | 73,042,123 | 1,146,381 | 1,221,057 | 69,839,684 | 74,263,180 | 6.33% |
| Expenses: | | | | | | | |
| Instruction | 34,367,649 | 41,105,507 | | | 34,367,649 | 41,105,507 | 19.61% |
| Pupil and Instruction Services | 14,297,300 | 12,660,248 | | | 14,297,300 | 12,660,248 | -11.45% |
| Administrative and Business | 6,313,405 | 6,912,415 | | | 6,313,405 | 6,912,415 | 9.49% |
| Maintenance and Operations | 6,579,930 | 6,050,721 | | | 6,579,930 | 6,050,721 | -8.04% |
| Transportation | 3,925,512 | 3,511,439 | | | 3,925,512 | 3,511,439 | -10.55% |
| Other | 1,254,687 | 1,308,686 | 1,136,352 | 1,179,383 | 2,391,039 | 2,488,069 | 4.06% |
| Total Expenses | 66,738,483 | 71,549,016 | 1,136,352 | 1,179,383 | 67,874,835 | 72,728,399 | 7.15% |
| Increase/(Decrease) in Net Position | \$ 1,954,820 | \$ 1,493,107 | \$ 10,029 | \$ 41,674 | \$1,964,849 | \$ 1,534,781 | -21.89% |

Revenue Sources. The District's total revenue for the 2015/16 school year was \$74,263,180. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for \$41,265,554 of the total, or 55.57 percent. (See Figure A-5). Another 42.64 percent came from grants, aid and contributions, and the remainder from miscellaneous sources and charges for services. The District basically conducts its operations from the revenue it receives from its local taxpayers and state aid.

Figure A-5
Sources of Revenue for Fiscal Year 2016

| | Amount | Percentage |
|------------------------------------|----------------------|----------------|
| Sources of Income: | | |
| Operating Grants and Contributions | \$ 30,902,114 | 41.61% |
| Property Taxes | 41,265,554 | 55.57% |
| Federal and State Unrestricted Aid | 767,447 | 1.03% |
| Charges for Services | 1,089,915 | 1.47% |
| Other | 238,150 | 0.32% |
| | \$ 74,263,180 | 100.00% |

The total cost of all programs and services was \$72,728,399. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (78.76 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.50 percent of total costs.

Figure A-6
Expenses for Fiscal Year 2016

| Expense Category: | <u>Amount</u> | <u>Percentage</u> |
|--------------------------------|----------------------|-------------------|
| Instruction | \$ 41,105,507 | 56.52% |
| Pupil and Instruction Services | 12,660,248 | 17.41% |
| Administrative and Business | 6,912,415 | 9.50% |
| Maintenance and Operations | 6,050,721 | 8.32% |
| Transportation | 3,511,439 | 4.83% |
| Other | 2,488,069 | 3.42% |
| | <u>\$ 72,728,399</u> | <u>100.00%</u> |

Governmental Activities

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

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

- Increased use of federal funds for tuition and related service cost savings.

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

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

Figure A-7
Net Cost of Governmental Activities

| Sources of Income: | <u>Total Cost of Services</u> | | <u>Net Cost of Services</u> | |
|--------------------------------|-------------------------------|----------------------|-----------------------------|----------------------|
| | <u>2014/15</u> | <u>2015/16</u> | <u>2014/15</u> | <u>2015/16</u> |
| Instruction | \$ 34,367,649 | \$ 41,105,507 | \$ 11,309,379 | \$12,349,121 |
| Pupil and Instruction Services | 14,297,300 | 12,660,248 | 12,288,484 | 11,944,843 |
| Administrative and Business | 6,313,405 | 6,912,415 | 5,103,260 | 6,058,711 |
| Maintenance and Operations | 6,579,930 | 6,050,721 | 5,764,400 | 6,050,721 |
| Transportation | 3,925,512 | 3,511,439 | 3,136,796 | 3,059,747 |
| Other | 1,254,687 | 1,308,686 | 1,254,687 | 1,308,686 |
| | <u>\$ 66,738,483</u> | <u>\$ 71,549,016</u> | <u>\$ 38,857,006</u> | <u>\$ 40,771,829</u> |

- The cost of all governmental activities this year was \$71.55 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$30.58 million).
- Most of the District's costs however, were financed by District taxpayers.
- The remainder of the funding came from unrestricted state and federal aid, miscellaneous revenue and investment earnings.

Business-Type Activities

Net position from the District's business-type activity increased by \$41,647. (Refer to Figure A-4). The factor contributing to this result was:

- Food services revenue exceeded expenses by \$41,647.

Financial Analysis of the District's Funds

The District's financial position remains relatively stable. Expenditures related to special needs children have increased due to related services and equipment needs. Salaries of staff have increased by prior year negotiated agreements and health benefits contributions. The District fund balance is on target at 2%.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. Changes made within budgetary line items to increase allocations for student-based needs for related services:

- Lower than anticipated fuel and heating costs.
- Increase in homeless students out of district tuition
- Increase in special education transitional education program costs, both in staffing and transportation
- Security improvements
- Replacement of High School gym bleachers
- Asbestos time abatement
- Phased in replacement of High School interior doors
- Middle School Media room tile replacement
- Replacement of High School booster well pump

Capital Asset and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

| | Government Activities | | Business-Type Activities | | Total School District | | Percentage Change |
|----------------------------|-----------------------|----------------------|--------------------------|------------------|-----------------------|----------------------|-------------------|
| | 2014/15 | 2015/16 | 2014/15 | 2015/16 | 2014/15 | 2015/16 | |
| Land | \$ 883,279 | \$ 883,279 | | | \$ 883,279 | \$ 883,279 | 0.00% |
| Construction in Progress | 327,687 | | | | 327,687 | | -100.00% |
| Buildings and Improvements | 48,705,213 | 48,091,919 | | | 48,705,213 | 48,091,919 | -1.26% |
| Machinery and Equipment | 3,861,746 | 4,809,169 | \$ 89,119 | \$ 78,235 | 3,950,865 | 4,887,404 | 23.70% |
| | <u>\$ 53,777,925</u> | <u>\$ 53,784,367</u> | <u>\$ 89,119</u> | <u>\$ 78,235</u> | <u>\$ 53,867,044</u> | <u>\$ 53,862,602</u> | -0.01% |

Capital Asset and Debt Administration (Cont'd)

The depreciation factored into the governmental activities and the business-type activities for the fiscal year 2015-16 were \$1,391,114 and \$16,678, respectively.

Long-term Debt

At year-end, the District had \$17,965,000 in general obligation bonds outstanding – a reduction of \$1,250,000 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 |
|--|-----------------------|----------------------|----------------------|
| | 2014/15 | 2015/16 | |
| General Obligation Bonds (Financed with Property Taxes) | \$ 19,215,000 | \$ 17,965,000 | -6.51% |
| Unamortized Bond Premium | 1,476,534 | 1,362,955 | |
| Capital Leases | 1,635,457 | 1,796,467 | 9.84% |
| Net Pension Liability | 15,932,954 | 19,503,028 | 22.41% |
| Other Long-Term Liabilities | 135,340 | 131,582 | -2.78% |
| | <u>\$ 38,395,285</u> | <u>\$ 40,759,032</u> | 6.16% |

- The District continued to pay down its debt, retiring \$1,250,000 of outstanding bonds.
- The District paid down \$612,214 of capital leases, while issuing another \$773,224 in capital leases.
- The net pension liability increased \$3,570,074.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, Robert F. Drummond Building, 31 Route 181, Lake Hopatcong, New Jersey 07849.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 1,884,177 | \$ 197,955 | \$ 2,082,132 |
| Receivables from Other Governments | 529,655 | 21,415 | 551,070 |
| Other Receivables | 36,475 | 90 | 36,565 |
| Inventory | | 20,868 | 20,868 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 621,385 | | 621,385 |
| Capital Assets: | | | |
| Sites (Land) | 883,279 | | 883,279 |
| Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment | 52,901,088 | 78,235 | 52,979,323 |
| Total Assets | <u>56,856,059</u> | <u>318,563</u> | <u>57,174,622</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred Amount on Refunding | 677,272 | | 677,272 |
| Changes in Assumptions - Pensions | 2,094,469 | | 2,094,469 |
| Difference Between Actual and Experience - Pensions | 465,274 | | 465,274 |
| Changes in Proportions - Pensions | 282,971 | | 282,971 |
| District Contribution Subsequent to Measurement Date | 746,943 | | 746,943 |
| Total Deferred Outflows of Resources | <u>4,266,929</u> | | <u>4,266,929</u> |
| LIABILITIES | | | |
| Accounts Payable | 885,418 | 27,878 | 913,296 |
| Accrued Salaries Payable | 1,357,676 | | 1,357,676 |
| Accrued Interest Payable | 201,083 | | 201,083 |
| Unearned Revenue | 4,727 | 6,388 | 11,115 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 2,238,314 | | 2,238,314 |
| Due Beyond One Year | 38,520,718 | | 38,520,718 |
| Total Liabilities | <u>43,207,936</u> | <u>34,266</u> | <u>43,242,202</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Investment Gains - Pensions | 313,573 | | 313,573 |
| Changes in Proportions - Pensions | 226,547 | | 226,547 |
| Total Deferred Inflows of Resources | <u>540,120</u> | | <u>540,120</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 34,700,172 | 78,235 | 34,778,407 |
| Restricted for: | | | |
| Debt Service | 2 | | 2 |
| Capital Projects | 398,109 | | 398,109 |
| Other Purposes | 314,402 | | 314,402 |
| Unrestricted/(Deficit) | (18,037,753) | 206,062 | (17,831,691) |
| Total Net Position | <u>\$ 17,374,932</u> | <u>\$ 284,297</u> | <u>\$ 17,659,229</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, 2016

| Functions/Programs | Expenses | Program Revenue | | Net (Expense) Revenue and Changes in Net Position | | |
|--|-------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 29,871,502 | | \$ 23,053,585 | | \$ (6,817,917) | \$ (6,817,917) |
| Special Education | 8,109,773 | \$ 194,621 | 4,547,261 | | (3,367,891) | (3,367,891) |
| Other Special Instruction | 1,742,187 | | 559,950 | | (1,182,237) | (1,182,237) |
| Other Instruction | 1,382,045 | | 400,969 | | (981,076) | (981,076) |
| Support services: | | | | | | |
| Tuition | 2,633,093 | | 715,405 | | (1,917,688) | (1,917,688) |
| Student & Instruction Related Services | 10,027,155 | | | | (10,027,155) | (10,027,155) |
| General Administrative Services | 1,259,968 | | | | (1,259,968) | (1,259,968) |
| School Administrative Services | 3,813,932 | | 853,704 | | (2,960,228) | (2,960,228) |
| Central Services | 1,297,648 | | | | (1,297,648) | (1,297,648) |
| Administrative Information Technology | 540,867 | | | | (540,867) | (540,867) |
| Plant Operations and Maintenance | 6,050,721 | | | | (6,050,721) | (6,050,721) |
| Pupil Transportation | 3,511,439 | | 451,692 | | (3,059,747) | (3,059,747) |
| Interest on Long-Term Debt | 680,956 | | | | (680,956) | (680,956) |
| Unallocated Depreciation | 469,058 | | | | (469,058) | (469,058) |
| Capital Outlay | 94,542 | | | | (94,542) | (94,542) |
| Transfer to Charter School | 64,130 | | | | (64,130) | (64,130) |
| Total Governmental Activities | 71,549,016 | 194,621 | 30,582,566 | -0- | (40,771,829) | \$ -0- |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenue</u> | | <u>Net (Expense) Revenue and Changes in Net Position</u> | | |
|--------------------------------|----------------------|---------------------------------|---|--|------------------------------------|-------------------------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
| Business-Type Activities: | | | | | | |
| Food Service | \$ 1,179,383 | \$ 895,294 | \$ 319,548 | 5,794 | | \$ 41,253 |
| Total Business-Type Activities | <u>1,179,383</u> | <u>895,294</u> | <u>319,548</u> | <u>5,794</u> | | <u>41,253</u> |
| Total Primary Government | <u>\$ 72,728,399</u> | <u>\$ 1,089,915</u> | <u>\$ 30,902,114</u> | <u>\$ 5,794</u> | <u>\$ (40,771,829)</u> | <u>41,253</u> |
| | | | | | | <u>(40,730,576)</u> |

General Revenues:

Taxes:

| | | | |
|--|-------------------|----------------------|-------------------|
| Property Taxes, Levied for General Purposes, Net | 39,409,587 | | 39,409,587 |
| Taxes Levied for Debt Service | 1,855,967 | | 1,855,967 |
| Federal and State Aid not Restricted | 761,653 | | 761,653 |
| Interest on Capital and Maintenance Reserve Accounts | 679 | | 679 |
| Miscellaneous Income | <u>237,050</u> | <u>421</u> | <u>237,471</u> |
| Total General Revenue | <u>42,264,936</u> | <u>421</u> | <u>42,265,357</u> |
| Change in Net Position | | 1,493,107 | 41,674 |
| Net Position - Beginning (Restated) | | <u>15,881,825</u> | <u>242,623</u> |
| Net Position - Ending | | <u>\$ 17,374,932</u> | <u>\$ 284,297</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, 2016

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 1,884,175 | | | \$ 2 | \$ 1,884,177 |
| Intergovernmental Accounts Receivable - State | 401,442 | | | | 401,442 |
| Intergovernmental Accounts Receivable - Federal | 2,969 | \$ 97,229 | | | 100,198 |
| Interfund Receivable | 97,229 | | | | 97,229 |
| Other Receivable | 64,490 | | | | 64,490 |
| Restricted Cash and Cash Equivalents | 621,385 | | | | 621,385 |
| Total Assets | \$ 3,071,690 | \$ 97,229 | \$ -0- | \$ 2 | \$ 3,168,921 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable - Vendors | \$ 138,475 | | | | \$ 138,475 |
| Accrued Salaries Payable | 1,357,676 | | | | 1,357,676 |
| Interfund Payable | | \$ 97,229 | | | 97,229 |
| Unearned Revenue | 4,727 | | | | 4,727 |
| Total Liabilities | 1,500,878 | 97,229 | \$ -0- | | 1,598,107 |
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Capital Reserve Account | 398,109 | | | | 398,109 |
| Maintenance Reserve Account | 223,276 | | | | 223,276 |
| Excess Surplus | 54,455 | | | | 54,455 |
| Excess Surplus Designated for Subsequent Year | 36,671 | | | | 36,671 |
| Debt Service | | | | \$ 2 | 2 |
| Assigned: | | | | | |
| For Subsequent Year's Expenditures | 573,703 | | | | 573,703 |
| Encumbrances | 284,598 | | | | 284,598 |
| Total Fund Balances | 1,570,812 | | | 2 | 1,570,814 |
| Total Liabilities and Fund Balances | \$ 3,071,690 | \$ 97,229 | \$ -0- | \$ 2 | |

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

| | |
|--|----------------------|
| Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$73,688,910 and the accumulated depreciation is \$53,784,367. | 53,784,367 |
| 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. | (201,083) |
| Deferred interest costs are reported as expenditures in the governmental funds in the year of expenditure. | 677,272 |
| Bond issuance premiums are reported as a revenue in the Governmental Funds in the year of receipt. The original premium is \$1,930,850 and accumulated amortization is \$567,897. | (1,362,955) |
| The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds. | (19,503,028) |
| Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds: | |
| Changes in Assumptions - Pensions | 2,094,469 |
| Difference Between Actual and Experience Pensions | 465,274 |
| Changes in Proportions - Pensions | 282,971 |
| Investment Gains - Pensions | (313,573) |
| Changes in Proportions - Pensions | (226,547) |
| 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 | (19,893,049) |
| Net Position of Governmental Activities | \$ 17,374,932 |

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, 2016

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| REVENUE: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 39,409,587 | | | \$ 1,855,967 | \$ 41,265,554 |
| Tuition | 194,621 | | | | 194,621 |
| Miscellaneous | 237,729 | | | | 237,729 |
| Total - Local Sources | 39,841,937 | | | 1,855,967 | 41,697,904 |
| State Sources | 22,169,994 | | \$ 677,848 | 43,253 | 22,891,095 |
| Federal Sources | 40,552 | \$ 906,361 | | | 946,913 |
| Total Revenue | 62,052,483 | 906,361 | 677,848 | 1,899,220 | 65,535,912 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Regular Instruction | 16,408,921 | 117,890 | | | 16,526,811 |
| Special Education Instruction | 4,096,891 | | | | 4,096,891 |
| Other Special Instruction | 920,618 | | | | 920,618 |
| Other Instruction | 795,666 | | | | 795,666 |
| Support Services and Undistributed Costs: | | | | | |
| Tuition | 2,633,093 | 746,113 | | | 3,379,206 |
| Student & Instruction Related Services | 7,004,284 | 42,358 | | | 7,046,642 |
| General Administrative Services | 857,398 | | | | 857,398 |
| School Administrative Services | 2,281,092 | | | | 2,281,092 |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | 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 | \$ 833,656 | | | | \$ 833,656 |
| Administrative Information Technology | 540,867 | | | | 540,867 |
| Plant Operations and Maintenance | 5,077,553 | | | | 5,077,553 |
| Pupil Transportation | 3,417,578 | | | | 3,417,578 |
| Unallocated Benefits | 16,412,686 | | | | 16,412,686 |
| Debt Service: | | | | | |
| Principal | | | | \$ 1,250,000 | 1,250,000 |
| Interest and Other Charges | | | | 751,806 | 751,806 |
| Capital Outlay | 1,101,619 | | \$ 90,439 | | 1,192,058 |
| Transfer to Charter School | 64,130 | | | | 64,130 |
| Total Expenditures | <u>62,446,052</u> | <u>\$ 906,361</u> | <u>90,439</u> | <u>2,001,806</u> | <u>65,444,658</u> |
| Excess/(Deficiency) of Revenue over/(under) Expenditures | <u>(393,569)</u> | | <u>587,409</u> | <u>(102,586)</u> | <u>91,254</u> |
| OTHER FINANCING SOURCES/(USES): | | | | | |
| Capital Leases (Non-budgeted) | 773,224 | | | | 773,224 |
| Transfers In | | | 10,563 | | 10,563 |
| Transfers Out | (10,563) | | | | (10,563) |
| Total Other Financing Sources/(Uses) | <u>762,661</u> | | <u>10,563</u> | | <u>773,224</u> |
| Net Change in Fund Balances | 369,092 | | 597,972 | (102,586) | 864,478 |
| Fund Balance/(Deficit)—July 1 | <u>1,201,720</u> | | <u>(597,972)</u> | <u>102,588</u> | <u>706,336</u> |
| Fund Balance/(Deficit)—June 30 | <u>\$ 1,570,812</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 2</u> | <u>\$ 1,570,814</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, 2016

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 864,478

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 | \$ (1,391,114) | |
| | Capital outlays | <u>1,397,556</u> | 6,442 |

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 (+). 3,758

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. (+) 13,713

Lease obligations are other financing sources in the Governmental Funds, but the obligations increase Long-term Liabilities in the Statement of Net Position and are not reported in the Statement of Activities. (773,224)

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, 2016

| | |
|--|----------------------------|
| The governmental funds report the effect of bond premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (+) | \$ 113,579 |
| The governmental funds report the effect of deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (-) | (56,442) |
| The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds: | |
| Change in Net Pension Liability | (3,570,074) |
| Deferred Outflows: | |
| Changes in Assumptions | 1,593,451 |
| Difference Between Actual and Experience | 465,274 |
| Changes in Proportions | 282,971 |
| Deferred Inflows: | |
| Changes in Proportion | 51,023 |
| Net difference between projected and actual investment earnings on pension plan investments | 635,944 |
| Repayment of serial bonds and capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. | <u>1,862,214</u> |
| Change in Net Position of Governmental Activities (Exhibit A-2) | <u><u>\$ 1,493,107</u></u> |

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

Business-type
Activities -
Enterprise Funds

Food
Service

ASSETS:

Current Assets:

| | | |
|--|----|---------|
| Cash and Cash Equivalents | \$ | 197,955 |
| Intergovernmental Accounts Receivable: | | |
| Federal | | 20,573 |
| State | | 842 |
| Other Accounts Receivable | | 90 |
| Inventories | | 20,868 |
| | | <hr/> |

Total Current Assets

240,328

Non-Current Assets:

| | | |
|--------------------------------|--|-----------|
| Capital Assets | | 500,024 |
| Less: Accumulated Depreciation | | (421,789) |
| | | <hr/> |

Total Non-Current Assets

78,235

Total Assets

318,563

LIABILITIES:

Current Liabilities:

| | | |
|----------------------------|--|--------|
| Accounts Payable - Vendors | | 27,878 |
| Unearned Revenue | | 6,388 |
| | | <hr/> |

Total Current Liabilities

34,266

NET POSITION:

| | | |
|----------------------------------|----|----------------|
| Net Investment in Capital Assets | | 78,235 |
| Unrestricted | | 206,062 |
| | | <hr/> |
| Total Net Position | \$ | <u>284,297</u> |

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

Exhibit B-5

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Business-type Activities - Enterprise Funds |
|---|---|
| | Food Service |
| Operating Revenue: | |
| Local Sources: | |
| Daily Sales - Reimbursable Programs | \$ 573,956 |
| Daily Sales - Non-reimbursable Programs | 296,425 |
| Special Events | 24,913 |
| Total Operating Revenue | 895,294 |
| Operating Expenses: | |
| Cost of Sales - Reimbursable Programs | 459,397 |
| Cost of Sales - Non-Reimbursable Programs | 87,572 |
| Salaries, Benefits and Payroll Taxes | 485,921 |
| Supplies, Insurance & Other Costs | 52,977 |
| Management Fee | 67,060 |
| Miscellaneous Expenditures | 9,778 |
| Depreciation Expense | 16,678 |
| Total Operating Expenses | 1,179,383 |
| Operating Loss | (284,089) |
| Non-Operating Revenue: | |
| Local Sources | |
| Interest Revenue | 421 |
| State Sources: | |
| State School Lunch Program | 10,585 |
| Federal Sources | |
| National School Lunch Program | 244,325 |
| Food Distribution Program | 64,638 |
| Total Non-Operating Revenue | 319,969 |
| Change in Net Assets before Transfers | 35,880 |
| Capital Contributions | 5,794 |
| Change in Net Position | 41,674 |
| Net Position - Beginning of Year | 242,623 |
| Net Position - End of Year | \$ 284,297 |

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, 2016

| | <u>Business-type Activities- Enterprise Funds</u> Food Service |
|---|--|
| Cash Flows from Operating Activities: | |
| Receipts from Customers | \$ 883,133 |
| Payments to Food Service Vendor | (1,093,752) |
| Net Cash Used for Operating Activities | <u>(210,619)</u> |
| Cash Flows from Investing Activities: | |
| Investment Income | 421 |
| Net Cash Provided by Investing Activities | <u>421</u> |
| Cash Flows from Noncapital Financing Activities: | |
| State Sources: | |
| State School Lunch Program | 10,793 |
| Federal Sources: | |
| National School Lunch Program | 242,561 |
| Net Cash Provided by Noncapital Financing Activities | <u>253,354</u> |
| Net Decrease in Cash and Cash Equivalents | 43,156 |
| Cash and Cash Equivalents, July 1 | <u>154,799</u> |
| Cash and Cash Equivalents, June 30 | <u>\$ 197,955</u> |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities: | |
| Operating (Loss) | \$ (284,089) |
| Adjustment to Reconcile Operating Loss to net Cash Used for Operating Activities: | |
| Depreciation | 16,678 |
| Federal Food Distribution Program | 64,638 |
| Changes in Assets and Liabilities: | |
| (Increase)/Decrease in Inventories | (2,994) |
| Increase/(Decrease) in Accounts Payable | 7,314 |
| Increase/(Decrease) in Prepaid Sales | (12,161) |
| Increase/(Decrease) in Unearned Revenue | (5) |
| Net Cash Used for Operating Activities | <u>\$ (210,619)</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 \$64,638 and \$64,643, respectively, for the fiscal year ended June 30, 2016.

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

Exhibit B-7

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

| | <u>Agency</u> | <u>Unemployment Compensation Trust</u> | <u>Scholarship and Memorial Trust Funds</u> |
|--|----------------|--|---|
| <u>ASSETS:</u> | | | |
| Cash and Cash Equivalents | \$ 813,431 | \$ 448,740 | \$ 39,324 |
| Total Assets | <u>813,431</u> | <u>448,740</u> | <u>39,324</u> |
| <u>LIABILITIES:</u> | | | |
| Accrued Salaries and Wages | 517,148 | | |
| Payroll Deductions and Withholdings | 39,000 | | |
| Due to Student Groups | <u>257,283</u> | | |
| Total Liabilities | <u>813,431</u> | | |
| <u>NET POSITION:</u> | | | |
| Held in Trust for Unemployment Claims | | 448,740 | |
| Scholarships and Memorials | | | <u>39,324</u> |
| Total Net Position | <u>\$ -0-</u> | <u>\$ 448,740</u> | <u>\$ 39,324</u> |

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Unemployment Compensation Trust</u> | <u>Scholarship and Memorial Trust Fund</u> |
|--------------------------------------|--|--|
| ADDITIONS: | | |
| Contributions: | | |
| Plan Member | \$ 77,941 | |
| Donations | | \$ 5,850 |
| Total Contributions | <u>77,941</u> | <u>5,850</u> |
| | | |
| Investment Earnings: | | |
| Interest | 858 | 59 |
| Net Investment Earnings | <u>858</u> | <u>59</u> |
| | | |
| Total Additions | <u>78,799</u> | <u>5,909</u> |
| | | |
| DEDUCTIONS: | | |
| Unemployment Compensation Claims | 72,741 | |
| Scholarships Awarded | | 7,200 |
| Total Deductions | <u>72,741</u> | <u>7,200</u> |
| | | |
| Change in Net Position | 6,058 | (1,291) |
| | | |
| Net Position - Beginning of the Year | <u>442,682</u> | <u>40,615</u> |
| | | |
| Net Position - End of the Year | <u>\$ 448,740</u> | <u>\$ 39,324</u> |

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

The District reports the following governmental funds:

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

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

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

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

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

The District reports the following proprietary fund:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

B. Basis of Presentation: (Cont'd)

Enterprise (Food Service) Fund: (Cont'd)

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1 Budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

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

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

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

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|-------------------------|---------------------------------|
| Sources/Inflows of Resources | | |
| Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule | \$ 62,054,424 | \$ 906,361 |
| Differences - Budget to GAAP: | | |
| Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenues on the Budgetary Basis but not on the GAAP Basis | | |
| Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements | 1,551,930 | |
| Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements | <u>(1,553,871)</u> | |
| Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds. | <u>\$ 62,052,483</u> | <u>\$ 906,361</u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

| | General Fund | Special Revenue Fund |
|---|-----------------|-----------------------------|
| Uses/Outflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | \$ 62,446,052 | \$ 906,361 |
| Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds | \$ 62,446,052 | \$ 906,361 |
| | | Capital Projects Fund |
| Reconciliation of Revenue from Budgetary Basis to GAAP Basis: | | |
| Revenue (Budgetary Basis) | | \$ (154,576) |
| SDA Grants are Recognized as Revenue on the Budgetary Basis when awarded but are not Recognized on the GAAP Basis until Expended | | 832,424 |
| Revenue (GAAP Basis) | | \$ 677,848 |

E. Cash and Cash Equivalents, and Investments:

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

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District allows ten-month academic year employees who provide services, the option to have their salaries evenly distributed during the entire twelve-month year by having 10% of their semi-monthly salary, deducted and the accumulated deductions disbursed in 2 installments over the two summer months. Accrued salaries and wages as of June 30, 2016 totaled \$517,148. Additionally, the District is currently in the process of settling a contract with the teachers union. The District has established an accrual for all salaries that will be due to the teachers retroactively in the amount of \$1,350,000.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,570,812 General Fund balance at June 30, 2016, \$398,109 is restricted in the capital reserve account; \$223,276 is restricted in the maintenance reserve account; \$36,671 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2017; \$54,455 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018; \$284,598 is assigned for encumbrances. There is also \$573,703 of fund balance assigned for subsequent year's expenditures which is \$406,471 less on a GAAP basis due to the final two state aid payments not recognized on a GAAP basis.

Capital Projects Fund: The Capital Projects Fund had a Fund Balance of \$-0- at June 30, 2016.

Debt Service Fund: The \$2 Debt Service Fund balance at June 30, 2016 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2016 as noted above.

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$1,553,871 (\$1,147,400 in unassigned fund balance and \$406,471 in fund balance assigned for subsequent year's expenditures), as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Fund Balances/Net Position:

The \$18,037,753 deficit in unrestricted net position of the governmental activities at June 30, 2016 resulted primarily due to unamortized bond premium of \$1,362,955, accrued interest payable of \$201,083, \$131,582 of compensated absences payable, investment gains in pensions of \$313,573, changes in proportion in pensions of \$226,547 and net pension liability of \$19,503,028; net of \$858,301 of fund balance assigned for subsequent year's expenditures, \$465,274 of differences between actual and experience – pensions, \$282,971 of changes in proportion in pensions and changes in pension assumptions of \$2,094,469. These deficits do not indicate that the District is facing financial difficulties and are a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflow of resources for the deferred amount on refunding at June 30, 2016, changes in pension assumptions, the difference between pension actual and experience, changes in pension proportions and district contributions subsequent to the measurement date..

The District had deferred inflows of resources at June 30, 2016 for the changes in proportion in pension and the net difference between projected and actual investment earnings on pension plan investments.

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

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

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2016.

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, 2016.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

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

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

Credit Risk - The District limits its investments to those authorized in its cash management plan which are permitted under state statute as detailed below. Custodial Credit Risk – The District’s policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.”

Deposits:

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

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

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

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

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

Investments:

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

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

Investments: (Cont'd)

- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

| | Cash and Cash Equivalents | Restricted Cash and Cash Equivalents | Total |
|-------------------------------|---------------------------------|---|--------------|
| Checking and Savings Accounts | \$ 3,383,627 | \$ 621,385 | \$ 4,005,012 |

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$4,005,012 and the bank balance was \$5,165,595.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

| | |
|--|------------|
| Beginning Balance, July 1, 2015 | \$ 208,440 |
| Add: | |
| Increase per Board Resolution | 200,000 |
| Interest Earned in Capital Reserve Account | 232 |
| Less: Budgeted Withdrawal | (10,563) |
| Ending Balance, June 30, 2016 | \$ 398,109 |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The June 30, 2016 LRFPA balance of local support costs of uncompleted capital projects at June 30, 2016 is equal to or greater than \$398,109. There was a budgeted withdrawal from the capital reserve account, in the amount of \$10,563, 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, 2016, the District transferred a total of \$78,575 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 | \$ 539,738 |
| General Administration | 225,999 |
| Operations and Maintenance of Plant | 30,538 |
| Transportation | 125,781 |
| Unallocated | 469,058 |
| | <u>\$1,391,114</u> |

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

| | Beginning Balance | Additions | Reclassification of Construction in Progress | Ending Balance |
|---|----------------------|-------------|--|-------------------|
| Governmental Activities: | | | | |
| Capital Assets not Being Depreciated: | | | | |
| Sites (Land) | \$ 883,279 | | | \$ 883,279 |
| Construction in Progress | 327,687 | \$ 90,439 | \$ (418,126) | |
| Total Capital Assets Not Being Depreciated | 1,210,966 | 90,439 | (418,126) | 883,279 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Building Improvements | 64,118,303 | 33,629 | 418,126 | 64,570,058 |
| Machinery and Equipment | 6,962,085 | 1,273,488 | | 8,235,573 |
| Total Capital Assets Being Depreciated | 71,080,388 | 1,307,117 | 418,126 | 72,805,631 |
| Governmental Activities Capital Assets | 72,291,354 | 1,397,556 | | 73,688,910 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Building Improvements | (15,413,090) | (1,065,049) | | (16,478,139) |
| Machinery and Equipment | (3,100,339) | (326,065) | | (3,426,404) |
| | (18,513,429) | (1,391,114) | | (19,904,543) |
| Governmental Activities Capital Assets, Net of Accumulated Depreciation | \$ 53,777,925 | \$ 6,442 | \$ -0- | \$ 53,784,367 |
| Business Type Activities: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Furniture and Equipment | \$ 494,230 | \$ 5,794 | | \$ 500,024 |
| Less: Accumulated Depreciation | (405,111) | (16,678) | | (421,789) |
| Business Type Activities Capital Assets, Net of Accumulated Depreciation | \$ 89,119 | \$ (10,884) | \$ -0- | \$ 78,235 |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

The District expended \$90,439 towards construction projects in progress and transferred 418,126 of completed capital projects to depreciable capital assets during the fiscal year. As of June 30, 2016 the District has \$0- in active construction projects.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

| | <u>Balance</u> <u>6/30/2015</u> | <u>Accrued</u> | <u>Retired</u> | <u>Balance</u> <u>6/30/2016</u> |
|------------------------------|------------------------------------|---------------------|---------------------|------------------------------------|
| Serial Bonds Payable | \$ 19,215,000 | | \$ 1,250,000 | \$ 17,965,000 |
| Unamortized Bond Premium | 1,476,534 | | 113,579 | 1,362,955 |
| Compensated Absences Payable | 135,340 | \$ 35,962 | 39,720 | 131,582 |
| Net Pension Liability | 15,932,954 | 3,570,074 | | 19,503,028 |
| Capital Leases Payable | 1,635,457 | 773,224 | 612,214 | 1,796,467 |
| | <u>\$ 38,395,285</u> | <u>\$ 4,379,260</u> | <u>\$ 2,015,513</u> | <u>\$ 40,759,032</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, 2016 as follows:

| <u>Final</u> <u>Maturity Date</u> | <u>Interest Rates</u> | <u>Amount</u> |
|--------------------------------------|-----------------------|----------------------|
| 9/15/2027 | 3.036%-5.000% | \$ 17,815,000 |
| 9/1/2016 | 4.000% | 150,000 |
| | | <u>\$ 17,965,000</u> |

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

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|----------------------|---------------------|----------------------|
| 2017 | \$ 1,310,000 | \$ 729,331 | \$ 2,039,331 |
| 2018 | 1,225,000 | 668,331 | 1,893,331 |
| 2019 | 1,285,000 | 607,081 | 1,892,081 |
| 2020 | 1,345,000 | 567,431 | 1,912,431 |
| 2021 | 1,400,000 | 513,631 | 1,913,631 |
| 2022-2026 | 7,825,000 | 1,705,781 | 9,530,781 |
| 2026-2028 | 3,575,000 | 215,800 | 3,790,800 |
| | <u>\$ 17,965,000</u> | <u>\$ 5,007,386</u> | <u>\$ 22,972,386</u> |

B. Bonds Authorized but not Issued:

As of June 30, 2016, 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, 2016
(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, 2016.

| <u>Year</u> | <u>Amount</u> |
|---|---------------------|
| 2017 | \$ 828,803 |
| 2018 | 607,660 |
| 2019 | 198,650 |
| 2020 | 198,650 |
| | <u>1,833,763</u> |
| Less: Amount representing interest | <u>(37,296)</u> |
| Present value of net minimum lease payments | <u>\$ 1,796,467</u> |

The current portion of Capital Leases payable at June 30, 2016 is \$814,735, the long term portion payable is \$981,732. Capital leases will be liquidated through the General Fund.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences of \$131,582. 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, 2016, no liability existed for compensated absences in the Food Service Fund.

E. Net Pension Liability:

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long term portion is \$19,503,028. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS):

Plan Description

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

Benefits Provided

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

The following represents the membership tiers for PERS:

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$746,943 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

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

At June 30, 2016, the District reported a liability of \$19,503,028 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.087%, which was a decrease of 0.002% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$746,943. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Year | Amortization Period in Years | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions | 2014 | 6.44 | \$ 417,479 | |
| | 2015 | 5.72 | 1,676,990 | |
| Difference Between expected and Actual Experience | 2015 | 5.72 | 465,274 | |
| Changes in Proportion | 2014 | 6.44 | | \$ 226,547 |
| | 2015 | 5.72 | 282,971 | |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 2014 | 5.00 | | 727,046 |
| | 2015 | 5.00 | | (413,473) |
| District Contribution Subsequent to the Measurement Date | 2015 | 1.00 | 746,943 | |
| | | | <u>\$ 3,589,657</u> | <u>\$ 540,120</u> |

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

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

| Fiscal Year Ending June 30, | Total |
|--------------------------------|--------------|
| 2016 | \$ 408,915 |
| 2017 | 408,916 |
| 2018 | 408,916 |
| 2019 | 651,265 |
| 2020 | 368,158 |
| | \$ 2,246,170 |

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|---------------------------|
| Inflation Rate | 3.04% |
| Salary Increases: | |
| 2012-2021 | 2.15 – 4.40% based on age |
| Thereafter | 3.15 – 5.40% based on age |
| Investment Rate of Return | 7.90% |

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

Long Term Expected Rate of Return (Cont'd)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Cash | 5.00% | 1.04% |
| U.S. Treasuries | 1.75% | 1.64% |
| Investment Grade Credit | 10.00% | 1.79% |
| Mortgages | 2.10% | 1.62% |
| High Yield Bonds | 2.00% | 4.03% |
| Inflation-Indexed Bonds | 1.50% | 3.25% |
| Broad U.S. Equities | 27.25% | 8.52% |
| Developed Foreign Equities | 12.00% | 6.88% |
| Emerging Market Equities | 6.40% | 10.00% |
| Private Equity | 9.25% | 12.41% |
| Hedge Funds/Absolute Return | 12.00% | 4.72% |
| Real Estate (Property) | 2.00% | 6.83% |
| Commodities | 1.00% | 5.32% |
| Global Debt ex. U.S. | 3.50% | -0.40% |
| REIT | 4.25% | 5.12% |

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd):

| | Fiscal Year Ended June 30, 2015 | | |
|---|---------------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (4.39%) | Current Discount Rate (5.39%) | 1% Increase (6.39%) |
| District's proportionate share of the Net Pension Liability | \$ 24,239,878 | \$ 19,503,028 | \$ 15,531,688 |

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$1,942,860 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$9,449,071.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$154,753,117. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.245%, which was an increase of 0.0006% from its proportion measured as of June 30, 2014.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

| | | |
|---|----|-------------|
| District's Proportionate Share of the Net Pension Liability | \$ | -0- |
| State's Proportionate Share of the Net Pension Liability Associated with the District | | 154,753,117 |
| Total | \$ | 154,753,117 |

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$9,449,071 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

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

| | Amorization Period in Years | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions -2014 | 8.5 | \$ 1,999,074,013 | |
| Changes in Assumptions -2015 | 8.3 | 5,201,079,373 | |
| Difference Between Expected and Actual Experience - 2 | 8.5 | | \$ 19,039,817 |
| Difference Between Expected and Actual Experience - 2 | 8.3 | 321,224,871 | |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 20 | 5 | | 1,305,927,430 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 20 | 5 | | (770,568,242) |
| | | \$ 7,521,378,257 | \$ 554,399,005 |

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contribution as follows:

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Total</u> |
|--|-------------------------|
| 2015 | \$ 818,433,596 |
| 2016 | 818,433,596 |
| 2017 | 818,433,598 |
| 2018 | 1,253,742,742 |
| 2019 | 1,061,100,680 |
| Thereafter | 2,196,835,040 |
| | <u>\$ 6,966,979,252</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------|-------------------|--|
| US Cash | 5.00% | 0.53% |
| US Government Bonds | 1.75% | 1.39% |
| US Credit Bonds | 13.50% | 2.72% |
| US Mortgages | 2.10% | 2.54% |
| US Inflation-Indexed Bonds | 1.50% | 1.47% |
| US High Yield Bonds | 2.00% | 4.57% |
| US Equity Market | 27.25% | 5.63% |
| Foreign-Developed Equity | 12.00% | 6.22% |
| Emerging Markets Equity | 6.40% | 8.46% |
| Private Real Estate Property | 4.25% | 3.97% |
| Timber | 1.00% | 4.09% |
| Farmland | 1.00% | 4.61% |
| Private Equity | 9.25% | 9.15% |
| Commodities | 1.00% | 3.58% |
| Hedge Funds - MultiStrategy | 4.00% | 4.59% |
| Hedge Funds - Equity Hedge | 4.00% | 5.68% |
| Hedge Funds - Distressed | 4.00% | 4.30% |

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90% and a municipal bond rate of 3.80% as of June 30, 2015 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | Fiscal Year Ended June 30, 2016 | | |
|-----------------------------|---------------------------------|-------------------------------------|---------------------------|
| | 1% Decrease (3.68%) | Current Discount Rate (4.68%) | 1% Increase (5.68%) |
| Total Net Pension Liability | \$ 183,918,285 | \$ 154,753,108 | \$ 129,625,563 |

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$42,314 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$96,657 for the year ended June 30, 2016.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. 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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$2,313,408, \$2,101,418 and \$1,693,629 for 2016, 2015 and 2014, respectively.

NOTE 10. RISK MANAGEMENT

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

Property and Liability Insurance

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

As a member of the Fund and the PIP, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund and the PIP were to be exhausted, members would become responsible for their respective shares of the Fund's and the PIP's liabilities. The Fund and the PIP can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2016 audits were not available as of the date of this report; however, selected, summarized financial information for the Fund and the PIP as of June 30, 2015 is as follows:

| | <u>Pooled Insurance Program</u> | <u>School Alliance Insurance Fund</u> |
|------------------------|---|---|
| Total Assets | \$ 21,712,514 | \$ 35,565,090 |
| Net Position | \$ 6,703,267 | \$ 7,171,390 |
| Total Revenue | \$ 7,287,919 | \$ 38,392,884 |
| Total Expenses | \$ 6,088,877 | \$ 36,335,763 |
| Change in Net Position | \$ (75,658) | \$ 2,057,121 |
| Members Dividends | \$ 1,274,700 | \$ -0- |

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

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

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

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

New Jersey Unemployment Compensation Insurance

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

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

| <u>Fiscal Year</u> | <u>Interest Earned</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|----------------------------|-----------------------------------|------------------------------|---------------------------|
| 2015-2016 | \$ 858 | \$ 77,941 | \$ 72,741 | \$ 448,740 |
| 2014-2015 | 813 | 76,833 | 36,311 | 442,682 |
| 2013-2014 | 751 | 74,393 | 48,658 | 401,347 |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. INTERFUNDS PAYABLE AND RECEIVABLE

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2016:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|----------------------|---------------------------------|------------------------------|
| General Fund | \$ 97,229 | |
| Special Revenue Fund | | \$ 97,229 |
| | <u>\$ 97,229</u> | <u>\$ 97,229</u> |

The General Fund is owed \$97,229 from the Special Revenue Fund for a cash deficit which will be reimbursed when grant money is received from the federal grantors.

NOTE 13. DEFERRED COMPENSATION

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

| | |
|---------------|-------------------------|
| AIG/VALIC | Vanguard |
| AXA Equitable | Legend Employee Benefit |

NOTE 14. TAX CALENDAR

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

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
 (Continued)

NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds.

| General Fund | Total Governmental Activities |
|-------------------|-------------------------------------|
| <u>\$ 284,598</u> | <u>\$ 284,598</u> |

NOTE 16. MAINTENANCE RESERVE ACCOUNT

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

NOTE 16. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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, 2015 to June 30, 2016 fiscal year is as follows:

| | | | |
|--------------------------------|--|----|----------------|
| Beginning Balance July 1, 2015 | | \$ | 222,829 |
| Add: | | | |
| Interest Earnings | | | 447 |
| Ending Balance June 30, 2016 | | \$ | <u>223,276</u> |

NOTE 17. ACCOUNTS PAYABLE

Payables as of June 30, 2016 were:

| | <u>General Fund</u> | <u>District Contri- bution Subsequent to the Measure- ment Date</u> | <u>Total Governmental Activites</u> | <u>Total Business Type Activities</u> |
|---------|-------------------------|---|---|---|
| Vendors | \$ 138,475 | | \$ 138,475 | \$ 27,878 |
| State | | \$ 746,943 | 746,943 | |
| Total | <u>\$ 138,475</u> | <u>\$ 746,943</u> | <u>\$ 885,418</u> | <u>\$ 27,878</u> |

REQUIRED SUPPLEMENTARY
INFORMATION SCHEDULES

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

| | <u>Fiscal Year Ending June 30,</u> | |
|---|------------------------------------|---------------|
| | <u>2015</u> | <u>2016</u> |
| District's proportion of the net pension liability | 0.0850994995% | 0.0868809315% |
| District's proportionate share of the net pension liability | \$ 15,932,954 | \$ 19,503,028 |
| District's covered employee payroll | \$ 5,941,086 | \$ 6,124,440 |
| District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 260.15% | 318.45% |
| Plan fiduciary net position as a percentage of the total pension liability | 52.08% | 47.93% |

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

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

| | <u>Fiscal Year Ending June 30,</u> | |
|--|------------------------------------|------------------|
| | <u>2015</u> | <u>2016</u> |
| Contractually required contribution | \$ 698,661 | \$ 746,943 |
| Contributions in relation to the contractually required contribution | <u>(698,661)</u> | <u>(746,943)</u> |
| Contribution deficiency/(excess) | <u>\$ -0-</u> | <u>\$ -0-</u> |
| District's covered employee payroll | \$ 6,124,440 | \$ 5,920,094 |
| Contributions as a percentage of covered employee payroll | 11.41% | 12.62% |

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

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

| | <u>Fiscal Year Ending June 30,</u> | |
|---|------------------------------------|----------------|
| | <u>2015</u> | <u>2016</u> |
| State's proportion of the net pension liability attributable to the District | 0.2441698897% | 0.2448459693% |
| State's proportionate share of the net pension liability attributable to the District | \$ 130,500,859 | \$ 154,753,117 |
| District's covered employee payroll | \$ 24,524,919 | \$ 24,642,692 |
| District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 532.12% | 627.99% |
| Plan fiduciary net position as a percentage of the total pension liability | 33.64% | 28.71% |

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

JEFFERSON TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

| | <u>Fiscal Year Ending June 30,</u> | |
|--|------------------------------------|---------------------|
| | <u>2015</u> | <u>2016</u> |
| Contractually required contribution | \$ 9,449,071 | \$ 7,022,171 |
| Contributions in relation to the contractually required contribution | <u>(1,942,860)</u> | <u>(1,323,727)</u> |
| Contribution deficiency/(excess) | <u>\$ 7,506,211</u> | <u>\$ 5,698,444</u> |
| District's covered employee payroll | \$ 24,642,692 | \$ 23,970,722 |
| Contributions as a percentage of covered employee payroll | 38.34% | 29.29% |

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 39,409,587 | | \$ 39,409,587 | \$ 39,409,587 | |
| Tuition from Other LEA's | 140,161 | | 140,161 | 194,621 | \$ 54,460 |
| Private Contributions | 1,884 | | 1,884 | | (1,884) |
| Interest Earned on Capital Reserve | | | | 232 | 232 |
| Interest Earned on Investments | | | | 447 | 447 |
| Miscellaneous | 7,500 | | 7,500 | 237,050 | 229,550 |
| Total - Local Sources | 39,559,132 | | 39,559,132 | 39,841,937 | 282,805 |
| State Sources: | | | | | |
| Equalization Aid | 12,431,553 | | 12,431,553 | 12,431,553 | |
| Transportation Aid | 418,875 | | 418,875 | 418,875 | |
| Special Education Aid | 2,137,733 | | 2,137,733 | 2,137,733 | |
| Security Aid | 303,337 | | 303,337 | 303,337 | |
| Additional Adjustment Aid | 466,287 | | 466,287 | 466,287 | |
| PARCC Readiness Aid | 31,800 | | 31,800 | 31,800 | |
| Per Pupil Growth Aid | 31,800 | | 31,800 | 31,800 | |
| Extraordinary Aid | 385,000 | | 385,000 | 360,912 | (24,088) |
| Nonpublic Transportation Aid | | | | 32,868 | 32,868 |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | | | | 1,942,860 | 1,942,860 |
| On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted) | | | | 2,313,408 | 2,313,408 |
| TPAF Social Security (Reimbursed - Non-Budgeted) | | | | 1,700,502 | 1,700,502 |
| Total State Sources | 16,206,385 | | 16,206,385 | 22,171,935 | 5,965,550 |
| Federal Sources: | | | | | |
| Medicaid Reimbursement | 35,866 | | 35,866 | 40,552 | 4,686 |
| Total Federal Sources | 35,866 | | 35,866 | 40,552 | 4,686 |
| TOTAL REVENUES | 55,801,383 | | 55,801,383 | 62,054,424 | 6,253,041 |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Kindergarten - Salaries of Teachers | \$ 656,248 | \$ 38,417 | \$ 694,665 | \$ 690,637 | \$ 4,028 |
| Grades 1-5 - Salaries of Teachers | 4,396,090 | 197,446 | 4,593,536 | 4,593,376 | 160 |
| Grades 6-8 - Salaries of Teachers | 3,975,710 | 75,383 | 4,051,093 | 4,044,143 | 6,950 |
| Grades 9-12 - Salaries of Teachers | 5,296,811 | 199,659 | 5,496,470 | 5,490,472 | 5,998 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 65,000 | 6,659 | 71,659 | 71,659 | |
| Purchased Professional - Educational Services | 17,500 | | 17,500 | 13,642 | 3,858 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other Salaries for Instruction | 54,143 | 11 | 54,154 | 53,698 | 456 |
| Purchased Professional - Educational Services | 3,750 | 18,564 | 22,314 | 22,264 | 50 |
| Other Purchased Services (400-500 series) | 883,072 | (83,318) | 799,754 | 798,166 | 1,588 |
| General Supplies | 621,163 | (149,808) | 471,355 | 435,037 | 36,318 |
| Textbooks | 267,102 | (50,000) | 217,102 | 193,846 | 23,256 |
| Other Objects | 2,890 | (826) | 2,064 | 1,981 | 83 |
| Total Regular Programs - Instruction | <u>16,239,479</u> | <u>252,187</u> | <u>16,491,666</u> | <u>16,408,921</u> | <u>82,745</u> |
| Special Education - Instruction: | | | | | |
| Learning and or Language Disabilities: | | | | | |
| Salaries of Teachers | 530,772 | (5,132) | 525,640 | 525,640 | |
| Other Salaries for Instruction | 319,817 | (47,855) | 271,962 | 271,962 | |
| General Supplies | 6,300 | 3,132 | 9,432 | 8,873 | 559 |
| Total Learning and or Language Disabilities | <u>856,889</u> | <u>(49,855)</u> | <u>807,034</u> | <u>806,475</u> | <u>559</u> |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|-------------------------------------|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Behavioral Disabilities: | | | | | |
| Salaries of Teachers | \$ 314,737 | \$ 6,927 | \$ 321,664 | \$ 321,664 | |
| Other Salaries for Instruction | 181,644 | (19,355) | 162,289 | 161,202 | \$ 1,087 |
| General Supplies | 4,000 | (1,500) | 2,500 | 2,416 | 84 |
| Total Behavioral Disabilities | <u>500,381</u> | <u>(13,928)</u> | <u>486,453</u> | <u>485,282</u> | <u>1,171</u> |
| Multiple Disabilities: | | | | | |
| Salaries of Teachers | 479,286 | (121,796) | 357,490 | 357,490 | |
| Other Salaries for Instruction | 129,746 | (47,640) | 82,106 | 78,314 | 3,792 |
| General Supplies | 5,400 | (785) | 4,615 | 4,218 | 397 |
| Total Multiple Disabilities | <u>614,432</u> | <u>(170,221)</u> | <u>444,211</u> | <u>440,022</u> | <u>4,189</u> |
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | 1,670,040 | (107,469) | 1,562,571 | 1,562,571 | |
| Other Salaries for Instruction | 167,192 | (15,685) | 151,507 | 144,732 | 6,775 |
| General Supplies | 5,000 | | 5,000 | 4,938 | 62 |
| Textbooks | 1,340 | | 1,340 | 1,300 | 40 |
| Total Resource Room/Resource Center | <u>1,843,572</u> | <u>(123,154)</u> | <u>1,720,418</u> | <u>1,713,541</u> | <u>6,877</u> |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| EXPENDITURES: | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| CURRENT EXPENSE: | | | | | |
| Autistic: | | | | | |
| Salaries of Teachers | \$ 63,992 | \$ 48,850 | \$ 112,842 | \$ 112,842 | |
| Other Salaries for Instruction | 150,498 | 17,313 | 167,811 | 166,218 | \$ 1,593 |
| General Supplies | 2,000 | 1,440 | 3,440 | 3,415 | 25 |
| Total Autistic | 216,490 | 67,603 | 284,093 | 282,475 | 1,618 |
| Preschool Handicapped - Part-time: | | | | | |
| Salaries of Teachers | 279,727 | (39,420) | 240,307 | 240,307 | |
| Other Salaries for Instruction | 128,695 | | 128,695 | 120,622 | 8,073 |
| General Supplies | 7,500 | 675 | 8,175 | 8,167 | 8 |
| Total Preschool Handicapped - Part-time | 415,922 | (38,745) | 377,177 | 369,096 | 8,081 |
| Total Special Education Instruction | 4,447,686 | (328,300) | 4,119,386 | 4,096,891 | 22,495 |
| Basic Skills/Remedial - Instruction: | | | | | |
| Salaries of Teachers | 840,808 | 24,993 | 865,801 | 865,801 | |
| Total Basic Skills/Remedial - Instruction | 840,808 | 24,993 | 865,801 | 865,801 | |
| Bilingual Education - Instruction: | | | | | |
| Salaries of Teachers | 53,234 | 956 | 54,190 | 54,190 | |
| Other Purchased Services (400-500 series) | 800 | | 800 | 627 | 173 |
| General Supplies | 1,400 | | 1,400 | | 1,400 |
| Total Bilingual Education - Instruction | 55,434 | 956 | 56,390 | 54,817 | 1,573 |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| School-Sponsored Cocurricular Activities - Instruction: | | | | | |
| Salaries | \$ 203,590 | | \$ 203,590 | \$ 202,174 | \$ 1,416 |
| Other Purchased Services (300-500 series) | 13,559 | \$ 6,631 | 20,190 | 18,866 | 1,324 |
| Supplies and Materials | 23,897 | (4,838) | 19,059 | 16,478 | 2,581 |
| Other Objects | 18,915 | (2,696) | 16,219 | 14,451 | 1,768 |
| Total School-Sponsored Cocurricular Activities - Instruction | <u>259,961</u> | <u>(903)</u> | <u>259,058</u> | <u>251,969</u> | <u>7,089</u> |
| School-Sponsored Cocurricular Athletics - Instruction: | | | | | |
| Salaries | 364,402 | | 364,402 | 363,619 | 783 |
| Other Purchased Services (300-500 series) | 107,991 | (7,127) | 100,864 | 95,626 | 5,238 |
| Supplies and Materials | 56,051 | 4,406 | 60,457 | 47,981 | 12,476 |
| Other Objects | 33,750 | 2,721 | 36,471 | 36,471 | |
| Total School-Sponsored Cocurricular Athletics - Instruction | <u>562,194</u> | <u></u> | <u>562,194</u> | <u>543,697</u> | <u>18,497</u> |
| Total Instruction | <u>22,405,562</u> | <u>(51,067)</u> | <u>22,354,495</u> | <u>22,222,096</u> | <u>132,399</u> |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Undistributed Expenditures: | | | | | |
| Instruction: | | | | | |
| Tuition to Other LEAs Within the State - Regular | | \$ 14,297 | \$ 14,297 | \$ 14,297 | |
| Tuition to Other LEAs Within the State - Special | \$ 481,278 | (106,633) | 374,645 | 374,645 | |
| Tuition to County Vocational School District - Regular | 906,291 | (100,381) | 805,910 | 795,475 | \$ 10,435 |
| Tuition to County Vocational School District - Special | 70,346 | (10,470) | 59,876 | 59,876 | |
| Tuition to County Special Services and Day School | | 96,882 | 96,882 | 96,870 | 12 |
| Tuition to Private Schools for the Handicapped - Within State | 1,451,442 | (159,512) | 1,291,930 | 1,291,930 | |
| Total Undistributed Expenditures - Instruction: | <u>2,909,357</u> | <u>(265,817)</u> | <u>2,643,540</u> | <u>2,633,093</u> | <u>10,447</u> |
| Health Services: | | | | | |
| Salaries | 467,954 | 349 | 468,303 | 454,162 | 14,141 |
| Purchased Professional and Technical Services | 27,700 | | 27,700 | 27,640 | 60 |
| Other Purchased Services (400-500 series) | 2,800 | (100) | 2,700 | 2,050 | 650 |
| Supplies and Materials | 15,852 | (276) | 15,576 | 14,164 | 1,412 |
| Total Health Services | <u>514,306</u> | <u>(27)</u> | <u>514,279</u> | <u>498,016</u> | <u>16,263</u> |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Speech, OT, PT and Related Services: | | | | | |
| Salaries of Other Professional Staff | \$ 830,735 | \$ (55,708) | \$ 775,027 | \$ 775,027 | |
| Purchased Professional - Educational Services | 24,600 | 3,200 | 27,800 | 27,800 | |
| Supplies and Materials | 2,506 | 694 | 3,200 | 3,130 | \$ 70 |
| Total Speech, OT, PT and Related Services | 857,841 | (51,814) | 806,027 | 805,957 | 70 |
| Other Support Services - Students - Extra Services: | | | | | |
| Salaries | 764,580 | 249,924 | 1,014,504 | 1,014,504 | |
| Purchased Professional - Educational Services | 4,000 | 22,801 | 26,801 | 12,693 | 14,108 |
| Supplies and Materials | 5,100 | (70) | 5,030 | 3,794 | 1,236 |
| Total Other Support Services - Students - Extra Services | 773,680 | 272,655 | 1,046,335 | 1,030,991 | 15,344 |
| Guidance: | | | | | |
| Salaries of Other Professional Staff | 1,184,966 | 26,338 | 1,211,304 | 1,211,304 | |
| Salaries of Secretarial and Clerical Assistants | 140,059 | | 140,059 | 139,467 | 592 |
| Purchased Professional - Educational Services | 3,960 | 115 | 4,075 | 4,075 | |
| Other Purchased Professional - Technical Services | 12,470 | 2,694 | 15,164 | 9,737 | 5,427 |
| Other Purchased Services (400-500 series) | 106,639 | (884) | 105,755 | 104,256 | 1,499 |
| Supplies and Materials | 29,696 | (1,279) | 28,417 | 24,055 | 4,362 |
| Other Objects | 310 | 4 | 314 | 314 | |
| Total Guidance | 1,478,100 | 26,988 | 1,505,088 | 1,493,208 | 11,880 |
| Child Study Team: | | | | | |
| Salaries of Other Professional Staff | 1,268,004 | 27,852 | 1,295,856 | 1,295,856 | |
| Salaries of Secretarial and Clerical Assistants | 145,391 | 1,649 | 147,040 | 147,040 | |
| Purchased Professional - Educational Services | 134,610 | 29,151 | 163,761 | 158,054 | 5,707 |
| Purchased Technical Services | 30,615 | 4,494 | 35,109 | 31,371 | 3,738 |
| Other Purchased Services (400-500 series) | 5,310 | (430) | 4,880 | 3,932 | 948 |
| Supplies and Materials | 21,280 | | 21,280 | 19,543 | 1,737 |
| Other Objects | 1,160 | | 1,160 | 1,110 | 50 |
| Total Child Study Team | 1,606,370 | 62,716 | 1,669,086 | 1,656,906 | 12,180 |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Improvement of Instructional Services: | | | | | |
| Salaries of Supervisor of Instruction | \$ 278,223 | | \$ 278,223 | \$ 278,223 | |
| Salaries of Other Professional Staff | 696,586 | \$ 6,261 | 702,847 | 702,847 | |
| Other Purchased Services (400-500 series) | 12,960 | 5 | 12,965 | 10,489 | \$ 2,476 |
| Other Purchased Professional and Technical Services | 315 | 495 | 810 | 472 | 338 |
| Supplies and Materials | 2,060 | 1,000 | 3,060 | 2,862 | 198 |
| Other Objects | 10,240 | (500) | 9,740 | 9,321 | 419 |
| Total Improvement of Instructional Services | 1,000,384 | 7,261 | 1,007,645 | 1,004,214 | 3,431 |
| Educational Media Services/School Library: | | | | | |
| Salaries/Salaries of Technology Coordinators | 454,746 | 8,690 | 463,436 | 463,436 | |
| Supplies and Materials | 26,067 | 4,648 | 30,715 | 30,163 | 552 |
| Total Educational Media Services/School Library | 480,813 | 13,338 | 494,151 | 493,599 | 552 |
| Instructional Staff Training Services: | | | | | |
| Salaries of Other Professional Staff | | 350 | 350 | 350 | |
| Purchased Professional - Educational Services | 4,100 | | 4,100 | 3,050 | 1,050 |
| Other Purchased Services (400-500 series) | 19,925 | (1,426) | 18,499 | 16,998 | 1,501 |
| Supplies and Materials | 1,000 | | 1,000 | 995 | 5 |
| Total Instructional Staff Training Services | 25,025 | (1,076) | 23,949 | 21,393 | 2,556 |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Support Services - General Administration: | | | | | |
| Salaries | \$ 463,599 | \$ 6,600 | \$ 470,199 | \$ 468,936 | \$ 1,263.00 |
| Legal Services | 134,000 | | 134,000 | 104,535 | 29,465 |
| Audit Fees | 29,500 | | 29,500 | 28,750 | 750 |
| Architectural/Engineering Services | 60,000 | (5,350) | 54,650 | 12,708 | 41,942 |
| Other Purchased Professional Services | 5,000 | 90,053 | 95,053 | 17,685 | 77,368 |
| Purchased Technical Services | 13,234 | (4,454) | 8,780 | 8,780 | |
| Communications/Telephone | 109,460 | (29,925) | 79,535 | 76,357 | 3,178 |
| BOE Other Purchased Services | 2,800 | (443) | 2,357 | 2,095 | 262 |
| Miscellaneous Purchased Services (400-500 series) | 69,365 | 15,706 | 85,071 | 84,978 | 93 |
| Supplies and Materials | 6,645 | 11,358 | 18,003 | 15,159 | 2,844 |
| BOE In-House Training/Meeting Supplies | 425 | 935 | 1,360 | 760 | 600 |
| Miscellaneous Expenditures | 31,535 | 5,120 | 36,655 | 36,655 | |
| Total Support Services - General Administration | 925,563 | 89,600 | 1,015,163 | 857,398 | 157,765 |
| Support Services - School Administration: | | | | | |
| Salaries of Principals/Assistant Principals | 1,320,416 | | 1,320,416 | 1,320,004 | 412 |
| Salaries of Secretarial and Clerical Assistants | 809,831 | 5,431 | 815,262 | 815,262 | |
| Purchased and Technical Services | 51,615 | (365) | 51,250 | 43,563 | 7,687 |
| Other Purchased Services (400-500 series) | 68,198 | 15,942 | 84,140 | 69,626 | 14,514 |
| Supplies and Materials | 15,370 | 6,465 | 21,835 | 21,141 | 694 |
| Other Objects | 11,786 | 225 | 12,011 | 11,496 | 515 |
| Total Support Services - School Administration | 2,277,216 | 27,698 | 2,304,914 | 2,281,092 | 23,822 |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Central Services: | | | | | |
| Salaries | \$ 679,835 | \$ 14,009 | \$ 693,844 | \$ 693,844 | |
| Purchased Professional - Services | 6,500 | 86,391 | 92,891 | 13,990 | \$ 78,901 |
| Miscellaneous Purchased Technical Services | 13,634 | 5,967 | 19,601 | 19,317 | 284 |
| Miscellaneous Purchased Services (400-500 series) | 8,959 | 99 | 9,058 | 8,658 | 400 |
| Supplies and Materials | 7,150 | (501) | 6,649 | 3,868 | 2,781 |
| Interest on Lease Purchase Agreements | 95,315 | (3,151) | 92,164 | 92,164 | |
| Miscellaneous Expenditures | 2,050 | | 2,050 | 1,815 | 235 |
| Total Central Services | <u>813,443</u> | <u>102,814</u> | <u>916,257</u> | <u>833,656</u> | <u>82,601</u> |
| Administration Information Technology: | | | | | |
| Salaries | 530,581 | 7,846 | 538,427 | 538,427 | |
| Other Purchased Services (400-500 series) | 1,650 | 1,535 | 3,185 | 2,440 | 745 |
| Supplies and Materials | 1,000 | (1,000) | | | |
| Total Administration Information Technology | <u>533,231</u> | <u>8,381</u> | <u>541,612</u> | <u>540,867</u> | <u>745</u> |
| Required Maintenance of School Facilities: | | | | | |
| Salaries | 700,404 | 13,716 | 714,120 | 706,224 | 7,896 |
| Cleaning, Repair and Maintenance Services | 707,386 | 39,966 | 747,352 | 730,854 | 16,498 |
| General Supplies | 240,257 | 58,863 | 299,120 | 287,883 | 11,237 |
| Total Required Maintenance of School Facilities | <u>1,648,047</u> | <u>112,545</u> | <u>1,760,592</u> | <u>1,724,961</u> | <u>35,631</u> |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Custodial Services: | | | | | |
| Salaries | \$ 1,499,640 | \$ 41,358 | \$ 1,540,998 | \$ 1,534,814 | \$ 6,184 |
| Purchased Professional and Technical Services | 6,161 | (2,804) | 3,357 | 3,357 | |
| Cleaning, Repair and Maintenance Services | 15,000 | (4,958) | 10,042 | 9,535 | 507 |
| Rental of Land and Building | 144,204 | | 144,204 | 144,204 | |
| Other Purchased Property Services | 18,000 | 2,000 | 20,000 | 20,000 | |
| Insurance | 300,422 | (2,152) | 298,270 | 298,270 | |
| Miscellaneous Purchased Services | 4,000 | (719) | 3,281 | 3,281 | |
| General Supplies | 150,949 | (26,710) | 124,239 | 121,104 | 3,135 |
| Energy (Electricity) | 546,253 | (38,803) | 507,450 | 506,611 | 839 |
| Other Objects | 3,271 | | 3,271 | 125 | 3,146 |
| Energy (Gasoline) | | 18,000 | 18,000 | 6,718 | |
| Energy (Natural Gas) | 121,595 | (44,905) | 76,690 | 62,561 | 14,129 |
| Energy (Oil) | 611,790 | (364,993) | 246,797 | 200,762 | 46,035 |
| Total Custodial Services | <u>3,421,285</u> | <u>(424,686)</u> | <u>2,996,599</u> | <u>2,911,342</u> | <u>73,975</u> |
| Care and Upkeep of Grounds: | | | | | |
| Salaries | 181,633 | 362 | 181,995 | 180,686 | 1,309 |
| Cleaning, Repair and Maintenance Services | 34,961 | 96,380 | 131,341 | 24,398 | 106,943 |
| General Supplies | 54,900 | 6,034 | 60,934 | 54,501 | 6,433 |
| Total Care and Upkeep of Grounds | <u>271,494</u> | <u>102,776</u> | <u>374,270</u> | <u>259,585</u> | <u>114,685</u> |
| Security: | | | | | |
| Salaries | 120,615 | 13,473 | 134,088 | 134,088 | |
| Cleaning, Repair and Maintenance Services | 37,159 | 1,444 | 38,603 | 37,609 | 994 |
| General Supplies | 12,000 | 355 | 12,355 | 9,968 | 2,387 |
| Total Security | <u>169,774</u> | <u>15,272</u> | <u>185,046</u> | <u>181,665</u> | <u>3,381</u> |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Student Transportation Services: | | | | | |
| Salaries of Non-Instructional Aides | \$ 62,858 | \$ 10,607 | \$ 73,465 | \$ 73,465 | |
| Salaries for Pupil Transportation - Regular | 932,707 | 62,644 | 995,351 | 994,550 | \$ 801 |
| Salaries for Pupil Transportation - Special Education | 7,500 | | 7,500 | 505 | 6,995 |
| Salaries for Pupil Transportation - Other than Between Home and School | 43,822 | 2,667 | 46,489 | 39,553 | 6,936 |
| Purchased Professional and Technical Services | 13,668 | | 13,668 | 11,634 | 2,034 |
| Cleaning, Repair and Maintenance Services | 11,080 | | 11,080 | 7,494 | 3,586 |
| Lease Purchase Payments - School Buses | 224,272 | 1,912 | 226,184 | 226,184 | |
| Contracted Services: | | | | | |
| Aid in Lieu - Non Public Schools | 88,400 | (5,304) | 83,096 | 78,440 | 4,656 |
| Aid in Lieu - Charter School | 3,536 | | 3,536 | 2,652 | 884 |
| Aid in Lieu - Choice School | | 9,724 | 9,724 | 8,840 | 884 |
| Between Home and School - Vendors | 516,601 | | 516,601 | 515,577 | 1,024 |
| Other than Between Home and School - Vendors | 95,300 | 850 | 96,150 | 44,139 | 52,011 |
| ESC Regular Students | 394,788 | 13,289 | 408,077 | 408,077 | |
| ESC Special Education Students | 607,410 | 234,557 | 841,967 | 841,967 | |
| Miscellaneous Purchased Services-Transportation | 21,670 | | 21,670 | 21,178 | 492 |
| Transportation Supplies | 233,220 | (160,946) | 72,274 | 72,053 | 221 |
| Supplies and Materials | | 74,806 | 74,806 | 69,419 | 5,387 |
| Other Objects | 2,510 | | 2,510 | 1,851 | 659 |
| Total Student Transportation Services | 3,259,342 | 244,806 | 3,504,148 | 3,417,578 | 86,570 |
| Unallocated Benefits: | | | | | |
| Social Security Contributions | 750,000 | 6,200 | 756,200 | 729,632 | 26,568 |
| Other Retirement Contributions - PERS | 816,200 | (26,943) | 789,257 | 789,257 | |
| Workmen's Compensation | 243,437 | 5,724 | 249,161 | 249,161 | |
| Health Benefits | 8,737,316 | (438,192) | 8,299,124 | 8,159,174 | 139,950 |
| Tuition Reimbursement | 120,000 | (29,969) | 90,031 | 56,233 | 33,798 |
| Other Employee Benefits | 254,951 | 95,481 | 350,432 | 302,533 | 47,899 |
| Unused Sick Payment to Terminated/Retired Staff | 121,623 | 48,303 | 169,926 | 169,926 | |
| Total Unallocated Benefits | 11,043,527 | (339,396) | 10,704,131 | 10,455,916 | 248,215 |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|--------------|-----------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| On-Behalf Contributions: | | | | | |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | | | | \$ 1,942,860 | \$ (1,942,860) |
| On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted) | | | | 2,313,408 | (2,313,408) |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | | | 1,700,502 | (1,700,502) |
| Total On-Behalf Contributions | | | | 5,956,770 | (5,956,770) |
| Total Personal Services - Employee Benefits | \$ 11,043,527 | \$ (339,396) | \$ 10,704,131 | 16,412,686 | (5,708,555) |
| Total Undistributed Expenses | 34,008,798 | 4,034 | 34,012,832 | 39,058,207 | (5,056,657) |
| TOTAL CURRENT EXPENSE | 56,414,360 | (47,033) | 56,367,327 | 61,280,303 | (4,912,976) |
| CAPITAL OUTLAY | | | | | |
| Equipment: | | | | | |
| Preschool Disabilities - Part Time | | 14,644 | 14,644 | 2,092 | 12,552 |
| Required Maintenance for School Facilities | | 34,202 | 34,202 | | 34,202 |
| Custodial Services | 3,996 | | 3,996 | 3,996 | |
| Care and Upkeep of Grounds | | 19,650 | 19,650 | 4,212 | 15,438 |
| Regular Programs - Instruction: | | | | | |
| Grades 1-5 | | 2,452 | 2,452 | 2,452 | |
| Grades 9-12 | | 7,627 | 7,627 | 7,627 | |
| Total Equipment | 3,996 | 78,575 | 82,571 | 20,379 | 62,192 |
| Facilities Acquisition and Construction Services: | | | | | |
| Architectural/Engineering Services | 65,000 | (48,183) | 16,817 | | 16,817 |
| Assessment for Debt Service- SDA Funding | 94,542 | | 94,542 | 94,542 | |
| Construction Services | 319,125 | | 319,125 | 213,474 | 105,651 |
| Total Facilities Acquisition and Construction Services | 478,667 | (48,183) | 430,484 | 308,016 | 122,468 |
| Assets Acquired Under Capital Leases (Non-budgeted): | | | | | |
| Vehicles, Improvements, and Equipment | | | | 773,224 | (773,224) |
| | | | | 773,224 | (773,224) |
| TOTAL CAPITAL OUTLAY | 482,663 | 30,392 | 513,055 | 1,101,619 | (588,564) |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|---------------------|-------------------------------------|
| EXPENDITURES: | | | | | |
| CURRENT EXPENSE: | | | | | |
| Transfer to Charter School | \$ 47,498 | 16,641 | \$ 64,139 | \$ 64,130 | \$ 9 |
| Total Transfer to Charter School | <u>47,498</u> | <u>16,641</u> | <u>64,139</u> | <u>64,130</u> | <u>9</u> |
| TOTAL EXPENDITURES | <u>56,944,521</u> | | <u>56,944,521</u> | <u>62,446,052</u> | <u>\$ (5,501,531)</u> |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | <u>(1,143,138)</u> | | <u>(1,143,138)</u> | <u>(391,628)</u> | <u>751,510</u> |
| Other Financing Uses: | | | | | |
| Capital Leases (Non-budgeted) | | | | 773,224 | 773,224 |
| Transfer to Capital Projects From Capital Reserve | | | | <u>(10,563)</u> | <u>(10,563)</u> |
| Total Other Financing Uses | | | | <u>762,661</u> | <u>762,661</u> |
| Excess (Deficiency) of Revenues and Other Financing Uses Over (Under) Expenditures | <u>(1,143,138)</u> | | <u>(1,143,138)</u> | <u>371,033</u> | <u>1,514,171</u> |
| Fund Balance, July 1 | <u>2,753,650</u> | | <u>2,753,650</u> | <u>2,753,650</u> | |
| Fund Balance, June 30 | <u>\$ 1,610,512</u> | <u>\$ -0-</u> | <u>\$ 1,610,512</u> | <u>\$ 3,124,683</u> | <u>\$ 1,514,171</u> |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Capital Reserve | | | | \$ 398,109 | |
| Maintenance Reserve | | | | 223,276 | |
| Excess Surplus - Designated for Subsequent Year's Expenditures | | | | 36,671 | |
| Excess Surplus | | | | 54,455 | |
| Assigned Fund Balance: | | | | | |
| Year-end Encumbrances | | | | 284,598 | |
| Subsequent Year's Expenditures | | | | 980,174 | |
| Unassigned Fund Balance | | | | <u>1,147,400</u> | |
| | | | | <u>3,124,683</u> | |
| Reconciliation to Governmental Fund Statement (GAAP): | | | | | |
| Last Two State Aid Payments not Recognized on GAAP Basis | | | | <u>(1,553,871)</u> | |
| Fund Balance per Governmental Funds GAAP | | | | <u>\$ 1,570,812</u> | |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|----------------|-------------------------------------|
| REVENUES: | | | | | |
| Federal Sources | \$ 806,498 | \$ 99,863 | \$ 906,361 | \$ 906,361 | |
| Total Revenues | <u>806,498</u> | <u>99,863</u> | <u>906,361</u> | <u>906,361</u> | |
| EXPENDITURES: | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | 126,498 | (8,608) | 117,890 | 117,890 | |
| Purchased Professional/Technical Services | | 30,708 | 30,708 | 30,708 | |
| Tuition | 680,000 | 35,405 | 715,405 | 715,405 | |
| Total Instruction | <u>806,498</u> | <u>57,505</u> | <u>864,003</u> | <u>864,003</u> | |
| Support Services | | | | | |
| Personal Service - Employee Benefits | | 37,950 | 37,950 | 37,950 | |
| Other Purchased Services | | 4,408 | 4,408 | 4,408 | |
| Total Support Services | | <u>42,358</u> | <u>42,358</u> | <u>42,358</u> | |
| Total Expenditures | <u>806,498</u> | <u>99,863</u> | <u>906,361</u> | <u>906,361</u> | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> |

Exhibit C-3

JEFFERSON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

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

| | General Fund | Special Revenue Fund |
|--|-----------------|----------------------------|
| Sources/Inflows of Resources | | |
| Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule | \$ 62,054,424 | \$ 906,361 |
| 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 | | |
| Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements | 1,551,930 | |
| Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements | (1,553,871) | |
| Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | \$ 62,052,483 | \$ 906,361 |
| Uses/Outflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | \$ 62,446,052 | \$ 906,361 |
| Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | \$ 62,446,052 | \$ 906,361 |

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>No Child Left Behind</u> | | <u>IDEA</u> | | <u>Total</u> |
|---|-----------------------------|-----------------|------------------|--------------|--------------|
| | <u>Title I</u> | <u>Title II</u> | <u>Preschool</u> | <u>Basic</u> | |
| REVENUE: | | | | | |
| Federal Sources | \$ 102,229 | \$ 58,019 | \$ 30,708 | \$ 715,405 | \$ 906,361 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 74,390 | 43,500 | | | 117,890 |
| Purchased Professional/Technical Services | | | 30,708 | | 30,708 |
| Tuition | | | | 715,405 | 715,405 |
| Total Instruction | 74,390 | 43,500 | 30,708 | 715,405 | 864,003 |
| Support Services: | | | | | |
| Personal Service - Employee Benefits | 23,431 | 14,519 | | | 37,950 |
| Other Purchased Professional Educational Services | 4,408 | | | | 4,408 |
| Total Support Services | 27,839 | 14,519 | | | 42,358 |
| Total Expenditures | \$ 102,229 | \$ 58,019 | \$ 30,708 | \$ 715,405 | \$ 906,361 |

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, 2016

| | |
|---|--------------------------|
| Revenue and Other Financing Sources: | |
| Transfer from Capital Reserve | \$ 10,563 |
| State Sources - ROD Grants | <u>(154,576)</u> |
| Total Revenue and Other Financing Sources | <u>(144,013)</u> |
| Expenditures and Other Financing Uses: | |
| Purchased Professional and Technical Services | 22,139 |
| Construction Services | <u>68,300</u> |
| Total Expenditures and Other Financing Uses | <u>90,439</u> |
| Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses | (234,452) |
| Fund Balance - Beginning of Year | <u>234,452</u> |
| Fund Balance - End of Year | <u><u>\$ -0-</u></u> |
| Reconciliation of Revenue from Budgetary Basis to GAAP Basis: | |
| Revenue (Budgetary Basis) | \$ (154,576) |
| SDA Grants are Recognized as Revenue on the Budgetary Basis when awarded but are not Recognized on the GAAP Basis until Expended | <u>832,424</u> |
| Revenue (GAAP Basis) | <u><u>\$ 677,848</u></u> |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL BACKUP GENERATOR PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Prior Periods | Current Year | Totals | Revised Authorized Cost |
|--|------------------|-----------------|------------|-------------------------------|
| Revenue and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 162,575 | | \$ 162,575 | \$ 162,575 |
| Transfer from Capital Outlay | 189,089 | | 189,089 | 189,089 |
| Transfer from Capital Reserve | 113,068 | \$ 38,490 | 151,558 | 151,558 |
| Total Revenue and Other Financing Sources | 464,732 | 38,490 | 503,222 | 503,222 |
| Expenditures: | | | | |
| Purchased Professional and Technical Services | 38,942 | | 38,942 | 38,942 |
| Construction Services | 464,280 | | 464,280 | 464,280 |
| Total Expenditures | 503,222 | -0- | 503,222 | 503,222 |
| Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures | \$ (38,490) | \$ 38,490 | \$ -0- | \$ -0- |

Additional Project Information:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
STANLICK SCHOOL PARTIAL ROOF REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Prior Periods | Current Period | Totals | Authorized Cost |
|--|------------------|-------------------|------------|--------------------|
| Revenue and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 52,846 | | \$ 52,846 | \$ 52,846 |
| Transfer from Capital Outlay | 5,435 | | 5,435 | 5,434 |
| Transfer from Capital Reserve | 70,703 | \$ 6,082 | 76,785 | 79,916 |
| Total Revenue and Other Financing Sources | 128,984 | 6,082 | 135,066 | 138,196 |
| Expenditures: | | | | |
| Purchased Professional and Technical Services | 16,045 | 151 | 16,196 | 16,196 |
| Construction Services | 113,460 | 8,540 | 122,000 | 122,000 |
| Total Expenditures | 129,505 | 8,691 | 138,196 | 138,196 |
| Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures | \$ (521) | \$ (2,609) | \$ (3,130) | \$ -0- |

Additional Project Information:

Project Number:

Stanlick School Partial Roof
Replacement Project

2380-028-14-1005

Grant Date

6/30/2014

Original Authorized Cost

\$ 132,114

Percentage Completion

100.00%

Original Target Completion Date

6/30/2015

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL WATER TANK REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Prior Periods | Current Period | Totals | Authorized Cost |
|--|---------------------|--------------------|---------------------|--------------------|
| Revenue and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 59,280 | | \$ 59,280 | \$ 59,280 |
| Transfer from Capital Outlay | 3,486 | | 3,486 | 3,486 |
| Transfer from Capital Reserve | 78,296 | \$ (42,840) | 35,456 | 247,989 |
| Total Revenue and Other Financing Sources | 141,062 | (42,840) | 98,222 | 310,755 |
| Expenditures: | | | | |
| Purchased Professional and Technical Services | 29,664 | | 29,664 | 29,664 |
| Construction Services | 281,091 | | 281,091 | 281,091 |
| Total Expenditures | 310,755 | -0- | 310,755 | 310,755 |
| Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures | <u>\$ (169,693)</u> | <u>\$ (42,840)</u> | <u>\$ (212,533)</u> | <u>\$ -0-</u> |

Additional Project Information:

Project Number:

High School Water Tank
Replacement Project

2380-020-14-1002

Grant Date

6/30/2014

Original Authorized Cost

\$ 148,199

Revised Authorized Cost

310,755

Percentage Decrease

over Original Authorized Cost

109.69%

Percentage Completion

100.00%

Original Target Completion Date

6/30/2015

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL PARTIAL ROOF REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u> | <u>Authorized Cost</u> |
|--|--------------------------|---------------------------|-----------------|----------------------------|
| Revenue and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 78,213 | \$ (7,933) | \$ 70,280 | \$ 70,280 |
| Transfer from Capital Outlay | 20,708 | | 20,708 | 20,708 |
| Transfer from Capital Reserve | 91,886 | | 91,886 | 96,611 |
| Total Revenue and Other Financing Sources | <u>190,807</u> | <u>(7,933)</u> | <u>182,874</u> | <u>187,599</u> |
| Expenditures: | | | | |
| Purchased Professional and Technical Services | 18,466 | 236 | 18,702 | 23,090 |
| Construction Services | 146,260 | 10,740 | 157,000 | 164,509 |
| Total Expenditures | <u>164,726</u> | <u>10,976</u> | <u>175,702</u> | <u>187,599</u> |
| Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures | <u>\$ 26,081</u> | <u>\$ (18,909)</u> | <u>\$ 7,172</u> | <u>\$ -0-</u> |

Additional Project Information:

Project Number:

High School Partial Roof
Replacement Project

2380-020-14-1004

Grant Date

6/30/2014

Original Authorized Cost

\$ 195,532

Percentage Completion

100.00%

Original Target Completion Date

6/30/2015

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
COZY LAKE PARTIAL ROOF REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Prior Periods | Current Period | Totals | Authorized Cost |
|--|------------------|--------------------|-----------------|--------------------|
| Revenue and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 75,640 | \$ (3,949) | \$ 71,691 | \$ 71,691 |
| Transfer from Capital Outlay | 16,969 | | 16,969 | 16,969 |
| Transfer from Capital Reserve | 91,886 | | 91,886 | 96,491 |
| Total Revenue and Other Financing Sources | <u>184,495</u> | <u>(3,949)</u> | <u>180,546</u> | <u>185,151</u> |
| Expenditures: | | | | |
| Purchased Professional and Technical Services | 17,997 | 230 | 18,227 | 22,664 |
| Construction Services | 150,560 | 10,440 | 161,000 | 162,487 |
| Total Expenditures | <u>168,557</u> | <u>10,670</u> | <u>179,227</u> | <u>185,151</u> |
| Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures | <u>\$ 15,938</u> | <u>\$ (14,619)</u> | <u>\$ 1,319</u> | <u>\$ -0-</u> |
| Additional Project Information: | | | | |
| Project Number: | | | | |
| Cozy Lake Partial Roof Replacement Project | | 2380-033-14-1006 | | |
| Grant Date | | 6/30/2014 | | |
| Original Authorized Cost | | \$ 189,100 | | |
| Percentage Completion | | 100.00% | | |
| Original Target Completion Date | | 6/30/2015 | | |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
COZY LAKE BOILER REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Prior Periods | Current Period | Totals | Authorized Cost |
|--|-------------------|---------------------|-------------------|--------------------|
| Revenue and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 283,150 | \$ (135,959) | \$ 147,191 | \$ 147,191 |
| Transfer from Capital Outlay | 280,667 | | 280,667 | 280,667 |
| Transfer from Capital Reserve | 139,911 | | 139,911 | 144,058 |
| Total Revenue and Other Financing Sources | <u>703,728</u> | <u>(135,959)</u> | <u>567,769</u> | <u>571,916</u> |
| Expenditures: | | | | |
| Purchased Professional and Technical Services | 62,069 | 21,139 | 83,208 | 81,865 |
| Construction Services | 265,618 | 19,150 | 284,768 | 490,051 |
| Total Expenditures | <u>327,687</u> | <u>40,289</u> | <u>367,976</u> | <u>571,916</u> |
| Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures | <u>\$ 376,041</u> | <u>\$ (176,248)</u> | <u>\$ 199,793</u> | <u>\$ -0-</u> |

Additional Project Information:

Project Number:

Cozy Lake Boiler
Replacement Project

2380-033-14-1007

Grant Date

6/30/2014

Original Authorized Cost

\$ 707,875

Percentage Completion

64.34%

Original Target Completion Date

6/30/2015

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ELLEN T. BRIGGS PARTIAL ROOF REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u> | <u>Authorized Cost</u> |
|--|--------------------------|---------------------------|-----------------|----------------------------|
| Revenue and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 43,520 | \$ (6,735) | \$ 36,785 | \$ 36,785 |
| Transfer from Capital Outlay | 5,108 | | 5,108 | 5,108 |
| Transfer from Capital Reserve | 57,450 | | 57,450 | 60,172 |
| Total Revenue and Other Financing Sources | <u>106,078</u> | <u>(6,735)</u> | <u>99,343</u> | <u>102,065</u> |
| Expenditures: | | | | |
| Purchased Professional and Technical Services | 10,827 | 137 | 10,964 | 13,050 |
| Construction Services | 72,510 | 8,490 | 81,000 | 89,015 |
| Total Expenditures | <u>83,337</u> | <u>8,627</u> | <u>91,964</u> | <u>102,065</u> |
| Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures | <u>\$ 22,741</u> | <u>\$ (15,362)</u> | <u>\$ 7,379</u> | <u>\$ -0-</u> |

Additional Project Information:

Project Number:

 Ellen T. Briggs Partial Roof
 Replacement Project

2380-040-14-1008

Grant Date

6/30/2014

Original Authorized Cost

\$ 108,800

Percentage Completion

100.00%

Original Target Completion Date

6/30/2015

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
MIDDLE SCHOOL PARTIAL ROOF REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Prior Periods | Current Period | Totals | Authorized Cost |
|--|------------------|-------------------|----------------|--------------------|
| Revenue and Other Financing Sources: | | | | |
| State Sources - SDA Grant | \$ 77,200 | | \$ 77,200 | \$ 77,200 |
| Transfer from Capital Outlay | 18,992 | | 18,992 | 18,992 |
| Transfer from Capital Reserve | 91,886 | \$ 8,831 | 100,717 | 96,808 |
| Total Revenue and Other Financing Sources | 188,078 | 8,831 | 196,909 | 193,000 |
| Expenditures: | | | | |
| Purchased Professional and Technical Services | 19,663 | 246 | 19,909 | 23,099 |
| Construction Services | 166,060 | 10,940 | 177,000 | 169,901 |
| Total Expenditures | 185,723 | 11,186 | 196,909 | 193,000 |
| Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures | <u>\$ 2,355</u> | <u>\$ (2,355)</u> | <u>\$ -0-</u> | <u>\$ -0-</u> |

Additional Project Information:

Project Number:

Middle School Partial Roof
Replacement Project

2380-045-14-1009

Grant Date

6/30/2014

Original Authorized Cost

\$ 193,000

Percentage Completion

100.00%

Original Target Completion Date

6/30/2015

PROPRIETARY FUNDS

Exhibit G-1

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS:

Current Assets:

| | |
|--|------------|
| Cash and Cash Equivalents | \$ 197,955 |
| Intergovernmental Accounts Receivable: | |
| Federal | 20,573 |
| State | 842 |
| Other Accounts Receivable | 90 |
| Inventories | 20,868 |

| | |
|----------------------|----------------|
| Total Current Assets | <u>240,328</u> |
|----------------------|----------------|

Non-Current Assets:

| | |
|--------------------------------|------------------|
| Capital Assets | 500,024 |
| Less: Accumulated Depreciation | <u>(421,789)</u> |

| | |
|--------------------------|---------------|
| Total Non-Current Assets | <u>78,235</u> |
|--------------------------|---------------|

| | |
|--------------|----------------|
| Total Assets | <u>318,563</u> |
|--------------|----------------|

LIABILITIES:

Current Liabilities:

| | |
|----------------------------|--------------|
| Accounts Payable - Vendors | 27,878 |
| Unearned Revenue | <u>6,388</u> |

| | |
|-------------------|---------------|
| Total Liabilities | <u>34,266</u> |
|-------------------|---------------|

NET POSITION:

| | |
|----------------------------------|----------------|
| Net Investment in Capital Assets | 78,235 |
| Unrestricted | <u>206,062</u> |

| | |
|--------------------|--------------------------|
| Total Net Position | <u><u>\$ 284,297</u></u> |
|--------------------|--------------------------|

Exhibit G-2

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | |
|---|------------------------|
| Operating Revenue: | |
| Local Sources: | |
| Daily Sales - Reimbursable Programs | \$ 573,956 |
| Daily Sales - Non-reimbursable Programs | 296,425 |
| Special Events | 24,913 |
| | <hr/> |
| Total Operating Revenue | 895,294 |
| Operating Expenses: | |
| Cost of Sales - Reimbursable Programs | 459,397 |
| Cost of Sales - Non-Reimbursable Programs | 87,572 |
| Salaries, Benefits & Payroll Taxes | 485,921 |
| Supplies, Insurance & Other Costs | 52,977 |
| Management Fee | 67,060 |
| Miscellaneous Expenditures | 9,778 |
| Depreciation Expense | 16,678 |
| | <hr/> |
| Total Operating Expenses | 1,179,383 |
| Operating Loss | <hr/> (284,089) |
| Non-Operating Revenue: | |
| Local Sources: | |
| Interest Income | 421 |
| State Sources: | |
| State School Lunch Program | 10,585 |
| Federal Sources: | |
| National School Lunch Program | 244,325 |
| Food Distribution Program | 64,638 |
| | <hr/> |
| Total Non-Operating Revenue | 319,969 |
| Change in Net Assets Before Operating Transfers | 35,880 |
| Capital Contributions | <hr/> 5,794 |
| Change in Net Position | 41,674 |
| Net Position - Beginning of Year | <hr/> 242,623 |
| Net Position - End of Year | <hr/> <hr/> \$ 284,297 |

Exhibit G-3

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | |
|---|---------------------|
| Cash Flows from Operating Activities: | |
| Receipts from Customers | \$ 883,133 |
| Payments to Food Service Vendor | (1,093,752) |
| Net Cash Used for Operating Activities | <u>(210,619)</u> |
| Cash Flows from Investing Activities: | |
| Local Sources: | |
| Interest Income | 421 |
| Net Cash Provided by Investing Activities | <u>421</u> |
| Cash Flows from Noncapital Financing Activities: | |
| State Sources: | |
| State School Lunch Program | 10,793 |
| Federal Sources: | |
| National School Lunch Program | 242,561 |
| Net Cash Provided by Noncapital Financing Activities | <u>253,354</u> |
| Net Decrease in Cash and Cash Equivalents | 43,156 |
| Cash and Cash Equivalents, July 1 | <u>154,799</u> |
| Cash and Cash Equivalents, June 30 | <u>\$ 197,955</u> |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities: | |
| Operating (Loss) | \$ (284,089) |
| Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities: | |
| Depreciation | 16,678 |
| Federal Food Distribution Program | 64,638 |
| Changes in Assets and Liabilities: | |
| (Increase)/Decrease in Inventories | (2,994) |
| Increase/(Decrease) in Accounts Payable | 7,314 |
| Increase/(Decrease) in Prepaid Sales | (12,161) |
| Increase/(Decrease) in Unearned Revenue | (5) |
| Net Cash Used for Operating Activities | <u>\$ (210,619)</u> |

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$64,638 and \$64,643, respectively, the fiscal year ended June 30, 2016.

FIDUCIARY FUNDS

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

| | Agency | | | Unemployment Compensation Trust | Scholarship and Memorial Trust Fund | |
|--|---------------------|-----------|-------------------|---------------------------------------|---|-----------|
| | Student Activity | Payroll | Summer Savings | | | Total |
| <u>ASSETS:</u> | | | | | | |
| Cash and Cash Equivalents | \$ 257,283 | \$ 39,000 | \$ 517,148 | \$ 813,431 | \$ 448,740 | \$ 39,324 |
| Total Assets | 257,283 | 39,000 | 517,148 | 813,431 | 448,740 | 39,324 |
| <u>LIABILITIES:</u> | | | | | | |
| Accrued Salaries and Wages | | | 517,148 | 517,148 | | |
| Payroll Deductions and Withholdings | | 39,000 | | 39,000 | | |
| Due to Student Groups | 257,283 | | | 257,283 | | |
| Total Liabilities | 257,283 | 39,000 | 517,148 | 813,431 | | |
| <u>NET POSITION:</u> | | | | | | |
| Held in Trust for Unemployment Claims | | | | 448,740 | | |
| Restricted for Scholarships | | | | | | 39,324 |
| Total Net Position | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ 448,740 | \$ 39,324 |

Exhibit H-2

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | Unemployment Compensation Trust | Scholarship and Memorial Trust Fund |
|--------------------------------------|---------------------------------------|---|
| ADDITIONS: | | |
| Contributions: | | |
| Plan Member | \$ 77,941 | |
| Donations | | \$ 5,850 |
| Total Contributions | 77,941 | 5,850 |
| Investment Earnings: | | |
| Interest | 858 | 59 |
| Net Investment Earnings | 858 | 59 |
| Total Additions | 78,799 | 5,909 |
| DEDUCTIONS: | | |
| Unemployment Compensation Claims | 72,741 | |
| Scholarships Awarded | | 7,200 |
| Total Deductions | 72,741 | 7,200 |
| Change in Net Position | 6,058 | (1,291) |
| Net Position - Beginning of the Year | 442,682 | 40,615 |
| Net Position - End of the Year | \$ 448,740 | \$ 39,324 |

Exhibit H-3

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Balance</u> <u>July 1, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2016</u> |
|---------------------------|---------------------------------------|-------------------|-------------------|--|
| <u>ASSETS:</u> | | | | |
| Cash and Cash Equivalents | \$ 260,313 | \$ 677,533 | \$ 680,563 | \$ 257,283 |
| Total Assets | <u>\$ 260,313</u> | <u>\$ 677,533</u> | <u>\$ 680,563</u> | <u>\$ 257,283</u> |
| <u>LIABILITIES:</u> | | | | |
| Liabilities: | | | | |
| Due to Student Groups | \$ 260,313 | \$ 677,533 | \$ 680,563 | \$ 257,283 |
| Total Liabilities | <u>\$ 260,313</u> | <u>\$ 677,533</u> | <u>\$ 680,563</u> | <u>\$ 257,283</u> |

Exhibit H-4

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Balance</u> <u>July 1, 2015</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2016</u> |
|----------------------------------|---------------------------------------|--------------------------------|-------------------------------------|--|
| Elementary Schools: | | | | |
| Cozy Lake | \$ 2,475 | \$ 6,253 | \$ 6,359 | \$ 2,369 |
| Ellen T. Briggs | 2,857 | 9,470 | 7,425 | 4,902 |
| Milton | 2,353 | 2,142 | 3,711 | 784 |
| Stanlick | 2,485 | 12,263 | 12,402 | 2,346 |
| White Rock | 3,265 | 24,778 | 22,880 | 5,163 |
| Junior High School: | | | | |
| Jefferson Middle School | 131,543 | 281,218 | 303,772 | 108,989 |
| Senior High School: | | | | |
| Jefferson High School Activities | 115,335 | 253,964 | 237,009 | 132,290 |
| Athletic Account | | 87,445 | 87,006 | 440 |
| Total | <u>\$ 260,313</u> | <u>\$ 677,533</u> | <u>\$ 680,563</u> | <u>\$ 257,283</u> |

Exhibit H-5

JEFFERSON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Balance</u> <u>July 1, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2016</u> |
|-------------------------------------|---------------------------------------|----------------------|----------------------|--|
| <u>ASSETS:</u> | | | | |
| Cash and Cash Equivalents | \$ 39,790 | \$ 36,457,546 | \$ 36,458,336 | \$ 39,000 |
| Total Assets | <u>\$ 39,790</u> | <u>\$ 36,457,546</u> | <u>\$ 36,458,336</u> | <u>\$ 39,000</u> |
| <u>LIABILITIES:</u> | | | | |
| Net Payroll | | \$ 20,100,032 | \$ 20,100,007 | \$ 25 |
| Payroll Deductions and Withholdings | \$ 39,697 | 16,357,514 | 16,358,236 | 38,975 |
| Interfund Payable - General Fund | 93 | | 93 | |
| Total Liabilities | <u>\$ 39,790</u> | <u>\$ 36,457,546</u> | <u>\$ 36,458,336</u> | <u>\$ 39,000</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, 2016 | | Interest Rate | Balance June 30, 2015 | Matured | Balance June 30, 2016 |
|--------------------------------------|---------------|----------------|---|--------------|---------------|-----------------------|---------------------|-----------------------|
| | | | Date | Amount | | | | |
| Refunding School Bonds - Series 2012 | 7/19/2011 | \$ 12,785,000 | 9/15/2016 | \$ 1,160,000 | 5.000% | \$ 10,505,000 | \$ 1,105,000 | \$ 9,400,000 |
| | | | 9/15/2017 | 1,225,000 | 5.000% | | | |
| | | | 9/15/2018 | 1,285,000 | 3.086% | | | |
| | | | 9/15/2019 | 1,345,000 | 4.000% | | | |
| | | | 9/15/2020 | 1,400,000 | 3.036% | | | |
| | | | 9/15/2021 | 1,460,000 | 3.992% | | | |
| | | | 9/15/2022 | 1,525,000 | 5.000% | | | |
| Refunding School Bonds - Series 2012 | 2/6/2012 | 8,415,000 | 9/15/2023 | 1,545,000 | 4.000% | 8,415,000 | | 8,415,000 |
| | | | 9/15/2024 | 1,610,000 | 4.000% | | | |
| | | | 9/15/2025 | 1,685,000 | 4.000% | | | |
| | | | 9/15/2026 | 1,755,000 | 4.000% | | | |
| | | | 9/15/2027 | 1,820,000 | 4.000% | | | |
| School Refunding Bond - Series 2005 | 9/1/2005 | 2,120,000 | 9/1/2016 | 150,000 | 4.000% | 295,000 | 145,000 | 150,000 |
| | | | | | | <u>\$ 19,215,000</u> | <u>\$ 1,250,000</u> | <u>\$ 17,965,000</u> |

Exhibit I-2

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

| <u>Item</u> | <u>Interest Rate</u> | <u>Original Issue</u> | <u>Balance June 30, 2015</u> | <u>Issued</u> | <u>Matured</u> | <u>Balance June 30, 2016</u> |
|--|--------------------------|---------------------------|----------------------------------|-------------------|-------------------|----------------------------------|
| Vehicles, Technology and Security Equipment | 0.979% | \$ 871,077 | \$ 435,873 | | \$ 216,875 | \$ 218,998 |
| Vehicles, Improvements and Equipment | 1.139% | 1,567,500 | 1,199,584 | | 395,339 | 804,245 |
| Various Capital Equipment and Vehicles | 1.604% | 773,224 | | <u>\$ 773,224</u> | | <u>773,224</u> |
| | | | <u>\$ 1,635,457</u> | <u>\$ 773,224</u> | <u>\$ 612,214</u> | <u>\$ 1,796,467</u> |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 1,855,967 | | \$ 1,855,967 | \$ 1,855,967 | |
| State Sources: | | | | | |
| Debt Service State Aid Support | 43,253 | | 43,253 | 43,253 | |
| Total Revenue | <u>1,899,220</u> | | <u>1,899,220</u> | <u>1,899,220</u> | |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 751,807 | | 751,807 | 751,806 | \$ 1 |
| Redemption of Principal | <u>1,250,000</u> | | <u>1,250,000</u> | <u>1,250,000</u> | |
| Total Regular Debt Service | <u>2,001,807</u> | | <u>2,001,807</u> | <u>2,001,806</u> | 1 |
| Total Expenditures | <u>2,001,807</u> | | <u>2,001,807</u> | <u>2,001,806</u> | 1 |
| Deficit of Revenues Under Expenditures | (102,587) | | (102,587) | (102,586) | 1 |
| Fund Balance, July 1 | <u>102,588</u> | | <u>102,588</u> | <u>102,588</u> | |
| Fund Balance, June 30 | <u>\$ 1</u> | <u>\$ -0-</u> | <u>\$ 1</u> | <u>\$ 2</u> | <u>\$ 1</u> |
| <u>Recapitulation of Fund Balance:</u> | | | | | |
| Restricted for Subsequent Year's Expenditures | | | | <u>\$ 2</u> | |

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

| | June 30, | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 20,661,641 | \$ 22,886,764 | \$ 24,977,258 | \$ 26,198,886 | \$ 26,532,940 | \$ 28,602,423 | \$ 29,179,264 | \$ 30,289,965 | \$ 32,927,468 | \$ 34,700,172 |
| Restricted | 1,969,595 | 598,710 | 557,191 | 1,821,187 | 2,827,708 | 806,106 | 834,157 | 1,321,280 | 823,422 | 712,513 |
| Unrestricted/(Deficit) | (574,106) | (257,908) | (377,974) | (1,457,291) | (776,754) | (335,734) | (123,770) | (1,091,440) | (17,869,065) | (18,037,753) |
| Total Governmental Activities Net Position | <u>\$ 22,057,130</u> | <u>\$ 23,227,566</u> | <u>\$ 25,156,475</u> | <u>\$ 26,562,782</u> | <u>\$ 28,583,894</u> | <u>\$ 29,072,795</u> | <u>\$ 29,889,651</u> | <u>\$ 30,519,805</u> | <u>\$ 15,881,825</u> | <u>\$ 17,374,932</u> |
| Business-type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 1,940 | \$ 172,924 | \$ 155,161 | \$ 137,398 | \$ 122,568 | \$ 107,738 | \$ 92,908 | \$ 78,078 | \$ 89,119 | \$ 78,235 |
| Unrestricted/(Deficit) | 130,734 | 110,255 | 107,606 | 109,598 | 142,449 | 249,118 | 153,825 | 154,516 | 153,504 | 206,062 |
| Total Business-type Activities Net Position/(Deficit) | <u>\$ 132,674</u> | <u>\$ 283,179</u> | <u>\$ 262,767</u> | <u>\$ 246,996</u> | <u>\$ 265,017</u> | <u>\$ 356,856</u> | <u>\$ 246,733</u> | <u>\$ 232,594</u> | <u>\$ 242,623</u> | <u>\$ 284,297</u> |
| District-wide | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 20,663,581 | \$ 23,059,688 | \$ 25,132,419 | \$ 26,336,284 | \$ 26,655,508 | \$ 28,710,161 | \$ 29,272,172 | \$ 30,368,043 | \$ 33,016,587 | \$ 34,778,407 |
| Restricted | 1,969,595 | 598,710 | 557,191 | 1,821,187 | 2,827,708 | 806,106 | 834,157 | 1,321,280 | 823,422 | 712,513 |
| Unrestricted/(Deficit) | (443,372) | (147,653) | (270,368) | (1,347,693) | (634,305) | (86,616) | 30,055 | (936,924) | (17,715,561) | (17,831,691) |
| Total District Net Position | <u>\$ 22,189,804</u> | <u>\$ 23,510,745</u> | <u>\$ 25,419,242</u> | <u>\$ 26,809,778</u> | <u>\$ 28,848,911</u> | <u>\$ 29,429,651</u> | <u>\$ 30,136,384</u> | <u>\$ 30,752,399</u> | <u>\$ 16,124,448</u> | <u>\$ 17,659,229</u> |

Source: Jefferson School District Financial Reports

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 20,745,687 | \$ 21,441,202 | \$ 21,156,236 | \$ 21,294,150 | \$ 22,066,569 | \$ 21,450,873 | \$ 22,418,746 | \$ 22,240,036 | \$ 24,769,520 | \$ 29,871,502 |
| Special Education | 4,613,890 | 5,163,431 | 4,970,057 | 5,700,601 | 5,441,685 | 6,169,726 | 5,876,726 | 6,173,831 | 6,987,773 | 8,109,773 |
| Other Special Education | 839,133 | 691,170 | 1,392,192 | 1,286,082 | 1,152,424 | 1,149,683 | 1,224,706 | 1,138,351 | 1,483,116 | 1,742,187 |
| Other Instruction | 857,540 | 878,116 | 952,204 | 979,105 | 904,469 | 924,028 | 989,404 | 988,435 | 1,127,240 | 1,382,045 |
| Support Services: | | | | | | | | | | |
| Tuition | 2,545,819 | 2,284,066 | 1,915,384 | 2,356,722 | 2,071,907 | 3,211,400 | 3,137,916 | 3,400,450 | 3,265,227 | 2,633,093 |
| Student & Instruction Related Services | 6,932,571 | 7,480,932 | 7,590,303 | 7,869,148 | 7,755,778 | 8,948,590 | 9,644,373 | 9,641,690 | 11,032,073 | 10,027,155 |
| General Administrative Services | 1,455,590 | 1,347,808 | 1,341,823 | 1,345,111 | 1,413,725 | 1,519,865 | 2,011,524 | 1,280,889 | 1,357,670 | 1,259,968 |
| School Administrative Services | 2,305,897 | 2,274,921 | 2,208,702 | 3,472,809 | 2,727,534 | 2,793,423 | 2,531,619 | 2,615,881 | 2,929,060 | 3,813,932 |
| Central Services | 1,359,432 | 1,480,926 | 851,239 | 901,718 | 920,142 | 978,331 | 1,035,540 | 1,000,149 | 1,178,682 | 1,297,648 |
| Administrative Information Technology | | | 598,017 | 554,279 | 552,134 | 622,155 | 973,841 | 621,298 | 847,993 | 540,867 |
| Plant Operations and Maintenance | 5,865,489 | 6,216,054 | 6,121,843 | 6,371,938 | 5,620,938 | 5,725,399 | 5,694,585 | 6,517,758 | 6,579,930 | 6,050,721 |
| Pupil Transportation | 3,687,292 | 4,226,821 | 3,497,759 | 3,665,033 | 3,595,367 | 3,674,480 | 3,801,193 | 3,840,374 | 3,925,512 | 3,511,439 |
| Unallocated Depreciation | 577,828 | 379,568 | 379,568 | 379,568 | 379,568 | 379,568 | 379,568 | 379,568 | 379,568 | 469,058 |
| Unallocated Benefits | | | | | | | | | | |
| Special Schools | 48,518 | | | | | | | | | |
| Charter Schools | 17,563 | 22,606 | 52,139 | 73,341 | 64,175 | 60,051 | 42,950 | 47,458 | 94,542 | 64,130 |
| Interest on Long-term Debt | 1,204,351 | 1,190,261 | 1,150,930 | 988,417 | 1,059,787 | 794,287 | 804,503 | 759,297 | 721,896 | 680,956 |
| Capital Outlay | | | | | 114,870 | 66,803 | 94,542 | 74,710 | 58,681 | 94,542 |
| Total Governmental Activities Expenses | 53,056,600 | 55,077,882 | 54,178,396 | 57,238,022 | 55,841,072 | 58,468,662 | 60,661,736 | 60,720,175 | 66,738,483 | 71,549,016 |

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Business-type Activities: | | | | | | | | | | |
| Food Service | \$ 1,169,172 | \$ 1,312,329 | \$ 1,160,439 | \$ 1,222,759 | \$ 1,133,659 | \$ 1,056,848 | \$ 1,278,871 | \$ 1,160,071 | \$ 1,136,352 | \$ 1,179,383 |
| Total Business-type Activities Expense | 1,169,172 | 1,312,329 | 1,160,439 | 1,222,759 | 1,133,659 | 1,056,848 | 1,278,871 | 1,160,071 | 1,136,352 | 1,179,383 |
| Total District Expenses | 54,225,772 | 56,390,211 | 55,338,835 | 58,460,781 | 56,974,731 | 59,525,510 | 61,940,607 | 61,880,246 | 67,874,835 | 72,728,399 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Instruction (Tuition) | | | | | | | | 714,925 | 730,368 | 194,621 |
| Operating Grants and Contributions | 19,544,028 | 20,191,349 | 19,704,840 | 21,545,975 | 19,503,943 | 20,380,460 | 22,201,546 | 20,884,439 | 27,151,109 | 30,582,566 |
| Capital Grants and Contributions | | | | | | 75,093 | 460,430 | 97,275 | | |
| Total Governmental Activities Program Revenues | 19,544,028 | 20,191,349 | 19,704,840 | 21,545,975 | 19,503,943 | 20,455,553 | 22,661,976 | 21,696,639 | 27,881,477 | 30,777,187 |
| Business-type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Food Service | 977,792 | 990,861 | 933,859 | 847,172 | 916,339 | 863,684 | 872,197 | 842,745 | 845,742 | 895,294 |
| Operating Grants and Contributions | 223,668 | 259,560 | 204,365 | 358,034 | 234,597 | 284,587 | 269,157 | 302,821 | 300,217 | 319,548 |
| Capital Grants and Contributions | | | | | | | | | | 5,794 |
| Total Business-type Activities Program Revenues | 1,201,460 | 1,250,421 | 1,138,224 | 1,205,206 | 1,150,936 | 1,148,271 | 1,141,354 | 1,145,566 | 1,145,959 | 1,220,636 |
| Total District Program Revenues | 20,745,488 | 21,441,770 | 20,843,064 | 22,751,181 | 20,654,879 | 21,603,824 | 23,803,330 | 22,842,205 | 29,027,436 | 31,997,823 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | (33,512,572) | (34,886,533) | (34,473,556) | (35,692,047) | (36,337,129) | (38,013,109) | (37,999,760) | (39,023,536) | (38,857,006) | (40,771,829) |
| Business-type Activities | 32,288 | (61,908) | (22,215) | (17,553) | 17,277 | 91,423 | (137,517) | (14,505) | 9,607 | 41,253 |
| Total District-wide Net Expense | (33,480,284) | (34,948,441) | (34,495,771) | (35,709,600) | (36,319,852) | (37,921,686) | (38,137,277) | (39,038,041) | (38,847,399) | (40,730,576) |

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied for General Purposes, Net | \$ 31,568,517 | \$ 32,331,258 | \$ 33,624,508 | \$ 34,669,488 | \$ 35,716,268 | \$ 35,716,268 | \$ 36,579,660 | \$ 37,311,253 | \$ 38,389,377 | \$ 39,409,587 |
| Taxes Levied for Debt Service | 2,084,677 | 2,117,340 | 2,141,487 | 2,165,609 | 2,031,458 | 2,037,579 | 1,893,515 | 1,943,459 | 1,955,274 | 1,855,967 |
| Unrestricted Grants and Contributions | 134,850 | 143,439 | 386,015 | 128,851 | 402,650 | 637,788 | 89,497 | 81,429 | 134,405 | 761,653 |
| Investment Earnings | | 3,581 | 1,385 | 2,020 | 853 | 1,027 | 965 | 1,471 | 556 | 679 |
| Miscellaneous Income | 700,554 | 409,014 | 249,070 | 132,386 | 207,012 | 109,348 | 492,432 | 316,078 | 332,214 | 237,050 |
| Extraordinary Item - Adjustment to Fixed Assets | | 1,064,836 | | | | | | | | |
| Transfers | (9,775) | (12,500) | | | | | | | | |
| Total Governmental Activities | 34,478,823 | 36,056,968 | 36,402,465 | 37,098,354 | 38,358,241 | 38,502,010 | 39,056,069 | 39,653,690 | 40,811,826 | 42,264,936 |
| Business-type Activities: | | | | | | | | | | |
| Miscellaneous/Investment Earnings | 26,614 | 11,166 | 1,803 | 1,782 | 744 | 416 | 27,394 | 366 | 422 | 421 |
| Extraordinary Item - Adjustment to Fixed Assets | | 188,747 | | | | | | | | |
| Transfers | 9,775 | 12,500 | | | | | | | | |
| Total Business-type Activities | 36,389 | 212,413 | 1,803 | 1,782 | 744 | 416 | 27,394 | 366 | 422 | 421 |
| Total District-wide | 34,515,212 | 36,269,381 | 36,404,268 | 37,100,136 | 38,358,985 | 38,502,426 | 39,083,463 | 39,654,056 | 40,812,248 | 42,265,357 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | 966,251 | 1,170,435 | 1,928,909 | 1,406,307 | 2,021,112 | 488,901 | 1,056,309 | 630,154 | 1,954,820 | 1,493,107 |
| Business-type Activities | 68,677 | 150,505 | (20,412) | (15,771) | 18,021 | 91,839 | (110,123) | (14,139) | 10,029 | 41,674 |
| Total District | \$ 1,034,928 | \$ 1,320,940 | \$ 1,908,497 | \$ 1,390,536 | \$ 2,039,133 | \$ 580,740 | \$ 946,186 | \$ 616,015 | \$ 1,964,849 | \$ 1,534,781 |

Source: Jefferson School District Financial Reports

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 1,584,491 | \$ 1,186,263 | \$ 1,074,521 | \$ 2,262,262 | | | | | | |
| Unreserved/(Deficit) | 735,090 | 263,031 | 377,511 | (614,636) | | | | | | |
| Restricted | | | | | \$ 890,560 | \$ 904,290 | \$ 512,046 | \$ 1,218,693 | \$ 720,834 | \$ 712,511 |
| Assigned | | | | | 2,048,467 | 1,030,867 | 1,318,251 | 284,723 | 480,886 | 858,301 |
| Total General Fund | <u>\$ 2,319,581</u> | <u>\$ 1,449,294</u> | <u>\$ 1,452,032</u> | <u>\$ 1,647,626</u> | <u>\$ 2,939,027</u> | <u>\$ 1,935,157</u> | <u>\$ 1,830,297</u> | <u>\$ 1,503,416</u> | <u>\$ 1,201,720</u> | <u>\$ 1,570,812</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 536,060 | \$ 94,476 | \$ 96,346 | | | | | | | |
| Unreserved, Reported in: | | | | | | | | | | |
| Capital Projects Fund/(Deficit) | (507,115) | (304,632) | (451,574) | \$ (442,895) | | | | | | |
| Debt Service Fund | 67,222 | 36,408 | 9,792 | 1,820 | | | | | | |
| Restricted | | | | | | | \$ 322,111 | \$ 102,587 | \$ 102,588 | \$ 2 |
| Unassigned/(Deficit) | | | | | \$ (111,319) | \$ (98,184) | | (160,692) | (597,972) | |
| Total All Other Governmental Funds | <u>\$ 96,167</u> | <u>\$ (173,748)</u> | <u>\$ (345,436)</u> | <u>\$ (441,075)</u> | <u>\$ (111,319)</u> | <u>\$ (98,184)</u> | <u>\$ 322,111</u> | <u>\$ (58,105)</u> | <u>\$ (495,384)</u> | <u>\$ 2</u> |

Source: Jefferson School District Financial Reports

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

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 33,653,194 | \$ 34,448,598 | \$ 35,765,995 | \$ 36,835,097 | \$ 37,747,726 | \$ 37,753,847 | \$ 38,473,175 | \$ 39,254,712 | \$ 40,344,651 | \$ 41,265,554 |
| Tuition Charges | 62,847 | 78,795 | 74,047 | 48,653 | 61,608 | 40,039 | 36,908 | 75,753 | 246,096 | 193,942 |
| Interest Earnings | 271,939 | 164,368 | 43,082 | 33,489 | 18,166 | 18,846 | 8,442 | 8,702 | 6,607 | 679 |
| Miscellaneous | 365,768 | 169,432 | 133,326 | 52,263 | 128,091 | 51,490 | 448,047 | 233,094 | 80,067 | 237,729 |
| State Sources | 18,890,508 | 19,525,450 | 19,282,332 | 18,168,054 | 18,662,580 | 19,659,364 | 21,789,269 | 20,898,355 | 21,352,737 | 22,891,095 |
| Federal Sources | 788,370 | 811,695 | 808,522 | 3,506,773 | 1,244,013 | 1,433,977 | 962,204 | 879,713 | 964,701 | 946,913 |
| Total Revenue | 54,032,626 | 55,198,338 | 56,107,304 | 58,644,329 | 57,862,184 | 58,957,563 | 61,718,045 | 61,350,329 | 62,994,859 | 65,535,912 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 15,199,602 | 15,776,157 | 16,269,833 | 15,749,792 | 16,380,672 | 15,167,011 | 15,618,878 | 15,840,961 | 15,807,583 | 16,526,811 |
| Special Education Instruction | 3,276,163 | 3,672,339 | 3,710,016 | 4,154,267 | 4,283,363 | 4,281,941 | 4,019,786 | 4,300,155 | 4,316,703 | 4,096,891 |
| Other Special Instruction | 592,075 | 488,379 | 1,033,965 | 916,799 | 821,985 | 794,807 | 830,169 | 791,269 | 914,967 | 920,618 |
| Other Instruction | 674,025 | 683,618 | 766,807 | 764,994 | 703,006 | 700,567 | 740,102 | 748,526 | 776,960 | 795,666 |
| Support Services: | | | | | | | | | | |
| Tuition | 2,545,819 | 2,284,066 | 1,915,384 | 2,356,722 | 2,071,907 | 3,211,400 | 3,137,916 | 3,400,450 | 3,265,227 | 3,379,206 |
| Student & Instruction Related Services | 5,002,184 | 5,384,796 | 5,726,785 | 5,699,619 | 5,543,971 | 5,936,664 | 6,331,374 | 6,482,871 | 6,643,029 | 7,046,642 |
| General Administration | 1,002,589 | 1,142,782 | 1,162,176 | 1,129,806 | 1,002,066 | 1,096,173 | 1,571,723 | 855,718 | 846,799 | 857,398 |
| School Administrative Services | 2,008,815 | 2,109,029 | 2,151,777 | 2,186,170 | 1,993,343 | 2,124,918 | 2,130,115 | 2,143,474 | 2,214,246 | 2,281,092 |
| Central Services | 982,596 | 1,070,311 | 652,776 | 669,020 | 684,193 | 710,175 | 730,466 | 711,890 | 756,521 | 833,656 |
| Administrative Information Technology | | | 444,502 | 395,420 | 394,226 | 430,408 | 447,860 | 432,182 | 524,680 | 540,867 |
| Plant Operations and Maintenance | 4,869,776 | 5,152,236 | 5,152,611 | 5,327,493 | 4,636,873 | 4,643,740 | 4,836,978 | 5,410,850 | 4,980,629 | 5,077,553 |
| Pupil Transportation | 3,063,781 | 3,059,742 | 3,045,629 | 3,165,506 | 3,076,441 | 3,104,866 | 3,191,011 | 3,283,839 | 3,143,386 | 3,417,578 |
| Employee Benefits | 11,757,488 | 12,474,265 | 10,940,829 | 12,512,212 | 12,185,168 | 14,339,781 | 15,126,190 | 14,713,221 | 15,258,160 | 16,412,686 |
| Special Schools | 48,518 | | | | | | | | | |
| Charter Schools | 17,563 | 22,606 | 52,139 | 73,341 | 64,175 | 60,051 | 42,950 | 47,458 | 58,681 | 64,130 |
| Capital Outlay | 796,042 | 745,453 | 950,095 | 1,140,033 | 323,433 | 1,305,278 | 669,711 | 2,474,956 | 2,226,107 | 1,192,058 |
| Debt Service: | | | | | | | | | | |
| Principal | 1,020,000 | 1,070,000 | 1,150,000 | 1,195,000 | 1,010,000 | 1,245,000 | 1,110,000 | 1,160,000 | 1,210,000 | 1,250,000 |
| Interest and Other Charges | 1,226,149 | 1,190,261 | 1,150,930 | 1,108,180 | 1,066,205 | 795,518 | 867,381 | 827,106 | 790,156 | 751,806 |
| Total Expenditures | 54,083,185 | 56,326,040 | 56,276,254 | 58,544,374 | 56,241,027 | 59,948,298 | 61,402,610 | 63,624,926 | 63,733,834 | 65,444,658 |
| Excess (Deficiency) of Revenues | | | | | | | | | | |
| Over (Under) Expenditures | (50,559) | (1,127,702) | (168,950) | 99,955 | 1,621,157 | (990,735) | 315,435 | (2,274,597) | (738,975) | 91,254 |

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

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|---------------------|------------------|---------------------|---------------------|-----------------------|-----------------------|-------------------|---------------------|-------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2014 | 2015 | 2016 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| School Bonds Issued | | | | | | 21,200,000 | | | | |
| School Bonds Defeased | | | | | | (21,900,000) | | | | |
| School Bond Deferred Interest | | | | | | 959,469 | | | | |
| School Bond Issuance Costs | | | | | | 271,381 | | | | |
| School Bond Premium | | | | | | (1,930,850) | | | | |
| Transfers In | \$ 141,288 | \$ 122,343 | \$ 1,099 | \$ 724,123 | \$ 196 | \$ (224,674) | 413,345 | \$ 1,275,539 | \$ 10,563 | \$ 10,563 |
| Transfers Out | (151,063) | (134,843) | (1,099) | (724,123) | (196) | 224,674 | (413,345) | (1,275,539) | (10,563) | (10,563) |
| Capital Leases (non-budgeted) | | | | | | | 1,567,500 | | 773,224 | 773,224 |
| Total Other Financing Sources (Uses) | <u>(9,775)</u> | <u>(12,500)</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>(1,400,000)</u> | <u>-0-</u> | <u>1,567,500</u> | <u>-0-</u> | <u>773,224</u> |
| Net Change in Fund Balances | <u>\$ (60,334)</u> | <u>\$ (181,450)</u> | <u>\$ 99,955</u> | <u>\$ 1,621,157</u> | <u>\$ (990,735)</u> | <u>\$ (1,084,565)</u> | <u>\$ (2,274,597)</u> | <u>\$ 828,525</u> | <u>\$ (738,975)</u> | <u>\$ 864,478</u> |
| Debt Service as a Percentage of Noncapital Expenditures | 4.40% | 4.24% | 4.34% | 4.18% | 3.86% | 3.60% | 3.37% | 3.36% | 3.36% | 3.22% |

Source: Jefferson School District Financial Reports

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

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Tuition</u> | <u>Interest on</u> <u>Investments</u> | <u>Insurance</u> <u>Refund</u> | <u>Legal</u> <u>Settlement</u> | <u>Other</u> <u>Miscellaneous</u> | <u>Rebates/</u> <u>Refunds</u> | <u>Total</u> |
|--|----------------|--|-----------------------------------|-----------------------------------|--------------------------------------|-----------------------------------|--------------|
| 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 | 61,608 | 17,418 | | | 52,263 | | 131,289 |
| 2011 | 40,039 | 18,846 | | | 14,090 | 113,805 | 186,780 |
| 2012 | 40,039 | 18,846 | | | 15,168 | 30,281 | 104,334 |
| 2013 | 36,908 | 8,442 | | | 89,756 | 403,641 | 538,747 |
| 2014 | 75,753 | 8,702 | | | 262,382 | | 346,837 |
| 2015 | 246,096 | 6,607 | | | 80,067 | | 332,770 |
| 2016 | 194,621 | 679 | | | 237,050 | | 432,350 |

Source: Jefferson Township School District records

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

| Year Ended December 31, | Vacant Land | Residential | Farm (Qualified) | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities ^a | Net Valuation Taxable | School Tax Rate ^b | County Equalized Value |
|----------------------------|----------------|---------------|---------------------|-------------|------------|------------|----------------------------|----------------------------------|-----------------------------|------------------------------------|------------------------------|
| 2006 | 99,407,800 | 2,872,816,200 | 10,519,100 | 189,439,600 | 6,382,900 | 25,503,500 | 3,204,069,100 | 4,410,900 | 3,208,480,000 | 1.012 | 2,704,361,169 |
| 2007 | 84,932,800 | 2,912,854,700 | 9,933,700 | 191,001,800 | 6,382,900 | 24,933,900 | 3,230,039,800 | 4,321,511 | 3,234,361,311 | 1.049 | 3,050,545,857 |
| 2008 | 78,063,400 | 2,925,030,400 | 9,316,100 | 194,892,100 | 6,106,400 | 24,511,500 | 3,237,919,900 | 4,528,266 | 3,242,448,166 | 1.084 | 3,212,937,231 |
| 2009 | 78,720,300 | 2,922,411,600 | 9,316,100 | 190,321,700 | 6,106,400 | 24,511,500 | 3,231,387,600 | 4,861,616 | 3,236,249,216 | 1.133 | 3,208,402,649 |
| 2010 | 70,108,300 | 2,516,757,800 | 8,096,000 | 179,910,500 | 4,994,800 | 22,338,800 | 2,802,206,200 | 4,824,483 | 2,807,030,683 | 1.315 | 3,153,938,369 |
| 2011 | 68,136,500 | 2,520,487,700 | 7,701,800 | 178,822,800 | 4,994,800 | 22,181,800 | 2,802,325,400 | 4,824,483 | 2,807,149,883 | 1.358 | 2,978,973,732 |
| 2012 | 66,444,900 | 2,387,092,500 | 8,076,400 | 177,532,200 | 4,957,300 | 22,226,600 | 2,666,329,900 | 4,716,897 | 2,671,046,797 | 1.414 | 2,740,178,119 |
| 2013 | 57,050,000 | 2,253,149,200 | 7,380,500 | 175,968,200 | 4,876,100 | 21,576,700 | 2,520,000,700 | 4,707,731 | 2,524,708,431 | 1.587 | 2,610,466,533 |
| 2014 | 54,056,900 | 2,207,950,900 | 7,373,000 | 178,885,300 | 5,196,100 | 21,724,300 | 2,475,186,500 | 4,707,731 | 2,479,894,231 | 1.607 | 2,566,355,757 |
| 2015 | 55,693,500 | 2,233,384,000 | 7,014,000 | 184,890,200 | 5,196,100 | 22,217,400 | 2,508,395,200 | 100 | 2,508,395,300 | 1.627 | 2,614,818,405 |

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

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

Exhibit J-7

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

| Year Ended December 31, | Jefferson School District Direct Rate | | | Overlapping Rates | | Total Direct and Overlapping Tax Rate |
|----------------------------|--|---------------------------------|-----------------|-----------------------|------------------|---|
| | Basic Rate ^a | General | | Jefferson Township | Morris County | |
| | | Obligation Debt ^b | Total Direct | | | |
| 2006 | 0.938 | 0.073 | 1.011 | 0.369 | 0.210 | 1.592 |
| 2007 | 0.985 | 0.064 | 1.049 | 0.488 | 0.225 | 1.762 |
| 2008 | 1.019 | 0.065 | 1.084 | 0.463 | 0.232 | 1.779 |
| 2009 | 1.066 | 0.067 | 1.133 | 0.550 | 0.225 | 1.908 |
| 2010 | 1.244 | 0.071 | 1.315 | 0.666 | 0.256 | 2.237 |
| 2011 | 1.286 | 0.072 | 1.358 | 0.617 | 0.251 | 2.226 |
| 2012 | 1.344 | 0.070 | 1.414 | 0.669 | 0.252 | 2.335 |
| 2013 | 1.508 | 0.079 | 1.587 | 0.698 | 0.257 | 2.542 |
| 2014 | 1.529 | 0.078 | 1.607 | 0.773 | 0.264 | 2.644 |
| 2015 | 1.554 | 0.073 | 1.627 | 0.785 | 0.262 | 2.674 |

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 | 2016 | | Taxpayer | 2007 | |
|------------------------------|------------------------|--|----------|---------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value | | Taxable Assessed Value | % of Total District Net Assessed Value |
| Ridge Plaza LLC | \$ 20,321,400 | 0.82% | | | |
| City of Newark | 18,475,700 | 0.75% | | | |
| Sebastion/Parsippany, LP | 7,317,300 | 0.30% | | | |
| Gelormino Associates | 7,184,800 | 0.29% | | | |
| Seneca Gardens LLC | 6,714,900 | 0.27% | | Information Not Available | |
| Fifteen South Plaza | 5,692,400 | 0.23% | | | |
| Leifken Brothers Marinas LLC | 4,729,000 | 0.19% | | | |
| RLM Development Corp | 3,880,900 | 0.16% | | | |
| Good Kids Holdings LLC | 3,500,000 | 0.14% | | | |
| Seretis Properties LLC | 3,488,900 | 0.14% | | | |
| Total | \$ 81,305,300 | 3.28% | | | |

Source: Municipal Tax Assessor

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

| <u>Fiscal Year</u> <u>Ended June 30,</u> | <u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u> | <u>Collected within the Fiscal</u> <u>Year of the Levy^a</u> | | <u>Collections in</u> <u>Subsequent</u> <u>Years</u> |
|---|---|---|-------------------------------------|--|
| | | <u>Amount</u> | <u>Percentage</u> <u>of Levy</u> | |
| 2007 | 33,653,194 | 33,653,194 | 100.00% | -0- |
| 2008 | 34,448,598 | 34,448,598 | 100.00% | -0- |
| 2009 | 35,765,995 | 35,765,995 | 100.00% | -0- |
| 2010 | 36,835,097 | 36,835,097 | 100.00% | -0- |
| 2011 | 37,747,726 | 37,747,726 | 100.00% | -0- |
| 2012 | 38,473,175 | 38,473,175 | 100.00% | -0- |
| 2013 | 38,473,175 | 38,473,175 | 100.00% | -0- |
| 2014 | 39,254,712 | 39,254,712 | 100.00% | -0- |
| 2015 | 40,344,651 | 40,344,651 | 100.00% | -0- |
| 2016 | 41,265,554 | 41,265,554 | 100.00% | -0- |

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

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

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

| Fiscal Year Ended June 30, | Governmental Activities | | | Total District | Percentage of Personal Income ^a | Per Capita ^a |
|-------------------------------------|--------------------------------|----------------------------------|----------------|----------------|--|-------------------------|
| | General Obligation Bonds | Certificates of Participation | Capital Leases | | | |
| 2007 | 29,065,000 | | 1,725,004 | 30,133,584 | 2.19% | 1,372.02 |
| 2008 | 27,995,000 | | 1,087,396 | 29,082,396 | 1.83% | 1,352.61 |
| 2009 | 26,845,000 | | 677,795 | 27,522,795 | 1.89% | 1,276.98 |
| 2010 | 25,650,000 | | 937,694 | 26,587,694 | 1.79% | 1,247.37 |
| 2011 | 24,640,000 | | 535,453 | 25,175,453 | 1.63% | 1,174.45 |
| 2012 | 22,695,000 | | 362,695 | 23,057,695 | 1.45% | 1,072.45 |
| 2013 | 21,585,000 | | 184,273 | 21,769,273 | 1.41% | 1,010.93 |
| 2014 | 20,425,000 | | 2,218,145 | 22,643,145 | 1.47% | 1,054.00 |
| 2015 | 19,215,000 | | 1,635,457 | 20,850,457 | 1.35% | 970.56 |
| 2016 | 17,965,000 | | 1,796,467 | 19,761,467 | 1.11% | 919.39 |

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, | <u>General Bonded Debt Outstanding</u> | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|-------------------------------------|--|------------|---|--|-------------------------|
| | General Obligation Bonds | Deductions | | | |
| 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% | 1,203.38 |
| 2011 | 24,640,000 | | 24,640,000 | 0.88% | 1,149.47 |
| 2012 | 22,695,000 | | 22,695,000 | 0.81% | 1,055.58 |
| 2013 | 21,585,000 | | 21,585,000 | 0.81% | 1,002.37 |
| 2014 | 20,425,000 | | 20,425,000 | 0.81% | 950.75 |
| 2015 | 19,215,000 | | 19,215,000 | 0.77% | 894.43 |
| 2016 | 17,965,000 | | 17,965,000 | 0.72% | 835.81 |

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, 2015
UNAUDITED

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|-----------------------------|---|--|
| Debt repaid with property taxes | | | |
| Jefferson Township | \$ 17,426,304 | 100.00% | \$ 17,426,304 |
| Morris County General Obligation Debt | 226,745,317 | 0.29% | <u>655,047</u> |
| Subtotal, overlapping debt | | | 18,081,351 |
| Jefferson Township School District Direct Debt | | | <u>19,761,467</u> |
| Total direct and overlapping debt | | | <u>\$ 37,842,818</u> |

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2015

| | |
|--|--|
| | Equalized valuation basis |
| | 2015 \$ 2,614,818,305 |
| | 2014 \$ 2,609,029,725 |
| | 2013 2,605,599,152 |
| | <u>\$ 7,829,447,182</u> |
| | Average equalized valuation of taxable property <u>\$ 2,609,815,727.33</u> |
| | Debt limit (4% of average equalization value) \$ 104,392,629 a |
| | Net bonded school debt 17,965,000 |
| | <u>Legal debt margin \$ 86,427,629</u> |

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Debt limit | \$ 106,006,041 | \$ 118,045,804 | \$ 125,618,011 | \$ 127,248,254 | \$ 124,224,482 | \$ 119,767,712 | \$ 113,993,321 | \$ 109,130,287 | \$ 105,620,837 | \$ 104,392,629 |
| Total net debt applicable to limit | <u>29,065,000</u> | <u>27,995,000</u> | <u>26,845,000</u> | <u>25,650,000</u> | <u>24,640,000</u> | <u>22,695,000</u> | <u>21,585,000</u> | <u>20,425,000</u> | <u>\$ 19,215,000</u> | <u>17,965,000</u> |
| Legal debt margin | <u>\$ 76,941,041</u> | <u>\$ 90,050,804</u> | <u>\$ 98,773,011</u> | <u>\$ 101,598,254</u> | <u>\$ 99,584,482</u> | <u>\$ 97,072,712</u> | <u>\$ 92,408,321</u> | <u>\$ 88,705,287</u> | <u>\$ 86,405,837</u> | <u>\$ 86,427,629</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 27.42% | 23.72% | 21.37% | 20.16% | 19.84% | 18.95% | 18.94% | 18.72% | 18.19% | 17.21% |

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

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

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

| Year | Township Population ^a | Township Personal Income ^b | Morris County Per Capita Personal Income ^c | Township Unemployment Rate ^d |
|------|-------------------------------------|---|--|---|
| 2007 | 21,443 | 1,526,548,613 | 71,191 | 3.10% |
| 2008 | 21,501 | 1,591,611,525 | 74,025 | 4.00% |
| 2009 | 21,553 | 1,457,284,542 | 67,614 | 6.90% |
| 2010 | 21,315 | 1,488,021,465 | 69,811 | 7.00% |
| 2011 | 21,436 | 1,541,955,788 | 71,933 | 6.80% |
| 2012 | 21,500 | 1,592,225,500 | 74,057 | 7.10% |
| 2013 | 21,534 | 1,544,633,820 | 71,730 | 7.50% |
| 2014 | 21,483 | 1,540,975,590 | 71,730 | N/A |
| 2015 | 21,483 ** | 1,540,975,590 ** | 71,730 | N/A |
| 2016 | 21,494 ** | 1,779,918,140 ** | 82,810 | 5.40% |

** - Latest population data available (2015) was used for calculation purposes

N/A - Information Unavailable

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal Income has been estimated based upon the municipal population and per capita personal income presented

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

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

| Employer | 2016 | | Employer | 2007 | |
|-----------------------------|---------------|--------------------------------|---------------------------------|---------------|--------------------------------|
| | Employees | Percentage of Total Employment | | Employees | Percentage of Total Employment |
| Picatinny Arsenal | 6,090 | 2.37% | Novartis Corporation | 5,631 | N/A |
| Atlantic Health System | 4,844 | 1.88% | U.S. Army Armament R&D | 3,939 | N/A |
| Novartis | 4,749 | 1.85% | Atlantic Health System | 3,667 | N/A |
| Bayer Healthcare, LLC | 2,665 | 1.04% | Cendant Corp. | 3,006 | N/A |
| St. Clare's Health Services | 1,756 | 0.68% | Lucent Technologies | 2,539 | N/A |
| County of Morris | 1,667 | 0.65% | County of Morris | 2,268 | N/A |
| Accenture | 1,621 | 0.63% | Pfizer | 2,250 | N/A |
| Wyndham Worldwide | 1,546 | 0.60% | St. Clare's Health Services | 2,128 | N/A |
| BASF Corporation | 1,500 | 0.58% | Automated Data Processing (ADP) | 1,950 | N/A |
| Greystone Park Psychiatric | 1,244 | 0.48% | Greystone Psychiatric | 1,212 | N/A |
| Total | 27,682 | 10.77% | Total | 28,590 | |

N/A - Information is not available.

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

Source: Morris County Treasurer's Office.

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

| <u>Function/Program</u> | <u>2007</u> | <u>2008 (a)</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|--------------|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instruction | | | | | | | | | | |
| Regular | 274.0 | 270.0 | 276.0 | 278.0 | 205.5 | 209.9 | 208.4 | 222.3 | 214.0 | 208.4 |
| Special education | 2.0 | 1.0 | 1.5 | 1.0 | 56.5 | 112.5 | 41.5 | 62.1 | 64.5 | 71.3 |
| Other special education | 55.0 | 37.0 | 49.5 | 47.0 | 45.1 | | 63.4 | 66.0 | 67.0 | 83.6 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 71.0 | 66.5 | 64.5 | 70.5 | 69.0 | 69.7 | 95.9 | 70.1 | 31.5 | 39.0 |
| School administrative services | 4.0 | 29.0 | 31.0 | 26.5 | 19.0 | 24.8 | 23.3 | 23.5 | 23.5 | 24.5 |
| General and business administrative services | 29.0 | 5.0 | 19.0 | 4.5 | 4.5 | 18.6 | 4.5 | 4.1 | 20.2 | 20.2 |
| Plant operations and maintenance | 15.0 | 51.0 | 55.0 | 55.5 | 42.3 | 42.7 | 42.8 | 43.9 | 37.6 | 42.4 |
| Pupil transportation | 78.0 | 20.0 | 20.0 | 21.5 | 19.0 | 20.4 | 18.8 | 19.5 | 39.6 | 20.4 |
| Other support services | 36.0 | 12.5 | | 14.5 | 14.5 | | 15.0 | 15.0 | 44.0 | |
| Total | <u>564.0</u> | <u>492.0</u> | <u>516.5</u> | <u>519.0</u> | <u>475.4</u> | <u>498.6</u> | <u>513.6</u> | <u>526.5</u> | <u>541.9</u> | <u>509.6</u> |

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

Source: District Personnel Records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Pupil/Teacher Ratio

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil ^d | Percentage Change | Teaching Staff ^b | Elementary | Middle School | High School | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|-----------------------------|-------------------|-----------------------------|------------|---------------|-------------|---|---|--------------------------------------|-------------------------------|
| 2007 | 3,622 | 51,040,994 | 14,092 | 8.80% | 257 | 1:16 | 1:12 | 1:13 | 3,625.4 | 3,435.8 | -0.04% | 94.77% |
| 2008 | 3,623 | 53,320,326 | 14,717 | 4.44% | 262 | 1:16 | 1:12 | 1:12 | 3,613.1 | 3,471.6 | -0.34% | 96.08% |
| 2009 | 3,617 | 53,830,252 | 14,883 | 1.12% | 265 | 1:16 | 1:12 | 1:10 | 3,602.3 | 3,428.9 | -0.30% | 95.19% |
| 2010 | 3,577 | 55,101,161 | 15,404 | 3.51% | 279 | 1:15 | 1:10 | 1:12 | 3,576.4 | 3,409.1 | -0.72% | 95.32% |
| 2011 | 3,540 | 53,841,389 | 15,209 | -1.26% | 262 | 1:15 | 1:11 | 1:14 | 3,537.3 | 3,373.0 | -1.09% | 95.36% |
| 2012 | 3,464 | 56,602,502 | 16,340 | 7.43% | 266 | 1:15 | 1:12 | 1:11 | 3,462.7 | 3,307.6 | -2.11% | 95.52% |
| 2013 | 3,446 | 58,755,518 | 17,050 | 4.35% | 249 | 1:17 | 1:11 | 1:12 | 3,339.9 | 3,179.7 | -3.55% | 95.20% |
| 2014 | 3,352 | 59,162,864 | 17,650 | 3.52% | 284 | 1:19 | 1:13 | 1:13 | 3,285.4 | 3,145.6 | -1.63% | 95.74% |
| 2015 | 3,245 | 59,507,571 | 18,338 | 3.90% | 279 | 1:15 | 1:10 | 1:10 | 3,208.8 | 3,062.5 | -2.33% | 95.44% |
| 2016 | 3,158 | 62,250,794 | 19,712 | 7.49% | 267 | 1:13 | 1:11 | 1:11 | 3,073.7 | 2,940.8 | -4.21% | 95.68% |

Sources: Jefferson Township School District records

Note: Enrollment based on annual October district count.

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| District Building | | | | | | | | | | |
| Ellen T. Briggs School (1955) | | | | | | | | | | |
| Square Feet | 33,828 | 33,828 | 33,828 | 33,828 | 33,828 | 33,828 | 33,828 | 33,828 | 33,828 | 33,828 |
| Capacity (students) | 270.62 | 270.62 | 270.62 | 270.62 | 270.62 | 270.62 | 270.62 | 270.62 | 270.62 | 270.62 |
| Enrollment | 258 | 261 | 256 | 256 | 390 | 393 | 393 | 328 | 313 | 288 |
| Cozy Lake School (1962) | | | | | | | | | | |
| Square Feet | 35,776 | 35,776 | 35,776 | 35,776 | 35,776 | 35,776 | 35,776 | 35,776 | 35,776 | 35,776 |
| Capacity (students) | 286.21 | 286.21 | 286.21 | 286.21 | 286.21 | 286.21 | 286.21 | 286.21 | 386.21 | 386.21 |
| Enrollment | 288 | 283 | 280 | 280 | 245 | 247 | 247 | 241 | 234 | 206 |
| Drummond School (1950) | | | | | | | | | | |
| Square Feet | 12,144 | 12,144 | 12,144 | 12,144 | | | | | | |
| Capacity (students) | 97.15 | 97.15 | 97.15 | 97.15 | | | | | | |
| Enrollment | 109 | 121 | 131 | 131 | | | | | | |
| Milton School (1950) | | | | | | | | | | |
| Square Feet | 22,052 | 22,052 | 22,052 | 22,052 | 22,052 | 22,052 | 22,052 | 22,052 | 22,052 | 22,052 |
| Capacity (students) | 176.42 | 176.42 | 176.42 | 176.42 | 176.42 | 176.42 | 176.42 | 176.42 | 176.42 | 176.42 |
| Enrollment | 176 | 203 | 179 | 179 | 186 | 138 | 138 | 148 | 157 | 159 |
| Stanlick School (1962) | | | | | | | | | | |
| Square Feet | 65,304 | 65,304 | 65,304 | 65,304 | 65,304 | 65,304 | 65,304 | 65,304 | 65,304 | 65,304 |
| Capacity (students) | 453.60 | 453.60 | 453.60 | 453.60 | 453.60 | 453.60 | 453.60 | 453.60 | 453.60 | 453.60 |
| Enrollment | 380 | 363 | 388 | 388 | 380 | 382 | 382 | 381 | 368 | 345 |
| White Rock School (1969) | | | | | | | | | | |
| Square Feet | 65,684 | 65,684 | 65,684 | 65,684 | 65,684 | 65,684 | 65,684 | 65,684 | 65,684 | 65,684 |
| Capacity (students) | 424.80 | 424.80 | 424.80 | 424.80 | 424.80 | 424.80 | 424.80 | 424.80 | 424.80 | 424.80 |
| Enrollment | 424 | 415 | 439 | 439 | 426 | 425 | 425 | 380 | 382 | 388 |
| Middle School (1969) | | | | | | | | | | |
| Square Feet | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 |
| Capacity (students) | 653.40 | 653.40 | 653.40 | 653.40 | 653.40 | 653.40 | 653.40 | 653.40 | 653.40 | 653.40 |
| Enrollment | 877 | 866 | 825 | 825 | 807 | 810 | 810 | 813 | 788 | 765 |
| High School (1962) | | | | | | | | | | |
| Square Feet | 235,851 | 235,851 | 235,851 | 235,851 | 235,851 | 235,851 | 235,851 | 235,851 | 235,851 | 235,851 |
| Capacity (students) | 1,264.80 | 1,264.80 | 1,264.80 | 1,264.80 | 1,264.80 | 1,264.80 | 1,264.80 | 1,264.80 | 1,264.80 | 1,264.80 |
| Enrollment | 1,110 | 1,113 | 1,108 | 1,108 | 1,190 | 1,069 | 1,069 | 1,004 | 1,003 | 1,007 |
| Other | | | | | | | | | | |
| Administration Building | | | | | | | | | | |
| Square Feet | 4,846 | 4,846 | 4,846 | 4,846 | 4,846 | 12,144 | 12,144 | 12,144 | 12,144 | 12,144 |
| Transportation | | | | | | | | | | |
| Square Feet | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| Maintenance Offices | | | | | | | | | | |
| Square Feet | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |

Number of Schools at June 30, 2016

Elementary = 5
Middle School = 1
High School = 1

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

Source: Jefferson Township School District Facilities Office

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

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

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

| School Facilities | Projects # | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------------|------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Jefferson Township High School | N/A | \$ 497,623 | \$ 479,578 | \$ 454,764 | \$ 473,758 | \$ 371,300 | \$ 338,706 | \$ 388,707 | \$ 486,669 | \$ 507,645 | \$ 827,769 |
| Arthur Stanlick School | N/A | 150,271 | 138,732 | 121,450 | 90,689 | 60,724 | 55,393 | 78,819 | 79,592 | 83,023 | 172,213 |
| Drummond School | N/A | 27,944 | 27,259 | 22,580 | 80,767 | | | | | | |
| Cozy Lake School | N/A | 82,324 | 88,177 | 133,482 | 150,932 | 101,061 | 92,190 | 175,727 | 132,462 | 138,171 | 99,518 |
| Ellen T. Briggs School | N/A | 77,841 | 74,119 | 60,390 | 105,290 | 70,500 | 64,311 | 39,084 | 92,406 | 96,389 | 85,059 |
| Jefferson Township Middle School | N/A | 194,663 | 275,787 | 120,765 | 202,498 | 135,589 | 123,687 | 99,035 | 177,719 | 185,379 | 205,606 |
| Milton School | N/A | 50,744 | 66,917 | 46,358 | 34,032 | 22,787 | 20,787 | 67,053 | 29,867 | 31,154 | 158,932 |
| White Rock School | N/A | 151,145 | 142,808 | 174,214 | 245,918 | 164,662 | 150,207 | 164,938 | 215,825 | 225,127 | 175,864 |
| | | <u>\$ 1,232,555</u> | <u>\$ 1,293,377</u> | <u>\$ 1,134,003</u> | <u>\$ 1,383,884</u> | <u>\$ 926,623</u> | <u>\$ 845,281</u> | <u>\$ 1,013,363</u> | <u>\$ 1,214,540</u> | <u>\$ 1,266,888</u> | <u>\$ 1,724,961</u> |

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

Source: Jefferson Township School District records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-----------------|-------------------|
| School Alliance Insurance Fund: | | |
| Property blanket building and contents replacement cost value | \$ 250,000,000 | \$ 1,000 |
| School Alliance Insurance Fund: | | |
| Storage tank system third party liability and cleanup policy | | |
| Each occurrence | 1,000,000 | 5,000 |
| Annual aggregate | 2,000,000 | |
| School Alliance Insurance Fund: | | |
| General Liability | | |
| Each Occurrence | 1,000,000 | |
| General Aggregate | 3,000,000 | |
| Prod/Completed Operating | 3,000,000 | |
| Personal Injury | 1,000,000 | |
| Fire Damage | 100,000 | |
| Medical Expense Limit (Excluding students) | 5,000 | |
| Employee Benefit Liability | 1,000,000 | 1,000 |
| Aggregate | 3,000,000 | |
| School Alliance Insurance Fund: | | |
| Automotive Coverage | | |
| Combined Single Limit | 5,000,000 | |
| Hired/Non-Owned | 1,000,000 | |
| Uninsured & Underinsured | 1,000,000 | |
| Each Accident | 1,000,000 | |
| Hired Automotive Physical Damage | 40,000 | |
| School Alliance Insurance Fund: | | |
| Inland Marine | | |
| Electronic Data Processing Equipment | 1,674,316 | |
| Property in Transit | 161,231 | 500 |
| Miscellaneous School Equipment | 500,000 | 500 |
| Miscellaneous Musical Instruments | 500,000 | 500 |
| Cameras - Miscellaneous | 50,000 | 500 |
| Fine Arts Unscheduled Property | 10,000 | 500 |
| Utility Vehicle | 10,932 | 500 |
| Liquid Cooled Riding Mower | 9,759 | 500 |

Source: Jefferson Township School District Records.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED

| | <u>Coverage</u> | <u>Deductible</u> |
|---|-----------------|-------------------|
| School Alliance Insurance Fund: | | |
| Crime Coverage | | |
| Employee Dishonesty with Faithful Performance | \$ 50,000 | \$ 1,000 |
| Theft, Disappearance & Distruction | | |
| Inside and Out | 50,000 | |
| Robbery & Safe Burglary Property other | | |
| than Money & Securities-Inside & Out | | 1,000 |
| School Alliance Insurance Fund: | | |
| Abuse Molestation | 1,000,000 | |
| Aggregate | 3,000,000 | |
| School Alliance Insurance Fund: | | |
| Catastrophe Liability Coverage | | |
| Occurrence Limit | 10,000,000 | |
| Aggregate Limit | 10,000,000 | |
| School Alliance Insurance Fund: | | |
| Board of Education | | |
| Liability Wrongful Acts Coverage | | |
| Each Loss | 1,000,000 | 2,500 |
| Aggregate | 1,000,000 | 2,500 |
| Non-Monetary Defense Limit | 100,000 | |
| Life Insurance Policy of North America | | |
| Student Accident - Voluntary Program | | |
| Benefit Period 2 years | 5,000,000 | |
| Travelers Casualty & Surety Co. of America | | |
| Fidelity Bonds | | |
| Treasurer of School Monies | 300,000 | |
| School Business Administrator/ Board Secretary | 300,000 | |
| Pooled Insurance Program of NJ | | |
| Worker's Compensation | | |
| Covered Payrolls - Professional | 29,556,070 | |
| Covered Payrolls - Non-Professional | 3,437,314 | |

SINGLE AUDIT SECTION



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Lawrence Business Center
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973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Jefferson Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 15, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

October 15, 2016
Mount Arlington, New Jersey


NISIVOCCIA LLP



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



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Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Jefferson Township School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

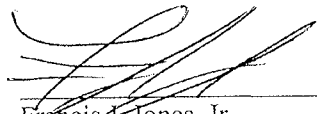
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of Uniform Guidance and NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

October 15, 2016
Mount Arlington, New Jersey


NISIVOCCIA LLP


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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| Federal Grantor/Pass Through Grantor/Program Title/Cluster Title | Federal CFDA Number | Grant or State Project Number | Grant Period | Award Amount | Balance Unearned Revenue/ (Accounts Receivable) 6/30/15 | Carryover Amount | Cash Received | Budgetary Expenditures | Cancellation of Prior Years' Receivables | Repayment of Prior Years' Balance | Balance 6/30/16 | | Due to Grantor 6/30/16 |
|---|---------------------------|-------------------------------------|-----------------|-----------------|--|---------------------|------------------|---------------------------|--|--|------------------------|---------------------|------------------------------|
| | | | | | | | | | | | Accounts Receivable | Unearned Revenue | |
| U.S. Department of Agriculture | | | | | | | | | | | | | |
| Passed-through State Department of Agriculture: | | | | | | | | | | | | | |
| Child Nutrition Cluster: | | | | | | | | | | | | | |
| Federal Food Distribution Program | 10.555 | N/A | 7/1/14-6/30/15 | \$ 57,995 | \$ 6,393 | | | \$ (6,393) | | | | | |
| Federal Food Distribution Program | 10.555 | N/A | 7/1/15-6/30/16 | 64,638 | | | \$ 64,633 | (58,245) | | | | \$ 6,388 | |
| Total Food Distribution Program | | | | | 6,393 | | 64,633 | (64,638) | | | | 6,388 | |
| School Breakfast Program | 10.553 | N/A | 7/1/14-6/30/15 | 23,828 | (2,241) | | 2,241 | | | | | | |
| School Breakfast Program | 10.553 | N/A | 7/1/15-6/30/16 | 22,922 | | | 20,690 | (22,922) | | | \$ (2,232) | | |
| National School Lunch Program | 10.555 | N/A | 7/1/14-6/30/15 | 205,970 | (16,191) | | 16,191 | | | | | | |
| National School Lunch Program | 10.555 | N/A | 7/1/15-6/30/16 | 221,403 | | | 203,062 | (221,403) | | | (18,341) | | |
| Special Milk Program | 10.556 | N/A | 7/1/14-6/30/15 | 4,827 | (377) | | 377 | | | | | | |
| Total Child Nutrition Cluster | | | | | (18,809) | | 242,561 | (244,325) | | | (20,573) | | |
| Total U.S. Department of Agriculture | | | | | (12,416) | | 307,194 | (308,963) | | | (20,573) | 6,388 | |
| Passed-through State Department of Education: | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | |
| U.S. Department of Health and Human Services: | | | | | | | | | | | | | |
| Medicaid Reimbursement | 93.778 | N/A | 7/1/15-6/30/16 | 40,552 | | | 37,583 | (40,552) | | | (2,969) | | |
| Total General Fund | | | | | | | 37,583 | (40,552) | | | (2,969) | | |
| Special Revenue Fund: | | | | | | | | | | | | | |
| U.S. Department of Education: | | | | | | | | | | | | | |
| No Child Left Behind Consolidated Grant: | | | | | | | | | | | | | |
| Title IIA | 84.367 | NCLB552016 | 7/1/15-6/30/16 | 58,019 | | | 30,450 | (58,019) | | | (27,569) | | |
| Title IIA | 84.367 | NCLB552015 | 7/1/14-6/30/15 | 58,833 | (23,543) | | 23,543 | | | | | | |
| Total Title IIA | | | | | (23,543) | | 53,993 | (58,019) | | | (27,569) | | |
| Title I | 84.010 | NCLB552016 | 7/1/15-6/30/16 | 102,599 | | | 54,633 | (102,229) | | | (47,596) | | |
| Title I | 84.010 | NCLB552015 | 7/1/14-6/30/15 | 87,309 | (28,403) | | 28,403 | | | | | | |
| Total Title I | | | | | (28,403) | | 83,036 | (102,229) | | | (47,596) | | |
| Special Education Cluster: | | | | | | | | | | | | | |
| U.S. Department of Education: | | | | | | | | | | | | | |
| I.D.E.A. Part B, Basic | 84.027 | FT-5520-16 | 7/1/15-6/30/16 | 715,405 | | | 693,341 | (715,405) | | | (22,064) | | |
| I.D.E.A. Part B, Preschool | 84.173 | FT-5520-16 | 7/1/15-6/30/16 | 30,708 | | | 30,708 | (30,708) | | | | | |
| Total Special Education Cluster | | | | | | | 724,049 | (746,113) | | | (22,064) | | |
| Total Special Revenue Fund/U.S. Department of Education | | | | | (51,946) | | 861,078 | (906,361) | | | (97,229) | | |
| Total Federal Awards | | | | | \$ (64,362) | \$ -0- | \$ 1,205,855 | \$ (1,255,876) | \$ -0- | \$ -0- | \$ (120,771) | \$ 6,388 | \$ -0- |

N/A: Not Available/Applicable

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Budgetary | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Receivable Cancelled | Balance 6/30/16 | | Memo | |
|---|-------------------------------|------------------|---------------|--------------------------------------|------------------------------------|-------------------|---------------------------|-------------------------|----------------------------------|----------------------------------|-------------------------|-------------------------------------|
| | | | | (Accounts Receivable) 06/30/15 | | | | | GAAP (Accounts Receivable) | Budgetary Unearned Revenue | Budgetary Receivable | Cumulative Total Expenditures |
| General Fund | | | | | | | | | | | | |
| NJ Department of Education: | | | | | | | | | | | | |
| Equalization Aid | 16-495-034-5120-078 | 7/1/15 - 6/30/16 | \$ 12,431,553 | | | \$11,210,609 | \$(12,431,553) | | | | \$ 1,220,944 | \$ 12,431,553 |
| Transportation Aid | 16-495-034-5120-014 | 7/1/15 - 6/30/16 | 418,875 | | | 377,736 | (418,875) | | | | 41,139 | 418,875 |
| Special Education Aid | 16-495-034-5120-089 | 7/1/15 - 6/30/16 | 2,137,733 | | | 1,927,779 | (2,137,733) | | | | 209,954 | 2,137,733 |
| Security Aid | 16-495-034-5120-084 | 7/1/15 - 6/30/16 | 303,337 | | | 273,545 | (303,337) | | | | 29,792 | 303,337 |
| Additional Adjustment Aid | 16-495-034-5120-085 | 7/1/15 - 6/30/16 | 466,287 | | | 420,491 | (466,287) | | | | 45,796 | 466,287 |
| PARCC Readiness Aid | 16-495-034-5120-098 | 7/1/15 - 6/30/16 | 31,800 | | | 28,677 | (31,800) | | | | 3,123 | 31,800 |
| Per Pupil Growth Aid | 16-495-034-5120-097 | 7/1/15 - 6/30/16 | 31,800 | | | 28,677 | (31,800) | | | | 3,123 | 31,800 |
| Non-Public Transportation Aid | 16-495-034-5120-014 | 7/1/15 - 6/30/16 | 32,868 | | | | (32,868) | | \$ (32,868) | | 32,868 | 32,868 |
| Extraordinary Aid | 16-100-034-5120-473 | 7/1/15 - 6/30/16 | 360,912 | | | | (360,912) | | (360,912) | | 360,912 | 360,912 |
| Homeless Tuition | N/A | 7/1/15-6/30/16 | 7,662 | | | | (7,662) | | (7,662) | | 7,662 | |
| Reimbursed TPAF Social Security Contributions | 16-495-034-5095-002 | 7/1/15 - 6/30/16 | 1,700,502 | | | 1,700,502 | (1,700,502) | | | | | 1,700,502 |
| Equalization Aid | 15-495-034-5120-078 | 7/1/14 - 6/30/15 | 12,431,553 | \$ (1,219,419) | | 1,219,419 | | | | | | 12,431,553 |
| Transportation Aid | 15-495-034-5120-014 | 7/1/14 - 6/30/15 | 418,875 | (41,088) | | 41,088 | | | | | | 418,875 |
| Special Education Aid | 15-495-034-5120-089 | 7/1/14 - 6/30/15 | 2,137,733 | (209,692) | | 209,692 | | | | | | 2,137,733 |
| Security Aid | 15-495-034-5120-084 | 7/1/14 - 6/30/15 | 303,337 | (29,755) | | 29,755 | | | | | | 303,337 |
| Additional Adjustment Aid | | 7/1/14 - 6/30/15 | 466,287 | (45,738) | | 45,738 | | | | | | 466,287 |
| PARCC Readiness Aid | 15-495-034-5120-098 | 7/1/14 - 6/30/15 | 31,800 | (3,119) | | 3,119 | | | | | | 31,800 |
| Per Pupil Growth Aid | 15-495-034-5120-097 | 7/1/14 - 6/30/15 | 31,800 | (3,119) | | 3,119 | | | | | | 31,800 |
| Non-Public Transportation Aid | 15-495-034-5120-014 | 7/1/14 - 6/30/15 | 28,787 | (28,787) | | 28,787 | | | | | | 28,787 |
| Extraordinary Aid | 15-100-034-5120-473 | 7/1/14 - 6/30/15 | 267,403 | (267,403) | | 267,403 | | | | | | 267,403 |
| Reimbursed TPAF Social Security Contributions | 15-495-034-5095-002 | 7/1/14 - 6/30/15 | 1,777,040 | (87,496) | | 87,496 | | | | | | 1,777,040 |
| Total General Fund State Aid | | | | (1,935,616) | | 17,903,632 | (17,923,329) | | (401,442) | | 1,955,313 | 35,810,282 |
| Debt Service Aid Type II | 16-100-034-5120-124 | 7/1/15 - 6/30/16 | 43,253 | | | 43,253 | (43,253) | | | | | 43,253 |
| Total Debt Service Aid | | | | | | 43,253 | (43,253) | | | | | 43,253 |
| Total NJ Department of Education | | | | (1,935,616) | | 17,946,885 | (17,966,582) | | (401,442) | | 1,955,313 | 35,853,535 |
| New Jersey Department of Agriculture: | | | | | | | | | | | | |
| Food Service Fund: | | | | | | | | | | | | |
| School Lunch Program - State | 16-100-010-3350-023 | 7/1/15 - 6/30/16 | 10,585 | | | 9,743 | (10,585) | | | | 842 | 10,585 |
| School Lunch Program - State | 15-100-010-3350-023 | 7/1/14 - 6/30/15 | 10,456 | (1,050) | | 1,050 | | | | | | 10,456 |
| Total NJ Department of Agriculture | | | | (1,050) | | 10,793 | (10,585) | | | | 842 | 21,041 |

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Budgetary | Carryover/ (Walkover) Amount | Cash Received | Budgetary Expenditures | Grant Receivable Cancelled | Balance 6/30/16 | | Memo | |
|--|-------------------------------|------------------|--------------|--------------------------------|------------------------------------|---------------|------------------------|----------------------------|----------------------------|----------------------------|----------------------|-------------------------------|
| | | | | (Accounts Receivable) 06/30/15 | | | | | GAAP (Accounts Receivable) | Budgetary Unearned Revenue | Budgetary Receivable | Cumulative Total Expenditures |
| NJ Schools Development Authority: | | | | | | | | | | | | |
| Capital Projects Fund: | | | | | | | | | | | | |
| High School Backup Generator Project | 2380-020-14-1003 | 7/1/14 - 6/30/15 | \$ 162,575 | \$ (162,575) | | 162,575 | | | | | | \$ 162,575 |
| Stanlick School Partial Roof Replacement Project | 2380-028-14-1005 | 7/1/14 - 6/30/15 | 52,846 | (52,846) | | 52,846 | | | | | | 52,846 |
| High School Water Tank Replacement Project | 2380-020-14-1002 | 7/1/14 - 6/30/15 | 59,280 | (59,280) | | 59,280 | | | | | | 59,280 |
| High School Partial Roof Replacement Project | 2380-020-14-1004 | 7/1/14 - 6/30/15 | 78,213 | (78,213) | | 70,280 | | (7,933) | | | | 78,213 |
| Cozy Lake Partial Roof Replacement Project | 2380-033-14-1006 | 7/1/14 - 6/30/15 | 75,640 | (75,640) | | 71,691 | | (3,949) | | | | 75,640 |
| Cozy Lake Boiler Replacement Project | 2380-033-14-1007 | 7/1/14 - 6/30/15 | 283,150 | (283,150) | | 147,191 | | (135,959) | | | | 283,150 |
| Ellen T. Briggs Partial Roof Replacement Project | 2380-040-14-1008 | 7/1/14 - 6/30/15 | 43,520 | (43,520) | | 36,785 | | (6,735) | | | | 43,520 |
| Middle School Partial Roof Replacement Project | 2380-045-14-1009 | 7/1/14 - 6/30/15 | 77,200 | (77,200) | | 77,200 | | | | | | 77,200 |
| Total NJ Schools Development Authority | | | | (832,424) | | 677,848 | | (154,576) | | | | 832,424 |
| Total State Awards | | | | \$ (2,769,090) | \$ -0- | \$18,592,273 | \$ (17,933,914) | \$ (154,576) | \$ (401,442) | \$ -0- | \$ 1,956,155 | \$ 36,707,000 |

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, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Jefferson Township School District Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 2. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. 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 (\$1,941) for the general fund, and \$677,848 for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue, and capital projects funds. The schedule of expenditures of state awards does not include the on-behalf Pension Contributions and Post-Retirement Medical Benefits of \$1,942,860 and \$2,313,408 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, 2016
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|--------------------------------|---------------------|---------------------|---------------------|
| General Fund | \$ 40,552 | \$ 22,169,994 | \$22,210,546 |
| Special Revenue Fund | 906,361 | | 906,361 |
| Debt Service Fund | | 43,253 | 43,253 |
| Enterprise Fund - Food Service | 308,963 | 10,585 | 319,548 |
| Total Awards | <u>\$ 1,255,876</u> | <u>\$22,223,832</u> | <u>\$23,479,708</u> |

NOTE 5. 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 6. SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

During fiscal year end June 30, 2014, the District was awarded \$832,424 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act for roofing and other projects throughout District schools. As of June 30, 2016, reimbursement requests have been submitted and recieved.

NOTE 7. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. 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, 2016

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following awards:

| | <u>State Grant Number/ CFDA Number</u> | <u>Grant Period</u> | <u>Award Amount</u> | <u>Budgetary Expenditures</u> |
|---------------------------------|--|---------------------|-------------------------|-----------------------------------|
| <u>State:</u> | | | | |
| Equalization Aid | 16-495-034-5120-078 | 7/1/15-6/30/16 | \$ 12,431,553 | \$12,431,553 |
| Special Education Aid | 16-495-034-5120-089 | 7/1/15-6/30/16 | 2,137,733 | 2,137,733 |
| Security Aid | 16-495-034-5120-084 | 7/1/15-6/30/16 | 303,337 | 303,337 |
| Additional Adjustment Aid | 16-495-034-5120-085 | 7/1/15-6/30/16 | 466,287 | 466,287 |
| PARCC Readiness Growth Aid | 16-495-034-5120-098 | 7/1/15-6/30/16 | 31,800 | 31,800 |
| Per Pupil Growth Aid | 16-495-034-5120-097 | 7/1/15-6/30/16 | 31,800 | 31,800 |
| Reimbursed TPAF Social Security | 16-495-034-5095-002 | 7/1/15-6/30/16 | 1,700,502 | 1,700,502 |
| <u>Federal:</u> | | | | |
| Special Education Cluster | | | | |
| I.D.E.A. Part B - Preschool | 84.173 | 7/1/15-6/30/16 | 30,708 | 30,708 |
| I.D.E.A. Part B - Basic | 84.027 | 7/1/15-6/30/16 | 715,405 | 715,405 |

- The threshold used for distinguishing between Type A and Type B programs was \$750,000 for federal and state grants.
- The District was determined to be a "low-risk" auditee under the provisions of section 530 of the federal Circular for both federal and state programs.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

The District had no prior year audit findings.