

**SCHOOL DISTRICT  
OF  
JEFFERSON TOWNSHIP**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual  
Financial Report**

**of the**

**Jefferson Township School District**

**Jefferson Township, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

**Prepared by**

**Jefferson Township School District  
Business Office**

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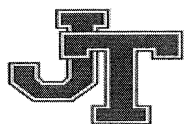
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INTRODUCTORY SECTION



## Jefferson Township Board of Education

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

*Superintendent of Schools*  
*Patrick Tierney, Ed.D.*

*Business Administrator*  
*Dora E. Zeno, RSBA*  
[DZeno@jefftwp.org](mailto:DZeno@jefftwp.org)

*Assistant Superintendent of Schools*  
*Jeanne Howe*

*Assistant Business Administrator*  
*Rita Giacchi*  
[RGiacchi@jefftwp.org](mailto:RGiacchi@jefftwp.org)

October 15, 2017

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, 2017, 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 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 Pre-K through 12. These include regular as well as special education for handicapped youngsters. The District completed the 2016-17 fiscal year with an enrollment of 3,126 students, which is a decrease of 35 students from the previous year's enrollment.

## 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 2016-2017 school year for the 2015-2016 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.

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, 2017.

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:

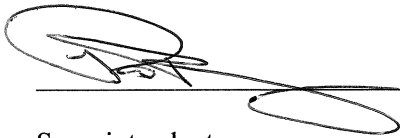
The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees risk management for the District. A schedule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

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.

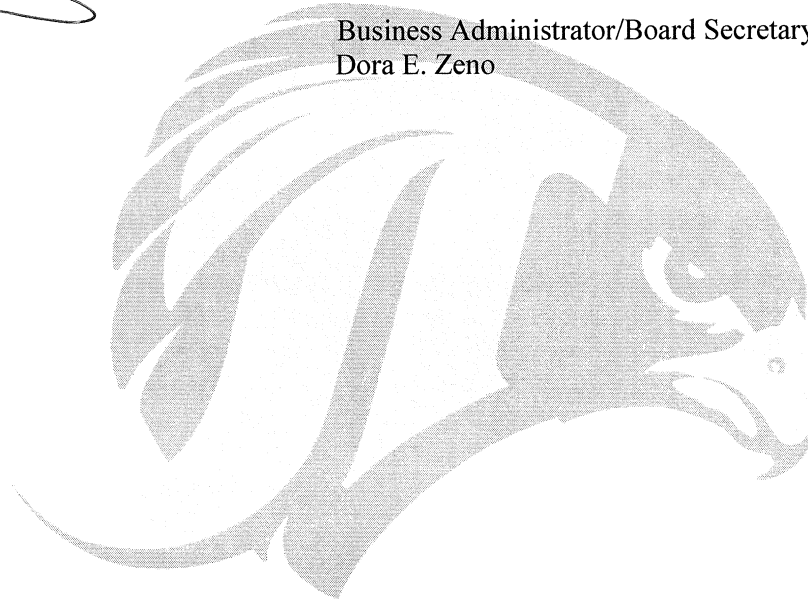
Respectfully submitted,

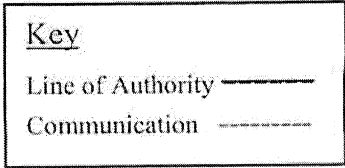
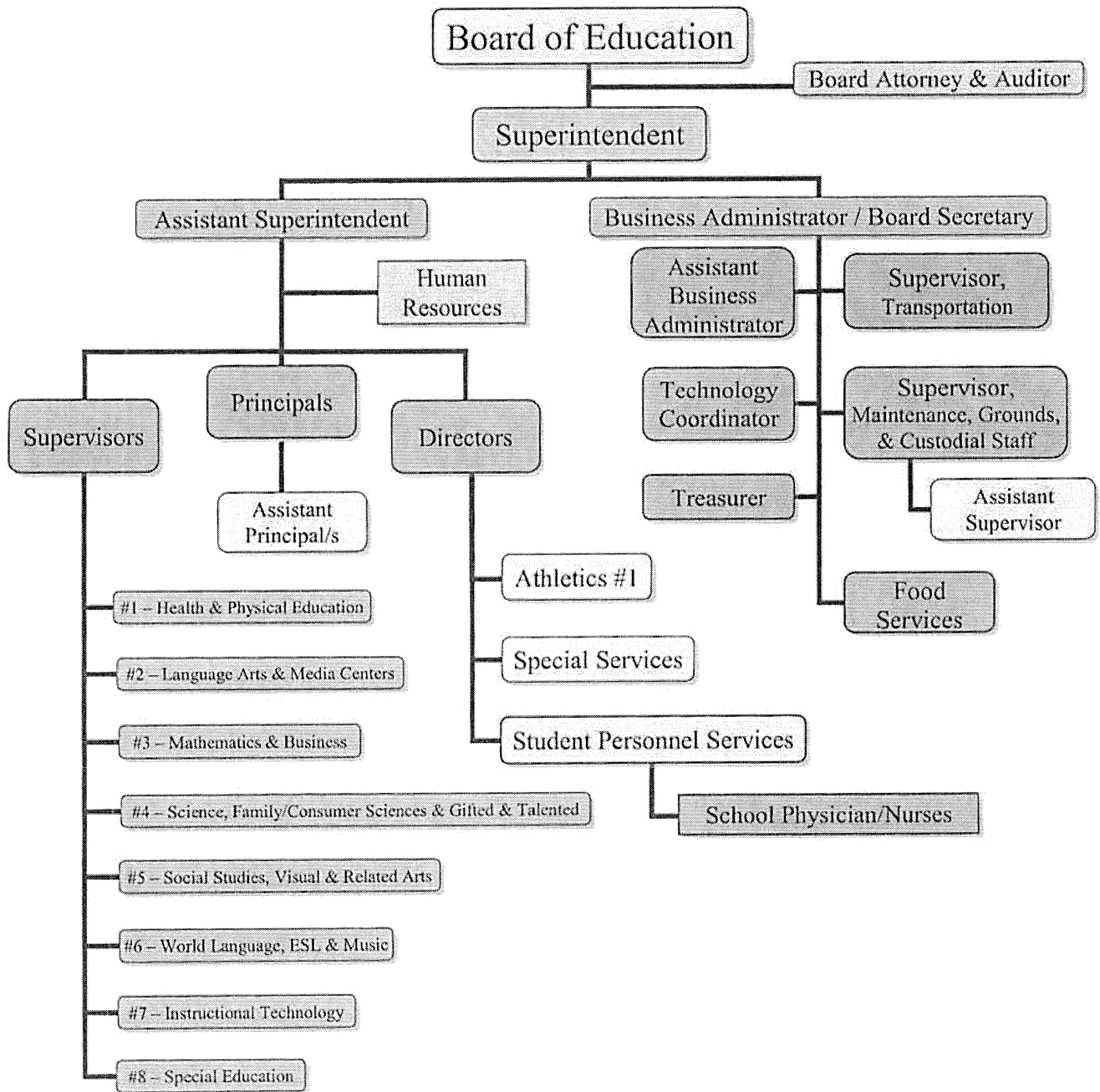


Superintendent  
Patrick Tierney, Ed.D.



Business Administrator/Board Secretary  
Dora E. Zeno





**TOWNSHIP OF JEFFERSON BOARD OF EDUCATION  
LAKE HOPATCONG, NEW JERSEY  
ROSTER OF OFFICIALS  
JUNE 30, 2017**

<b><u>Members of the Board of Education</u></b>		<b><u>Term Expires</u></b>
Mrs. Jill Van Ness	President	2018
Mrs. Stacey Poulas	Vice President	2017
Mr. Frank J. Cuccio	Member	2017
Mrs. Amy Gould	Member	2018
Mr. Matthew Millar	Member	2019
Mrs. Adele Wildermuth	Member	2019
Mrs. Melissa Senatore	Member	2018
Mr. Michael Stewart	Member	2019
Mr. H. Ronald Smith (Resigned May, 2017)	Member	2017

**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**

**Bond Counsel**

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75 Roseland Avenue, Ste. 201  
Livingston, NJ 07068

**Audit Firm**

Nisivoccia LLP  
Mount Arlington Corporate Center  
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Mt. Arlington, New Jersey 07856-1320

**Attorneys**

Schwartz, Simon, Edelstein & Celso LLP  
100 South Jefferson Road, Suite 200  
Whippany, New Jersey 07981

**Insurance Agent**

The Morville Agency  
55 Newton Sparta Road # 102  
Newton, NJ 07860

**Official Depositories**

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

FINANCIAL SECTION

## 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, 2017, 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.

### ***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 District, as of June 30, 2017, 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  
Page 3


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, 2017 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, 2017  
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, 2017. 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 decreased by \$264,548 or 1.50%. Net position of governmental activities decreased \$238,596 while net position of business-type activities decreased by \$25,952.
- Revenues totaled \$79,270,614 for this fiscal year.
- The District had \$78,283,565 in expenses related to governmental activities. Expenses relating to business-type activities totaled \$1,251,597.
- The District continued to pay down its debt by retiring \$1,310,000 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**

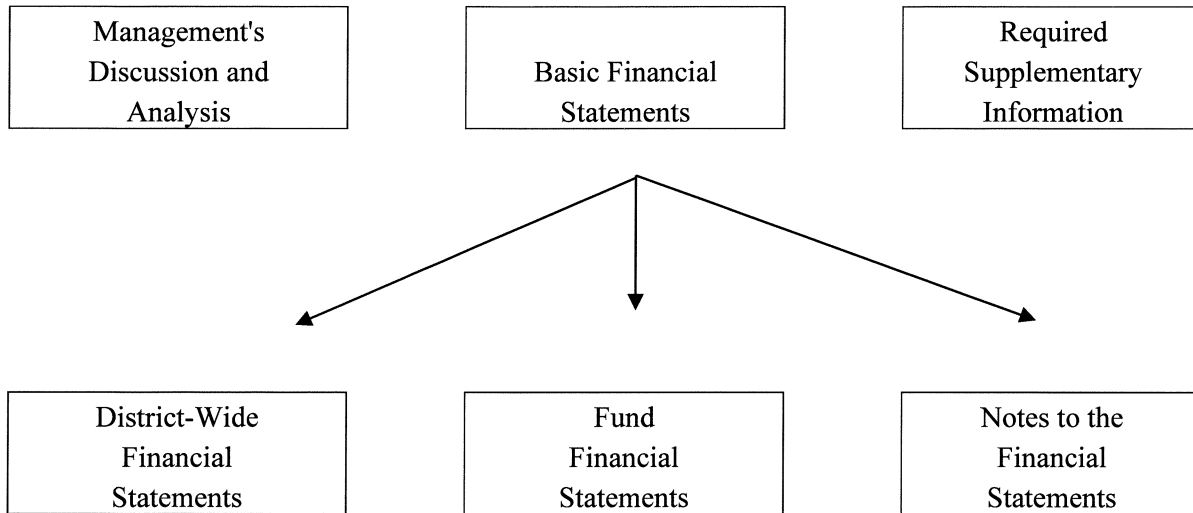


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, 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
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Current and Other Assets	\$ 3,071,692	\$ 4,661,469	\$ 240,328	\$ 220,121	\$ 3,312,020	\$ 4,881,590	47.39%
Capital Assets, Net	53,784,367	53,428,527	78,235	61,557	53,862,602	53,490,084	-0.69%
Total Assets	<u>56,856,059</u>	<u>58,089,996</u>	<u>318,563</u>	<u>281,678</u>	<u>57,174,622</u>	<u>58,371,674</u>	2.09%
Deferred Outflows of Resources	<u>4,266,929</u>	<u>9,336,387</u>			<u>4,266,929</u>	<u>9,336,387</u>	118.81%
Long-Term Liabilities	40,759,032	46,768,804			40,759,032	46,768,804	14.74%
Other Liabilities	2,448,904	3,345,720	34,266	23,333	2,483,170	3,369,053	35.68%
Total Liabilities	<u>43,207,936</u>	<u>50,114,524</u>	<u>34,266</u>	<u>23,333</u>	<u>43,242,202</u>	<u>50,137,857</u>	15.95%
Deferred Inflows of Resources	<u>540,120</u>	<u>175,523</u>			<u>540,120</u>	<u>175,523</u>	-67.50%
Net Position:							
Net Investment in Capital Assets	34,700,172	35,545,516	78,235	61,557	34,778,407	35,607,073	2.38%
Restricted	712,513	959,590			712,513	959,590	34.68%
Unrestricted/(Deficit)	<u>(18,037,753)</u>	<u>(19,368,770)</u>	<u>206,062</u>	<u>196,788</u>	<u>(17,831,691)</u>	<u>(19,171,982)</u>	-7.52%
Total Net Position	<u>\$ 17,374,932</u>	<u>\$ 17,136,336</u>	<u>\$ 284,297</u>	<u>\$ 258,345</u>	<u>\$ 17,659,229</u>	<u>\$ 17,394,681</u>	-1.50%

*Changes in Net Position.* The District's combined net position was \$17,394,681 on June 30, 2017, \$264,548 or 1.50% less than the year before. (See Figure A-3). Net investment in capital assets increased primarily due to the current year maturity of serial bonds payable and capital leases payable of \$2,124,736, as well as current year capital asset additions of \$1,035,274 offset by current year depreciation of \$1,391,114 and new capital leases issued in the amount of \$867,110, as well as amortization of the deferred amount on the refunding of \$56,442. Restricted net position increased primarily due to a year end increase in capital reserve of \$280,000 by Board resolution. Unrestricted net position decreased primarily due to increase in net pension liability. The net position of the business-type activities decreased \$25,952 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
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 194,621	\$ 184,805	\$ 895,294	\$ 876,047	\$ 1,089,915	\$ 1,060,852	-2.67%
Operating Grants and Contributions	30,582,566	35,401,476	319,548	348,720	30,902,114	35,750,196	15.69%
Capital Grants and Contributions			5,794		5,794		-100.00%
<b>General Revenue:</b>							
Property Taxes	41,265,554	42,165,110			41,265,554	42,165,110	2.18%
Unrestricted Federal and State Aid	761,653	166,221			761,653	166,221	-78.18%
Other	237,729	127,357	421	878	238,150	128,235	-46.15%
<b>Total Revenue</b>	<b>73,042,123</b>	<b>78,044,969</b>	<b>1,221,057</b>	<b>1,225,645</b>	<b>74,263,180</b>	<b>79,270,614</b>	<b>6.74%</b>
<b>Expenses:</b>							
Instruction	41,105,507	45,195,329			41,105,507	45,195,329	9.95%
Pupil and Instruction Services	12,660,248	13,020,157			12,660,248	13,020,157	2.84%
Administrative and Business	6,912,415	7,879,818			6,912,415	7,879,818	14.00%
Maintenance and Operations	6,050,721	7,075,728			6,050,721	7,075,728	16.94%
Transportation	3,511,439	3,892,271			3,511,439	3,892,271	10.85%
Other	1,308,686	1,220,262	1,179,383	1,251,597	2,488,069	2,471,859	-0.65%
<b>Total Expenses</b>	<b>71,549,016</b>	<b>78,283,565</b>	<b>1,179,383</b>	<b>1,251,597</b>	<b>72,728,399</b>	<b>79,535,162</b>	<b>9.36%</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 1,493,107</b>	<b>\$ (238,596)</b>	<b>\$ 41,674</b>	<b>\$ (25,952)</b>	<b>\$ 1,534,781</b>	<b>\$ (264,548)</b>	<b>-117.24%</b>

*Revenue Sources.* The District's total revenue for the 2016/17 school year was \$79,270,614. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for \$42,165,110 of the total, or 53.19 percent. (See Figure A-5). Another 45.31 percent came from grants, aid and contributions, and the remainder from miscellaneous sources and charges for services. The District basically conducts its operations from the revenue it receives from its local taxpayers and state aid.

**Figure A-5**  
**Sources of Revenue for Fiscal Year 2017**

	Amount	Percentage
<b>Sources of Income:</b>		
Operating Grants and Contributions	\$ 35,750,196	45.10%
Property Taxes	42,165,110	53.19%
Federal and State Unrestricted Aid	166,221	0.21%
Charges for Services	1,060,852	1.34%
Other	128,235	0.16%
	<b>\$ 79,270,614</b>	<b>100.00%</b>

The total cost of all programs and services was \$79,535,162. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (78.08 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.91 percent of total costs.

**Figure A-6**  
**Expenses for Fiscal Year 2017**

Expense Category:	Amount	Percentage
Instruction	\$ 45,195,329	56.82%
Pupil and Instruction Services	13,020,157	16.37%
Administrative and Business	7,879,818	9.91%
Maintenance and Operations	7,075,728	8.90%
Transportation	3,892,271	4.89%
Other	2,471,859	3.11%
	\$ 79,535,162	100.00%

***Governmental Activities***

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

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

- Increased use of federal funds for tuition and related service 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**

	Total Cost of Services		Net Cost of Services	
	2015/16	2016/17	2015/16	2016/17
Sources of Income:				
Instruction	\$ 41,105,507	\$ 45,195,329	\$ 12,349,121	\$ 11,949,888
Pupil and Instruction Services	12,660,248	13,020,157	11,944,843	12,343,691
Administrative and Business	6,912,415	7,879,818	6,058,711	6,634,224
Maintenance and Operations	6,050,721	7,075,728	6,050,721	7,075,728
Transportation	3,511,439	3,892,271	3,059,747	3,473,491
Other	1,308,686	1,220,262	1,308,686	1,220,262
	<u>\$ 71,549,016</u>	<u>\$ 78,283,565</u>	<u>\$ 40,771,829</u>	<u>\$ 42,697,284</u>

- The cost of all governmental activities this year was \$78.28 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$35.40 million).
- Most of the District’s costs however, were financed by District taxpayers.
- The remainder of the funding came from unrestricted state and federal aid, miscellaneous revenue and investment earnings.

***Business-Type Activities***

Net position from the District’s business-type activity decreased by \$25,952. (Refer to Figure A-4). The factor contributing to this result was:

- Food services expenses exceeded revenues by \$25,952.

***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. Because the district was able to negotiate lower health insurance rates, we were able to make numerous district improvements, such as:

- Fire Alarm upgrades
- Upgraded clocks and intercom systems at several elementary schools
- Replaced the hot water heater at the Middle School
- Updated lighting and sound system in High School Auditorium
- Replaced Gym Bleachers at the High School
- Installed new stage drapes at the High School
- Continued initiative to upgrade and improve electrical systems throughout the district
- Updated Language Arts Curriculum materials

## Capital Asset and Long Term Liabilities Administration

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

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Land	\$ 883,279	\$ 883,279			\$ 883,279	\$ 883,279	0.00%
Buildings and Building Improvements	48,091,919	47,026,870			48,091,919	47,026,870	-2.21%
Furniture, Machinery and Equipment	4,809,169	5,518,378	\$ 78,235	\$ 61,557	4,887,404	5,579,935	14.17%
	<u>\$ 53,784,367</u>	<u>\$ 53,428,527</u>	<u>\$ 78,235</u>	<u>\$ 61,557</u>	<u>\$ 53,862,602</u>	<u>\$ 53,490,084</u>	-0.69%

The depreciation factored into the governmental activities and the business-type activities for the fiscal year 2016-2017 were \$1,391,114 and \$16,678, respectively.

### Long-Term Liabilities

At year-end, the District had \$16,655,000 in general obligation bonds outstanding – a reduction of \$1,310,000 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 Liabilities**

	Total School District		Percentage Change
	2015/16	2016/17	
General Obligation Bonds (Financed with Property Taxes)	\$ 17,965,000	\$ 16,655,000	-7.29%
Unamortized Bond Premium	1,362,955	1,249,376	-8.33%
Capital Leases	1,796,467	1,848,841	2.92%
Net Pension Liability	19,503,028	26,834,306	37.59%
Other Long-Term Liabilities	131,582	181,281	37.77%
	<u>\$ 40,759,032</u>	<u>\$ 46,768,804</u>	14.74%

- The District continued to pay down its debt, retiring \$1,310,000 of outstanding bonds.
- The District paid down \$814,736 of capital leases, while issuing another \$867,110 in capital leases.
- The net pension liability increased \$7,331,278.

### 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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,118,515	\$ 177,400	\$ 3,295,915
Receivables from Other Governments	499,256	21,682	520,938
Other Receivables	139,565		139,565
Internal Balances	(1,000)	1,000	
Inventory		20,039	20,039
Restricted Assets:			
Cash and Cash Equivalents	905,133		905,133
Capital Assets:			
Sites (Land)	883,279		883,279
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	52,545,248	61,557	52,606,805
Total Assets	<u>58,089,996</u>	<u>281,678</u>	<u>58,371,674</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Amount on Refunding	620,830		620,830
Changes in Assumptions - Pensions	5,558,635		5,558,635
Difference Between Actual and Experience - Pensions	499,037		499,037
Changes in Proportions - Pensions	829,755		829,755
Investment Gains - Pensions	1,023,217		1,023,217
District Contribution Subsequent to Measurement Date - Pension	804,913		804,913
Total Deferred Outflows of Resources	<u>9,336,387</u>		<u>9,336,387</u>
<b>LIABILITIES</b>			
Accounts Payable	223,186	15,616	238,802
Intergovernmental Payable - State	804,913		804,913
Accrued Salaries Payable	2,153,160		2,153,160
Accrued Interest Payable	151,770		151,770
Unearned Revenue	12,691	7,717	20,408
Noncurrent Liabilities:			
Due Within One Year	2,153,005		2,153,005
Due Beyond One Year	44,615,799		44,615,799
Total Liabilities	<u>50,114,524</u>	<u>23,333</u>	<u>50,137,857</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Changes in Proportions - Pensions	175,523		175,523
Total Deferred Inflows of Resources	<u>175,523</u>		<u>175,523</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	35,545,516	61,557	35,607,073
Restricted for:			
Debt Service	2		2
Capital Projects	680,802		680,802
Excess Surplus	54,455		
Maintenance	224,331		
Unrestricted/(Deficit)	(19,368,770)	196,788	(19,171,982)
Total Net Position	<u>\$ 17,136,336</u>	<u>\$ 258,345</u>	<u>\$ 17,115,895</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, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 32,985,040	\$ 184,805	\$ 26,417,404		\$ (6,567,636)		\$ (6,567,636)
Special Education	9,090,484		5,442,453		(3,463,226)		(3,463,226)
Other Special Instruction	1,660,408		695,887		(964,521)		(964,521)
Other Instruction	1,459,397		504,892		(954,505)		(954,505)
Support services:							
Tuition	2,686,644		676,466		(2,010,178)		(2,010,178)
Student & Instruction Related Services	10,333,513				(10,333,513)		(10,333,513)
General Administrative Services	1,533,903				(1,533,903)		(1,533,903)
School Administrative Services	4,322,382		1,245,594		(3,076,788)		(3,076,788)
Central Services	1,465,796				(1,465,796)		(1,465,796)
Administrative Information Technology	557,737				(557,737)		(557,737)
Plant Operations and Maintenance	7,075,728				(7,075,728)		(7,075,728)
Pupil Transportation	3,892,271		418,780		(3,473,491)		(3,473,491)
Interest on Long-Term Debt	593,881				(593,881)		(593,881)
Unallocated Depreciation	469,058				(469,058)		(469,058)
Capital Outlay	94,542				(94,542)		(94,542)
Transfer to Charter School	62,781				(62,781)		(62,781)
Total Governmental Activities	78,283,565	184,805	35,401,476	-0-	(42,697,284)	\$ -0-	(42,697,284)

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities: Food Service	\$ 1,251,597	\$ 876,047	\$ 348,720		\$ (26,830)	\$ (26,830)	\$ (26,830)
Total Business-Type Activities	1,251,597	876,047	348,720		(26,830)	(26,830)	(26,830)
Total Primary Government	\$ 79,535,162	\$ 1,060,852	\$ 35,750,196		\$ (42,697,284)	(26,830)	(42,724,114)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					40,197,779		40,197,779
Taxes Levied for Debt Service					1,967,331		1,967,331
Federal and State Aid not Restricted					166,221		166,221
Interest on Capital and Maintenance Reserve Accounts					2,337		2,337
Miscellaneous Income					125,020	878	125,898
Total General Revenue					42,458,688	878	42,459,566
Change in Net Position					(238,596)	(25,952)	(264,548)
Net Position - Beginning (Restated)					17,374,932	284,297	17,659,229
Net Position - Ending					\$ 17,136,336	\$ 258,345	\$ 17,394,681

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, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,118,513			\$ 2	\$ 3,118,515
Intergovernmental Accounts Receivable - State	398,431				398,431
Intergovernmental Accounts Receivable - Federal		\$ 100,825			100,825
Interfund Receivable	100,825				100,825
Other Receivable	139,565				139,565
Restricted Cash and Cash Equivalents	905,133				905,133
<b>Total Assets</b>	<u>\$ 4,662,467</u>	<u>\$ 100,825</u>	<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ 4,763,294</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable - Vendors	\$ 223,186				\$ 223,186
Accrued Salaries Payable	2,153,160				2,153,160
Interfund Payable	1,000	\$ 100,825			101,825
Unearned Revenue	12,691				12,691
<b>Total Liabilities</b>	<u>2,390,037</u>	<u>100,825</u>	<u>\$ -0-</u>		<u>2,490,862</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	680,802				680,802
Maintenance Reserve Account	224,331				224,331
Excess Surplus Designated for Subsequent Year	54,455				54,455
Debt Service				\$ 2	2
<b>Assigned:</b>					
For Subsequent Year's Expenditures	898,097				898,097
Encumbrances	412,846				412,846
For Subsequent Year's Expenditures - SEMI ARRA	1,899				1,899
<b>Total Fund Balances</b>	<u>2,272,430</u>			<u>2</u>	<u>2,272,432</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,662,467</u>	<u>\$ 100,825</u>	<u>\$ -0-</u>	<u>\$ 2</u>	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$74,724,184 and the accumulated depreciation is \$21,295,657.	53,428,527
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.	(151,770)
Deferred Amount on Refunding costs are reported as expenditures in the governmental funds in the year of expenditure.	620,830
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 \$681,474	(1,249,376)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(26,834,306)
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	5,558,635
Difference Between Expected and Actual and Experience Pensions	499,037
Changes in Proportions - Pensions - 2015, 2016	829,755
Investment Gains - Pensions	1,023,217
Changes in Proportions - Pensions - 2014	(175,523)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds	<u>(18,685,122)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 17,136,336</u>

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

REVENUE:	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources:					
Local Tax Levy	\$ 40,197,779			\$ 1,967,331	\$ 42,165,110
Tuition	184,805				184,805
Miscellaneous	127,357				127,357
Total - Local Sources	40,509,941			1,967,331	42,477,272
State Sources	22,881,636			43,000	22,924,636
Federal Sources	51,711	\$ 844,137			895,848
Total Revenue	63,443,288	844,137		2,010,331	66,297,756

EXPENDITURES:

Current:					
Regular Instruction	16,313,139	112,691			16,425,830
Special Education Instruction	4,156,059				4,156,059
Other Special Instruction	771,875				771,875
Other Instruction	798,770				798,770
Support Services and Undistributed Costs:					
Tuition	2,686,644				3,386,791
Student & Instruction Related Services	6,779,820	31,299			6,811,119
General Administrative Services	1,074,111				1,074,111
School Administrative Services	2,319,121				2,319,121

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES (Cont'd):</b>					
Support Services and Undistributed Costs (Cont'd):					
Central Services	866,409				\$ 866,409
Administrative Information Technology	557,737				557,737
Plant Operations and Maintenance	5,793,731				5,793,731
Pupil Transportation	3,619,644				3,619,644
Unallocated Benefits	16,696,396				16,696,396
Debt Service:					
Principal				1,310,000	1,310,000
Interest and Other Charges				700,331	700,331
Capital Outlay	1,112,543				1,112,543
Transfer to Charter School	62,781				62,781
Total Expenditures	63,608,780	\$ 844,137		2,010,331	66,463,248
Excess/(Deficiency) of Revenue over/(under) Expenditures	(165,492)				(165,492)
<b>OTHER FINANCING SOURCES/(USES):</b>					
Capital Leases (Non-budgeted)	867,110				867,110
Total Other Financing Sources/(Uses)	867,110				867,110
Net Change in Fund Balances	701,618				701,618
Fund Balance—July 1	1,570,812			2	1,570,814
Fund Balance—June 30	\$ 2,272,430	\$ -0-	\$ -0-	\$ 2	\$ 2,272,432

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, 2017

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 701,618

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		1,035,274
		(355,840)

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 (+).

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. (+)

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.

		49,313
		(867,110)

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, 2017

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 amount on refunding 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	(7,331,278)
Deferred Outflows:	
Changes in Assumptions	3,464,166
Difference Between Actual and Experience	33,763
Changes in Proportions -2015, 2016	546,784
Net difference between projected and actual investment earnings on pension plan investments	1,336,790
Deferred Inflows:	
Changes in Proportion - 2014	51,024
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.	2,124,736
Change in Net Position of Governmental Activities (Exhibit A-2)	\$ (238,596)

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, 2017

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 177,400
Intergovernmental Accounts Receivable:	
Federal	20,915
State	767
Interfund Receivable	1,000
Inventories	20,039
	220,121
Total Current Assets	220,121
Non-Current Assets:	
Capital Assets	500,024
Less: Accumulated Depreciation	(438,467)
	61,557
Total Non-Current Assets	61,557
Total Assets	281,678
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable - Vendors	15,616
Unearned Revenue	7,717
	23,333
Total Current Liabilities	23,333
<u>NET POSITION:</u>	
Investment in Capital Assets	61,557
Unrestricted	196,788
	258,345
Total Net Position	\$ 258,345

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 803,090
Daily Sales - Non-reimbursable Programs	39,755
Special Events	33,202
Total Operating Revenue	876,047
Operating Expenses:	
Cost of Sales - Reimbursable Programs	337,120
Cost of Sales - Non-Reimbursable Programs	95,085
Salaries, Benefits and Payroll Taxes	481,346
Supplies , Insurance & Other Costs	145,344
Management Fee	65,903
Miscellaneous Expenditures	110,121
Depreciation Expense	16,678
Total Operating Expenses	1,251,597
Operating Loss	(375,550)
Non-Operating Revenue:	
Local Sources	
Interest Revenue	878
State Sources:	
State School Lunch Program	10,328
Federal Sources	
National School Lunch Program	244,883
Food Distribution Program	93,509
Total Non-Operating Revenue	349,598
Change in Net Position	(25,952)
Net Position - Beginning of Year	284,297
Net Position - End of Year	\$ 258,345

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, 2017

	<u>Business-type Activities- Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 876,137
Payments to Food Service Vendor	<u>(1,151,514)</u>
Net Cash Used for Operating Activities	<u>(275,377)</u>
Cash Flows from Investing Activities:	
Investment Income	<u>878</u>
Net Cash Provided by Investing Activities	<u>878</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	10,403
Federal Sources:	
National School Lunch Program	<u>243,541</u>
Net Cash Provided by Noncapital Financing Activities	<u>253,944</u>
Net Decrease in Cash and Cash Equivalents	(20,555)
Cash and Cash Equivalents, July 1	<u>197,955</u>
Cash and Cash Equivalents, June 30	<u>\$ 177,400</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (375,550)
Adjustment to Reconcile Operating Loss to net Cash Used for Operating Activities:	
Depreciation	16,678
Federal Food Distribution Program	93,509
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventories	90
Increase/(Decrease) in Accounts Payable	829
Increase/(Decrease) in Prepaid Sales	(12,262)
Increase/(Decrease) in Unearned Revenue	<u>1,329</u>
Net Cash Used for Operating Activities	<u>\$ (275,377)</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 \$93,509 and \$92,160, respectively, for the fiscal year ended June 30, 2017.

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2017

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Funds</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 789,538	\$ 441,856	\$ 38,204
Total Assets	<u>789,538</u>	<u>441,856</u>	<u>38,204</u>
<u>LIABILITIES:</u>			
Accrued Salaries and Wages	532,527		
Payroll Deductions and Withholdings	38,296		
Due to Student Groups	218,715		
Total Liabilities	<u>789,538</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		441,856	
Restricted for Scholarships and Memorials			38,204
Total Net Position	<u>\$ -0-</u>	<u>\$ 441,856</u>	<u>\$ 38,204</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, 2017

	Unemployment Compensation Trust	Scholarship and Memorial Trust Fund
<b>ADDITIONS:</b>		
Contributions:		
Plan Member	\$ 81,136	
Donations		\$ 5,096
Total Contributions	81,136	5,096
Investment Earnings:		
Interest	2,062	60
Net Investment Earnings	2,062	60
Total Additions	83,198	5,156
<b>DEDUCTIONS:</b>		
Unemployment Compensation Claims	90,082	
Scholarships Awarded		6,276
Total Deductions	90,082	6,276
Change in Net Position	(6,884)	(1,120)
Net Position - Beginning of the Year	448,740	39,324
Net Position - End of the Year	\$ 441,856	\$ 38,204

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, 2017

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 ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. 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, 2017  
(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, 2017  
(Continued)

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

B. Basis of Presentation: (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, 2017 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, 2017  
(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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 63,449,894	\$ 844,137
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,553,871	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,560,477)</u>	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 63,443,288</u>	<u>\$ 844,137</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 63,608,780</u>	<u>\$ 844,137</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 63,608,780</u>	<u>\$ 844,137</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

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:

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

K. Capital Assets: (Cont'd)

	Estimated Useful Life
Buildings	40 years
Furniture, Machinery, and Building Improvements	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 governmental 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, 2017 totaled \$532,527. 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 \$2,145,655.

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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 \$2,272,430 General Fund balance at June 30, 2017, \$680,802 is restricted in the capital reserve account; \$224,331 is restricted in the maintenance reserve account; \$54,455 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018; \$412,846 is assigned for encumbrances, and \$1,899 is designated for subsequent year's expenditures – SEMI ARRA. There is also \$898,097 of fund balance assigned for subsequent year's expenditures which is \$314,506 less on a GAAP basis due to the final two state aid payments not recognized on a GAAP basis; and \$-0- of unassigned fund balance which is \$1,245,971 less than the budgetary unassigned fund balance, on a GAAP Basis, due to the final two state aid payments, that are not recognized on a GAAP basis.

Debt Service Fund: The \$2 Debt Service Fund balance at June 30, 2017 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, 2017 as noted above.

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$1,560,477 (\$1,245,971 in unassigned fund balance and \$314,506 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.

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 Net Position:

The \$19,368,770 deficit in unrestricted net position of the governmental activities at June 30, 2017 resulted due to unamortized bond premium of \$1,249,376, accrued interest payable of \$151,770, \$181,281 of compensated absences payable, changes in proportion in pensions of \$175,523 and net pension liability of \$26,834,306; net of \$1,312,842 of fund balance assigned for subsequent year's expenditures, \$499,037 of differences between actual and experience – pensions, \$829,755 of changes in proportion in pensions, investment gains in pensions of \$1,023,217 and changes in pension assumptions of \$5,558,635. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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, 2017, changes in pension assumptions, the difference between pension actual and experience, changes in pension proportions, the net difference between projected and actual investment earnings on pension plan investments, and district contributions subsequent to the measurement date.

The District had deferred inflows of resources at June 30, 2017 for the changes in proportion in pension.

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.

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.



JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2017.

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, 2017.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

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.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

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

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

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

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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 Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking and Savings Accounts	<u>\$ 4,565,513</u>	<u>\$ 905,133</u>	<u>\$ 5,470,646</u>

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$5,470,646 and the bank balance was \$5,055,448.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Jefferson Township Board 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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 398,109
Add:	
Increase per Board Resolution	406,411
Interest Earned in Capital Reserve Account	1,282
Less: Budgeted Withdrawal	<u>(125,000)</u>
Ending Balance, June 30, 2017	<u>\$ 680,802</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects at June 30, 2017 is equal to or greater than \$680,802. There was a budgeted withdrawal from the capital reserve account, in the amount of \$125,000, for the Energy Savings Incentive Program and is consistent with the District's Long Range Facilities Plan.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2017, the District transferred a total of \$227,050 to capital outlay accounts for equipment which did not require approval from the County Superintendent.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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, 2017 were as follows:

	Beginning Balance	Additions	Adjustments/ Deletions	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 883,279			\$ 883,279
Total Capital Assets Not Being Depreciated	883,279			883,279
Capital Assets Being Depreciated:				
Buildings and Building Improvements	64,570,058			64,570,058
Machinery and Equipment	8,235,573	1,035,274		9,270,847
Total Capital Assets Being Depreciated	72,805,631	1,035,274		73,840,905
Governmental Activities Capital Assets	73,688,910	1,035,274		74,724,184
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(16,478,139)	(1,065,049)		(17,543,188)
Machinery and Equipment	(3,426,404)	(326,065)		(3,752,469)
	(19,904,543)	(1,391,114)		(21,295,657)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 53,784,367	\$ (355,840)	\$ -0-	\$ 53,428,527
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 500,024			\$ 500,024
Less: Accumulated Depreciation	(421,789)	(16,678)		(438,467)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 78,235	\$ (16,678)	\$ -0-	\$ 61,557

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

**JEFFERSON TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(Continued)

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

	Balance 6/30/2016	Accrued	Retired	Balance 6/30/2017
Serial Bonds Payable	\$ 17,965,000		\$ 1,310,000	\$ 16,655,000
Unamortized Bond Premium	1,362,955		113,579	1,249,376
Compensated Absences Payable	131,582	\$ 75,097	25,398	181,281
Net Pension Liability	19,503,028	7,331,278		26,834,306
Capital Leases Payable	1,796,467	867,110	814,736	1,848,841
	<u>\$ 40,759,032</u>	<u>\$ 8,273,485</u>	<u>\$ 2,263,713</u>	<u>\$ 46,768,804</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, 2017 as follows:

Purpose	Final Maturity Date	Interest Rates	Amount
Refunding Bonds of 2011	9/15/2027	3.036%-5.000%	\$ 16,655,000

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

Year	Principal	Interest	Total
2018	\$ 1,225,000	\$ 637,206	\$ 1,862,206
2019	1,285,000	587,256	1,872,256
2020	1,345,000	540,531	1,885,531
2021	1,400,000	492,381	1,892,381
2022	1,460,000	441,990	1,901,990
2023-2027	8,120,000	1,207,625	9,327,625
2028	1,820,000	36,400	1,856,400
	<u>\$ 16,655,000</u>	<u>\$ 3,943,389</u>	<u>\$ 20,598,389</u>

**B. Bonds Authorized but not Issued:**

As of June 30, 2017, 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, 2017  
(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 four years. The District has entered into capital leases totaling \$4,078,911 of which \$2,230,070 have been liquidated. 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, 2017.

<u>Year</u>	<u>Amount</u>
2018	\$ 830,999
2019	421,989
2020	421,989
2021	223,339
	<u>1,898,316</u>
Less: Amount representing interest	<u>(49,475)</u>
Present value of net minimum lease payments	<u>\$ 1,848,841</u>

The current portion of Capital Leases payable at June 30, 2017 is \$814,426, the long term portion payable is \$1,034,415. 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 \$181,281. 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, 2017, no liability existed for compensated absences in the Food Service Fund.

E. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$113,579 and is separated from the long-term liability balance of \$1,135,797.

F. 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, 2017 is \$-0- and the long term portion is \$26,834,306. 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).

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

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:

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

Service retirement benefits of 1/55<sup>th</sup> 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<sup>th</sup> 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 with 25 or more years of service credit before age 62 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. 43:15A 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 \$807,774 for fiscal year 2017.



JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Contributions (Cont'd)

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> 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, 2017, the District reported a liability of \$26,834,306 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.091%, which was a decrease of 0.003% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$804,913. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 337,313	
	2015	5.72	1,378,334	
	2016	5.57	3,842,988	
Difference Between expected and Actual Experience	2015	5.72	382,414	
	2016	5.57	116,623	
Changes in Proportion	2014	6.44		\$ 175,523
	2015	5.72	223,019	
	2016	5.57	606,736	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(505,467)	
	2015	5.00	323,395	
	2016	5.00	1,205,289	
District Contribution Subsequent to the Measurement Date	2016	1.00	804,913	
			<u>\$ 8,715,557</u>	<u>\$ 175,523</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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:

Fiscal Year Ending June 30,	Total
2017	\$ 1,594,198
2018	1,594,197
2019	1,846,932
2020	1,551,693
2021	493,869
	\$ 7,080,889

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
2012-2021	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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 method 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Discount Rate (Cont'd)

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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2016 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:

	June 30, 2016		
	1% Decrease ▾ (2.98%)	Current Discount Rate ▾ (3.98%)	1% Increase ▾ (4.98%)
District's proportionate share of the Net Pension Liability	\$ 32,882,310	\$ 26,834,306	\$ 21,841,155
<u>Pension plan Fiduciary Net Position</u>			

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](http://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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55<sup>th</sup> 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<sup>th</sup> 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 2016, 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 2017, the State of New Jersey contributed \$2,595,866 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$14,343,079.

The employee contribution rate was 7.206% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.50% 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, 2017  
(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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$190,894,687. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.243%, which was an decrease of 0.0002% from its proportion measured as of June 30, 2015.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>190,894,687</u>
Total	<u><u>\$ 190,894,687</u></u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$14,343,076 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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)

	Amorization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	\$ 1,691,524,165	
	2015	4,488,602,746	
	2016	9,522,623,964	
		<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience	2014		\$ 16,110,615
	2015	277,221,464	
	2016		118,421,979
		<u>277,221,464</u>	<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	(870,618,286)	
	2015	577,926,182	
	2016	1,727,420,767	
		<u>1,434,728,663</u>	
		<u>\$ 17,414,701,002</u>	<u>\$ 134,532,594</u>

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, 2017  
(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)

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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 method 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, 2016 are summarized in the following table:



JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, 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, 2017  
(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, 2016 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:

	June 30, 2016		
	1% Decrease ▾ (2.22%)	Current Discount Rate ▾ (3.22%)	1% Increase ▾ (4.22%)
Total Net Pension Liability	\$ 227,970,916	\$ 190,894,687	\$ 160,617,160

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 \$67,725 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$104,940 the year ended June 30, 2017.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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 publicly 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 \$2,241,315, \$2,313,408 and \$2,101,418 for 2017, 2016 and 2015, 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, 2017  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2017 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, 2016 is as follows:

	Pooled Insurance Program	School Alliance Insurance Fund
Total Assets	\$ 21,705,138	\$ 38,579,014
Net Position	\$ 7,723,169	\$ 9,463,015
Total Revenue	\$ 7,946,748	\$ 41,445,355
Total Expenses	\$ 5,476,395	\$ 39,153,730
Change in Net Position	\$ 1,019,902	\$ 2,291,625
Members Dividends	\$ 1,450,451	\$ -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 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>
2016-2017	\$ 2,062	\$ 81,136	\$ 90,082	\$ 441,856
2015-2016	858	77,941	72,741	448,740
2014-2015	813	76,833	36,311	442,682

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 100,825	\$ 1,000
Special Revenue Fund		100,825
Enterprise Fund	1,000	
	<u>\$ 101,825</u>	<u>\$ 101,825</u>

The General Fund is owed \$100,443 from the Special Revenue Fund for a cash deficit which will be reimbursed when grant money is received from the federal grantors. The General Fund owes the Food Service Enterprise Fund \$1,000 for state and federal grants received but not turned over.

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
Lincoln Investment Security 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, 2017  
(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, 2017, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Total Governmental Activities</u>
<u>\$ 412,846</u>	<u>\$ 412,846</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, 2017  
(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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance July 1, 2016	\$ 223,276
Add:	
Interest Earnings	1,055
Ending Balance June 30, 2017	\$ 224,331

NOTE 17. ACCOUNTS PAYABLE

Payables as of June 30, 2017 were:

	General Fund	District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	Total Business Type Activities/ Proprietary Funds
Vendors	\$ 223,186		\$ 223,186	\$ 15,616
State		\$ 804,913	804,913	
Total	\$ 223,186	\$ 804,913	\$ 1,028,099	\$ 15,616

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 THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0850994995%	0.0868809315%	0.0906040009%
District's proportionate share of the net pension liability	\$ 15,932,954	\$ 19,503,028	\$ 26,834,306
District's covered employee payroll	\$ 5,941,086	\$ 6,124,440	\$ 6,052,317
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	260.15%	318.45%	443.37%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	46.18%

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 THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 698,661	\$ 746,943	\$ 807,774
Contributions in relation to the contractually required contribution	<u>(698,661)</u>	<u>(746,943)</u>	<u>(807,774)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 6,003,824	\$ 5,941,086	\$ 6,124,440
Contributions as a percentage of covered employee payroll	11.64%	12.57%	11.89%

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'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.2441698897%	0.2448459693%	0.2426636615%
State's proportionate share of the net pension liability attributable to the District	\$ 130,500,859	\$ 154,753,117	\$ 190,894,687
District's covered employee payroll	\$ 24,524,919	\$ 24,642,692	\$ 23,808,209
District's proportionate share of the net pension liability attributable to the district as a percentage of its covered employee payroll	532.12%	627.99%	801.80%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.79%

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 THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 9,449,071	\$ 7,022,171	\$ 14,343,079
Contributions in relation to the contractually required contribution	(1,942,860)	(1,323,727)	(2,595,866)
Contribution deficiency/(excess)	<u>\$ 7,506,211</u>	<u>\$ 5,698,444</u>	<u>\$ 11,747,213</u>
District's covered employee payroll	\$ 24,083,925	\$ 24,524,919	\$ 24,642,692
Contributions as a percentage of covered employee payroll	39.23%	28.63%	58.20%

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, 2017

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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 mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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 mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

BUDGETARY COMPARISON SCHEDULES

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 40,197,779		\$ 40,197,779	\$ 40,197,779	
Tuition from Other LEA's	187,398		187,398	191,942	\$ 4,544
Interest Earned on Capital Reserve				1,282	1,282
Interest Earned on Investments				1,055	1,055
Miscellaneous	8,500		8,500	125,020	116,520
<b>Total - Local Sources</b>	<b>40,393,677</b>		<b>40,393,677</b>	<b>40,517,078</b>	<b>123,401</b>
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	
Extraordinary Aid	267,403		267,403	353,262	85,859
PARCC Readiness Aid	31,800		31,800	31,800	
Per Pupil Growth Aid	31,800		31,800	31,800	
Nonpublic Transportation Aid				38,032	38,032
Professional Learning Community Aid	30,740		30,740	30,740	
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				94,054	94,054
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				6,144	6,144
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				2,595,866	2,595,866
TPAF Post Retirement (On-Behalf - Non-Budgeted)				2,241,315	2,241,315
TPAF Social Security (Reimbursed - Non-Budgeted)				1,700,307	1,700,307
<b>Total State Sources</b>	<b>16,119,528</b>		<b>16,119,528</b>	<b>22,881,105</b>	<b>6,761,577</b>
Federal Sources:					
Medicaid Reimbursement	35,935		35,935	51,711	15,776
<b>Total Federal Sources</b>	<b>35,935</b>		<b>35,935</b>	<b>51,711</b>	<b>15,776</b>
<b>TOTAL REVENUES</b>	<b>56,549,140</b>		<b>56,549,140</b>	<b>63,449,894</b>	<b>6,900,754</b>



JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 621,516	\$ 46,422	\$ 667,938	\$ 667,938	
Grades 1-5 - Salaries of Teachers	4,639,875	(215,063)	4,424,812	4,424,812	
Grades 6-8 - Salaries of Teachers	3,904,904	(61,231)	3,843,673	3,843,673	
Grades 9-12 - Salaries of Teachers	5,731,465	(268,815)	5,462,650	5,462,650	
Regular Programs - Home Instruction:					
Salaries of Teachers	65,000	267	65,267	65,267	
Purchased Professional - Educational Services	20,000	11,870	31,870	30,341	\$ 1,529
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	50,850	1,445	52,295	52,295	
Purchased Professional - Educational Services	4,575	4,291	8,866	6,850	2,016
Other Purchased Services (400-500 series)	869,943	(30,150)	839,793	805,689	34,104
General Supplies	498,926	268,164	767,090	750,167	16,923
Textbooks	307,375	(101,727)	205,648	201,188	4,460
Other Objects	2,614	(300)	2,314	2,269	45
<b>Total Regular Programs - Instruction</b>	<b>16,717,043</b>	<b>(344,827)</b>	<b>16,372,216</b>	<b>16,313,139</b>	<b>59,077</b>
<b>Special Education - Instruction:</b>					
Learning and or Language Disabilities:					
Salaries of Teachers	465,200	7,936	473,136	473,136	
Other Salaries for Instruction	245,715	(26,850)	218,865	218,865	
General Supplies	6,300		6,300	5,720	580
<b>Total Learning and or Language Disabilities</b>	<b>717,215</b>	<b>(18,914)</b>	<b>698,301</b>	<b>697,721</b>	<b>580</b>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Behavioral Disabilities:					
Salaries of Teachers	\$ 310,482	\$ (18,916)	\$ 291,566	\$ 291,566	
Other Salaries for Instruction	151,075	(15,328)	135,747	135,747	
General Supplies	4,000	(2,013)	1,987	1,805	\$ 182
Total Behavioral Disabilities	465,557	(36,257)	429,300	429,118	182
Multiple Disabilities:					
Salaries of Teachers	403,400	(56,024)	347,376	347,376	
Other Salaries for Instruction	74,725	(19,993)	54,732	54,732	
General Supplies	5,400	(218)	5,182	4,547	635
Total Multiple Disabilities	483,525	(76,235)	407,290	406,655	635
Resource Room/Resource Center:					
Salaries of Teachers	1,508,120	241,212	1,749,332	1,749,332	
Other Salaries for Instruction	160,600	(16,393)	144,207	144,207	
General Supplies	5,000	16	5,016	4,998	18
Textbooks	1,340	(1,340)			
Total Resource Room/Resource Center	1,675,060	223,495	1,898,555	1,898,537	18

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Autistic:					
Salaries of Teachers	\$ 109,225	\$ (33,848)	\$ 75,377	\$ 75,377	
Other Salaries for Instruction	145,893	36,676	182,569	182,569	
General Supplies	2,100	4,622	6,722	6,252	\$ 470
<b>Total Autistic</b>	<b>257,218</b>	<b>7,450</b>	<b>264,668</b>	<b>264,198</b>	<b>470</b>
Preschool Handicapped - Part-time:					
Salaries of Teachers	227,604	76,454	304,058	304,058	
Other Salaries for Instruction	117,874	31,755	149,629	149,629	
General Supplies	7,500	(1,286)	6,214	6,143	71
<b>Total Preschool Handicapped - Part-time</b>	<b>352,978</b>	<b>106,923</b>	<b>459,901</b>	<b>459,830</b>	<b>71</b>
<b>Total Special Education Instruction</b>	<b>3,951,553</b>	<b>206,462</b>	<b>4,158,015</b>	<b>4,156,059</b>	<b>1,956</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	822,860	(107,523)	715,337	715,337	
<b>Total Basic Skills/Remedial - Instruction</b>	<b>822,860</b>	<b>(107,523)</b>	<b>715,337</b>	<b>715,337</b>	
Bilingual Education - Instruction:					
Salaries of Teachers	52,190	2,644	54,834	54,834	
Other Purchased Services (400-500 series)	800		800	417	383
General Supplies	1,400		1,400	1,287	113
<b>Total Bilingual Education - Instruction</b>	<b>54,390</b>	<b>2,644</b>	<b>57,034</b>	<b>56,538</b>	<b>496</b>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 218,740	\$ (8,016)	\$ 210,724	\$ 210,724	
Other Purchased Services (300-500 series)	14,175	1,862	16,037	14,103	\$ 1,934
Supplies and Materials	22,720	(1,070)	21,650	18,685	2,965
Other Objects	22,570	(3,548)	19,022	14,391	4,631
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>278,205</b>	<b>(10,772)</b>	<b>267,433</b>	<b>257,903</b>	<b>9,530</b>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	360,148	(12,083)	348,065	348,065	
Other Purchased Services (300-500 series)	114,370	(7,763)	106,607	88,048	18,559
Supplies and Materials	74,572	105	74,677	73,973	704
Other Objects	36,750	(106)	36,644	30,781	5,863
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>585,840</b>	<b>(19,847)</b>	<b>565,993</b>	<b>540,867</b>	<b>25,126</b>
<b>Total Instruction</b>	<b>22,409,891</b>	<b>(273,863)</b>	<b>22,136,028</b>	<b>22,039,843</b>	<b>96,185</b>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 224,927	\$ 73,149	\$ 73,149	\$ 65,956	\$ 7,193
Tuition to Other LEAs Within the State - Special	819,000	54,332	279,259	279,259	10,723
Tuition to County Vocational School District - Regular	52,500	(50,450)	768,550	757,827	4,898
Tuition to County Vocational School District - Special	102,724	(29,916)	22,584	17,686	4,754
Tuition to County Special Services and Day School	1,550,458		1,442,233	1,442,233	6,593
Tuition to Private Schools for the Handicapped - Within State	32,306	(108,225)	32,306	25,713	34,161
Total Undistributed Expenditures - Instruction:	2,781,915	(61,110)	2,720,805	2,686,644	34,161
Health Services:					
Salaries	469,264	1,845	471,109	471,109	300
Purchased Professional and Technical Services	27,975	(426)	27,549	27,249	183
Other Purchased Services (400-500 series)	2,875	(1,121)	1,754	1,571	1,042
Supplies and Materials	13,465	17	13,482	12,440	1,525
Total Health Services	513,579	315	513,894	512,369	1,525

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	\$ 749,085	\$ 13,803	\$ 762,888	\$ 762,888	
Purchased Professional - Educational Services	26,400	(302)	26,098	26,098	
Supplies and Materials	2,506		2,506	2,455	\$ 51
<b>Total Speech, OT, PT and Related Services</b>	<b>777,991</b>	<b>13,501</b>	<b>791,492</b>	<b>791,441</b>	<b>51</b>
Other Support Services - Students - Extra Services:					
Salaries	931,107	19,307	950,414	950,414	
Purchased Professional - Educational Services	3,750	38,042	41,792	24,148	17,644
Supplies and Materials	5,100	(750)	4,350	4,285	65
<b>Total Other Support Services - Students - Extra Services</b>	<b>939,957</b>	<b>56,599</b>	<b>996,556</b>	<b>978,847</b>	<b>17,709</b>
Guidance:					
Salaries of Other Professional Staff	991,765	63,360	1,055,125	1,055,125	
Salaries of Secretarial and Clerical Assistants	134,700	(11)	134,689	134,689	
Purchased Professional - Educational Services	5,160	(3,810)	1,350	1,238	112
Other Purchased Professional - Technical Services	13,630	9,344	22,974	17,466	5,508
Other Purchased Services (400-500 series)	106,006	158	106,164	97,211	8,953
Supplies and Materials	19,913	701	20,614	14,535	6,079
Other Objects	334		334	314	20
<b>Total Guidance</b>	<b>1,271,508</b>	<b>69,742</b>	<b>1,341,250</b>	<b>1,320,578</b>	<b>20,672</b>
Child Study Team:					
Salaries of Other Professional Staff	1,171,886	134,659	1,306,545	1,306,545	
Salaries of Secretarial and Clerical Assistants	142,541	(1)	142,540	142,540	
Purchased Professional - Educational Services	132,600	(9,804)	122,796	120,614	2,182
Purchased Technical Services	30,955	603	31,558	31,534	24
Other Purchased Services (400-500 series)	5,315	(414)	4,901	3,371	1,530
Supplies and Materials	21,195	(6,723)	14,472	13,156	1,316
Other Objects	1,160	509	1,669	1,453	216
<b>Total Child Study Team</b>	<b>1,505,652</b>	<b>118,829</b>	<b>1,624,481</b>	<b>1,619,213</b>	<b>5,268</b>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 278,224	13,389	\$ 291,613	\$ 291,613	
Salaries of Other Professional Staff	704,882	\$ 16,736	721,618	721,618	
Other Purchased Services (400-500 series)	595	318	913	594	\$ 319
Other Purchased Professional and Technical Services	14,465	(280)	14,185	13,982	203
Supplies and Materials	5,519	10,096	15,615	10,326	5,289
Other Objects	9,975		9,975	9,742	233
Total Improvement of Instructional Services	1,013,660	40,259	1,053,919	1,047,875	6,044
Educational Media Services/School Library:					
Salaries/Salaries of Technology Coordinators	457,697	408	458,105	458,105	
Supplies and Materials	25,874	807	26,681	24,586	2,095
Total Educational Media Services/School Library	483,571	1,215	484,786	482,691	2,095
Instructional Staff Training Services:					
Salaries of Other Professional Staff	7,300	2,002	2,002	2,002	
Purchased Professional - Educational Services		(1,172)	6,128	3,277	2,851
Other Purchased Services (400-500 series)	25,800	2,875	28,675	20,565	8,110
Supplies and Materials	1,000		1,000	962	38
Total Instructional Staff Training Services	34,100	3,705	37,805	26,806	10,999

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Support Services - General Administration:					
Salaries	\$ 465,038	\$ 28,525	\$ 493,563	\$ 493,563	\$ 55,091
Legal Services	135,000	96,888	231,888	176,797	102
Audit Fees	30,385	(283)	30,102	30,000	
Architectural/Engineering Services	74,159	104,996	179,155	179,155	
Other Purchased Professional Services	5,000	8,818	13,818	13,818	
Purchased Technical Services	13,979	(8,607)	5,372	3,376	1,996
Communications/Telephone	89,990	(35,464)	54,526	53,478	1,048
BOE Other Purchased Services	2,800	221	3,021	3,021	
Miscellaneous Purchased Services (400-500 series)	77,753	2,410	80,163	77,520	2,643
Supplies and Materials	10,644	1,042	11,686	11,458	228
BOE In-House Training/Meeting Supplies	425	182	607	517	90
Miscellaneous Expenditures	32,120	(487)	31,633	31,408	225
<b>Total Support Services - General Administration</b>	<b>937,293</b>	<b>198,241</b>	<b>1,135,534</b>	<b>1,074,111</b>	<b>61,423</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	1,320,005	58,553	1,378,558	1,378,558	
Salaries of Secretarial and Clerical Assistants	788,681	14,859	803,540	803,540	
Purchased and Technical Services	50,645	(8,940)	41,705	41,705	
Other Purchased Services (400-500 series)	70,379	4,806	75,185	67,989	7,196
Supplies and Materials	15,370	280	15,650	15,041	609
Other Objects	11,911	772	12,683	12,288	395
<b>Total Support Services - School Administration</b>	<b>2,256,991</b>	<b>70,330</b>	<b>2,327,321</b>	<b>2,319,121</b>	<b>8,200</b>



JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 680,845	\$ 31,562	\$ 712,407	\$ 712,407	\$ 1,425
Purchased Professional - Services	12,990	2,560	15,550	14,125	480
Miscellaneous Purchased Technical Services	14,124	3,370	17,494	17,014	672
Miscellaneous Purchased Services (400-500 series)	9,467	3,341	12,808	12,136	55
Supplies and Materials	9,556	822	10,378	10,323	480
Interest on Lease Purchase Agreements	95,539	2,825	98,364	98,364	
Miscellaneous Expenditures	2,520		2,520	2,040	480
Total Central Services	825,041	44,480	869,521	866,409	3,112
Administration Information Technology:					
Salaries	527,264	25,699	552,963	552,963	
Other Purchased Services (400-500 series)	3,200	1,562	4,762	4,762	
Supplies and Materials	1,500	(1,488)	12	12	
Total Administration Information Technology	531,964	25,773	557,737	557,737	
Required Maintenance of School Facilities:					
Salaries	692,566	66,803	759,369	757,730	1,639
Cleaning, Repair and Maintenance Services	1,040,720	(60,508)	980,212	884,096	96,116
General Supplies	194,620	469,882	664,502	467,416	197,086
Total Required Maintenance of School Facilities	1,927,906	476,177	2,404,083	2,109,242	294,841

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	\$ 1,428,600	\$ 84,775	\$ 1,513,375	\$ 1,513,375	
Purchased Professional and Technical Services		400	400	400	
Lease Purchase Pymts- Energy Savings Impr Prog	33,249		33,249	33,249	
Cleaning, Repair and Maintenance Services	15,000	(400)	14,600	10,257	\$ 4,343
Rental of Land and Building	110,000		110,000	110,000	
Other Purchased Property Services	20,700	1,535	22,235	11,697	10,538
Insurance	313,184	4,414	317,598	317,598	
Miscellaneous Purchased Services	4,500		4,500	2,584	1,916
General Supplies	161,350	(5,949)	155,401	132,346	23,055
Energy (Electricity)	540,600	10,000	550,600	544,299	6,301
Other Objects	3,661	(1,677)	1,984	250	1,734
Energy (Gasoline)	11,000		11,000	7,268	3,732
Energy (Natural Gas)	116,200		116,200	82,651	33,549
Energy (Oil)	492,353	(61,025)	431,328	305,615	125,713
Total Custodial Services	3,250,397	32,073	3,282,470	3,071,589	210,881
Care and Upkeep of Grounds:					
Salaries	176,798	(3,566)	173,232	173,232	
Cleaning, Repair and Maintenance Services	129,830	31,771	161,601	158,861	2,740
General Supplies	57,700	(7,689)	50,011	46,234	3,777
Total Care and Upkeep of Grounds	364,328	20,516	384,844	378,327	6,517
Security:					
Salaries	108,700	88,923	197,623	197,623	
Cleaning, Repair and Maintenance Services	30,710	(11,902)	18,808	11,112	7,696
General Supplies	15,800	29,597	45,397	25,838	19,559
Total Security	155,210	106,618	261,828	234,573	27,255

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 66,325	\$ 10,874	\$ 77,199	\$ 77,199	
Salaries for Pupil Transportation - Regular	915,677	32,043	947,720	947,720	
Salaries for Pupil Transportation - Special Education	7,500	(7,312)	188	188	
Salaries for Pupil Transportation - Other than Between Home and School	44,577	131	44,708	42,663	\$ 2,045
Purchased Professional and Technical Services	18,738	(6,088)	12,650	12,650	
Cleaning, Repair and Maintenance Services	9,190	(4,444)	4,746	4,746	
Lease Purchase Payments - School Buses	284,445	(106)	284,339	284,180	159
Contracted Services:					
Aid in Lieu - Non Public Schools	97,240	(17,513)	79,727	78,676	1,051
Aid in Lieu - Charter School	6,188		6,188	1,768	4,420
Aid in Lieu - Choice School	13,260		13,260	9,724	3,536
Between Home and School - Vendors	528,636	81,751	610,387	606,219	4,168
Other than Between Home and School - Vendors	95,150	(35,175)	59,975	46,179	13,796
ESC Regular Students	427,820	5,087	432,907	432,907	
ESC Special Education Students	804,463	102,861	907,324	907,324	
Miscellaneous Purchased Services-Transportation	23,976	(2,003)	21,973	21,973	
Transportation Supplies	200,453	(56,553)	143,900	143,728	172
Other Objects	2,510		2,510	1,800	710
<b>Total Student Transportation Services</b>	<b>3,546,148</b>	<b>103,553</b>	<b>3,649,701</b>	<b>3,619,644</b>	<b>30,057</b>
Unallocated Benefits:					
Social Security Contributions	750,000	69,432	819,432	819,432	
Other Retirement Contributions - PERS	876,400	165	876,565	876,565	
Workmen's Compensation	265,000	5,327	270,327	270,327	
Health Benefits	9,584,700	(1,291,092)	8,293,608	7,400,964	892,644
Tuition Reimbursement	151,799		151,799	148,408	3,391
Other Employee Benefits	346,368	1,432	347,800	347,231	569
Unused Sick Payment to Terminated/Retired Staff	154,158	41,626	195,784	195,783	1
<b>Total Unallocated Benefits</b>	<b>12,128,425</b>	<b>(1,173,110)</b>	<b>10,955,315</b>	<b>10,058,710</b>	<b>896,605</b>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
On-Behalf Contributions:					
On-behalf TPAF Non-Contributory Insurance (non-budgeted)			\$	94,054	\$ (94,054)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				6,144	(6,144)
On-behalf TPAF Post Retirement Contributions (non-budgeted)				2,241,315	(2,241,315)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				2,595,866	(2,595,866)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,700,307	(1,700,307)
Total On-Behalf Contributions				6,637,686	(6,637,686)
Total Personal Services - Employee Benefits	\$ 12,128,425	\$ (1,173,110)	\$ 10,955,315	16,696,396	(5,741,081)
Total Undistributed Expenses	35,245,636	147,706	35,393,342	40,393,613	(5,000,271)
TOTAL CURRENT EXPENSE	57,655,527	(126,157)	57,529,370	62,433,456	(4,904,086)
CAPITAL OUTLAY					
Equipment:					
Preschool Disabilities - Part Time		3,150	3,150	3,150	
Required Maintenance for School Facilities		75,756	75,756	75,756	
Custodial Services	34,202	(21,203)	12,999		12,999
Care and Upkeep of Grounds	23,438	(8,000)	15,438	15,438	
Regular Programs - Instruction:		56,547	56,547	56,547	
Grades 1-5	4,200	(4,200)			
Grades 9-12		125,000	125,000		125,000
Total Equipment	61,840	227,050	288,890	150,891	137,999
Facilities Acquisition and Construction Services:					
Assessment for Debt Service- SDA Funding	94,542		94,542	94,542	
Total Facilities Acquisition and Construction Services	94,542		94,542	94,542	
Assets Acquired Under Capital Leases (Non-budgeted):					
Vehicles, Improvements, and Equipment				867,110	(867,110)
				867,110	(867,110)
TOTAL CAPITAL OUTLAY	156,382	227,050	383,432	1,112,543	(729,111)

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Transfer to Charter School	\$ 38,674	24,107	\$ 62,781	\$ 62,781	
Total Transfer to Charter School	38,674	24,107	62,781	62,781	
TOTAL EXPENDITURES	57,850,583	125,000	57,975,583	63,608,780	\$ (5,633,197)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,301,443)	(125,000)	(1,426,443)	(158,886)	1,267,557
Other Financing Sources:					
Capital Leases (Non-budgeted)				867,110	867,110
Total Other Financing Sources				867,110	867,110
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(1,301,443)	(125,000)	(1,426,443)	708,224	2,134,667
Fund Balance, July 1	3,124,683		3,124,683	3,124,683	
Fund Balance, June 30	\$ 1,823,240	\$ (125,000)	\$ 1,698,240	\$ 3,832,907	\$ 2,134,667

Recapitulation:	
Restricted Fund Balance:	
Capital Reserve	\$ 680,802
Maintenance Reserve	224,331
Excess Surplus - Designated for Subsequent Year's Expenditures	54,455
Assigned Fund Balance:	
Year-end Encumbrances	412,846
Subsequent Year's Expenditures	1,212,603
Subsequent Year's Expenditures - SEMI ARRA	1,899
Unassigned Fund Balance	1,245,971
	3,832,907
Reconciliation to Governmental Fund Statement (GAAP):	
Last Two State Aid Payments not Recognized on GAAP Basis	(1,560,477)
Fund Balance per Governmental Funds GAAP	\$ 2,272,430

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources	\$ 749,446	\$ 101,858	\$ 851,304	\$ 844,137	\$ (7,167)
Total Revenues	749,446	101,858	851,304	844,137	(7,167)
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	112,250	(2,559)	112,691	112,691	
Purchased Professional/Technical Services	634,196	30,848	676,466	23,681	7,167
Tuition		42,270	676,466	676,466	
Total Instruction	749,446	70,559	820,005	812,838	7,167
Support Services					
Personal Service - Employee Benefits		29,299	29,299	29,299	
Other Purchased Services		2,000	2,000	2,000	
Total Support Services		31,299	31,299	31,299	
Total Expenditures	749,446	101,858	851,304	844,137	7,167
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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	\$ 63,449,894	\$ 844,137
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,553,871	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,560,477)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 63,443,288	 \$ 844,137
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 63,608,780	\$ 844,137
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 63,608,780	 \$ 844,137

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, 2017 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, 2017

	No Child Left Behind				IDEA		
	Title I	Title II	Preschool	Basic	Total		Total
<b>REVENUE:</b>							
Federal Sources	\$ 89,461	\$ 54,529	\$ 23,681	\$ 676,466	\$ 844,137		\$ 844,137
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	71,001	41,690			112,691		112,691
Purchased Professional/Technical Services			23,681		23,681		23,681
Tuition				676,466	676,466		676,466
Total Instruction	71,001	41,690	23,681	676,466	812,838		812,838
Support Services:							
Personal Service - Employee Benefits	18,460	10,839			29,299		29,299
Other Purchased Professional Educational Services		2,000			2,000		2,000
Total Support Services	18,460	12,839			31,299		31,299
Total Expenditures	\$ 89,461	\$ 54,529	\$ 23,681	\$ 676,466	\$ 844,137		\$ 844,137

CAPITAL PROJECTS FUND  
NOT APPLICABLE

PROPRIETARY FUNDS

JEFFERSON TOWNSHIP BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2017

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 177,400
Intergovernmental Accounts Receivable:	
Federal	20,915
State	767
Interfund Receivable	1,000
Inventories	20,039

Total Current Assets 220,121

Non-Current Assets:

Capital Assets	500,024
Less: Accumulated Depreciation	(438,467)

Total Non-Current Assets 61,557

Total Assets 281,678

LIABILITIES:

Current Liabilities:

Accounts Payable - Vendors	15,616
Unearned Revenue	7,717

Total Liabilities 23,333

NET POSITION:

Investment in Capital Assets	61,557
Unrestricted	196,788

Total Net Position \$ 258,345

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, 2017

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 803,090
Daily Sales - Non-reimbursable Programs	39,755
Special Events	33,202
	<hr/>
Total Operating Revenue	876,047
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	337,120
Cost of Sales - Non-Reimbursable Programs	95,085
Salaries, Benefits & Payroll Taxes	481,346
Supplies, Insurance & Other Costs	145,344
Management Fee	65,903
Miscellaneous Expenditures	110,121
Depreciation Expense	16,678
	<hr/>
Total Operating Expenses	1,251,597
	<hr/>
Operating Loss	(375,550)
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Income	878
State Sources:	
State School Lunch Program	10,328
Federal Sources:	
National School Lunch Program	244,883
Food Distribution Program	93,509
	<hr/>
Total Non-Operating Revenue	349,598
	<hr/>
Change in Net Assets Before Operating Transfers	(25,952)
	<hr/>
Change in Net Position	(25,952)
	<hr/>
Net Position - Beginning of Year	284,297
	<hr/>
Net Position - End of Year	\$ 258,345
	<hr/> <hr/>

JEFFERSON TOWNSHIP BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 876,137
Payments to Food Service Vendor	(1,151,514)
Net Cash Used for Operating Activities	<u>(275,377)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	878
Net Cash Provided by Investing Activities	<u>878</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	10,403
Federal Sources:	
National School Lunch Program	243,541
Net Cash Provided by Noncapital Financing Activities	<u>253,944</u>
Net Decrease in Cash and Cash Equivalents	(20,555)
Cash and Cash Equivalents, July 1	<u>197,955</u>
Cash and Cash Equivalents, June 30	<u>\$ 177,400</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (375,550)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	16,678
Federal Food Distribution Program	93,509
Changes in Assets and Liabilities:	
(Increase)/Decrease in Other Accounts Receivable	90
(Increase)/Decrease in Inventories	829
Increase/(Decrease) in Accounts Payable	(12,262)
Increase/(Decrease) in Unearned Revenue	1,329
Net Cash Used for Operating Activities	<u>\$ (275,377)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$93,509 and \$92,180, respectively, the fiscal year ended June 30, 2017.

FIDUCIARY FUNDS



JEFFERSON TOWNSHIP SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 JUNE 30, 2017

	Student Activity	Agency			Unemployment Compensation Trust	Scholarship and Memorial Trust Fund
		Payroll	Summer Savings	Total		
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 218,715	\$ 38,296	\$ 532,527	\$ 789,538	\$ 441,856	\$ 38,204
Total Assets	218,715	38,296	532,527	789,538	441,856	38,204
<u>LIABILITIES:</u>						
Accrued Salaries and Wages			532,527	532,527		
Payroll Deductions and Withholdings Due to Student Groups	218,715	38,296		38,296		
Total Liabilities	218,715	38,296	532,527	789,538		
<u>NET POSITION:</u>						
Held in Trust for Unemployment Claims					441,856	
Restricted for Scholarships						38,204
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 441,856	\$ 38,204

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Fund</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 81,136	
Donations		\$ 5,096
Total Contributions	<u>81,136</u>	<u>5,096</u>
Investment Earnings:		
Interest	<u>2,062</u>	<u>60</u>
Net Investment Earnings	<u>2,062</u>	<u>60</u>
Total Additions	<u>83,198</u>	<u>5,156</u>
DEDUCTIONS:		
Unemployment Compensation Claims	90,082	
Scholarships Awarded		6,276
Total Deductions	<u>90,082</u>	<u>6,276</u>
Change in Net Position	(6,884)	(1,120)
Net Position - Beginning of the Year	<u>448,740</u>	<u>39,324</u>
Net Position - End of the Year	<u>\$ 441,856</u>	<u>\$ 38,204</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	<u>\$ 257,283</u>	<u>\$ 660,693</u>	<u>\$ 699,261</u>	<u>\$ 218,715</u>
Total Assets	<u><u>\$ 257,283</u></u>	<u><u>\$ 660,693</u></u>	<u><u>\$ 699,261</u></u>	<u><u>\$ 218,715</u></u>
 <b><u>LIABILITIES:</u></b>				
Liabilities:				
Due to Student Groups	<u>\$ 257,283</u>	<u>\$ 660,693</u>	<u>\$ 699,261</u>	<u>\$ 218,715</u>
Total Liabilities	<u><u>\$ 257,283</u></u>	<u><u>\$ 660,693</u></u>	<u><u>\$ 699,261</u></u>	<u><u>\$ 218,715</u></u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Elementary Schools:				
Cozy Lake	\$ 2,369	\$ 5,428	\$ 4,497	\$ 3,300
Ellen T. Briggs	4,902	9,384	11,394	2,892
Milton	784	2,890	2,558	1,116
Stanlick	2,346	10,671	9,593	3,424
White Rock	5,163	25,379	25,924	4,619
Junior High School:				
Jefferson Middle School	108,989	270,757	319,920	59,826
Senior High School:				
Jefferson High School Activities	132,290	247,438	237,117	142,611
Athletic Account	440	88,747	88,259	928
Total	<u>\$ 257,283</u>	<u>\$ 660,693</u>	<u>\$ 699,261</u>	<u>\$ 218,715</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 39,000	\$ 36,726,013	\$ 36,726,717	\$ 38,296
Total Assets	<u>\$ 39,000</u>	<u>\$ 36,726,013</u>	<u>\$ 36,726,717</u>	<u>\$ 38,296</u>
 <u>LIABILITIES:</u>				
Net Payroll	\$ 25	\$ 20,321,072	\$ 20,318,522	\$ 2,575
Payroll Deductions and Withholdings	<u>38,975</u>	<u>16,404,941</u>	<u>16,408,195</u>	<u>35,721</u>
Total Liabilities	<u>\$ 39,000</u>	<u>\$ 36,726,013</u>	<u>\$ 36,726,717</u>	<u>\$ 38,296</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance June 30, 2016	Matured	Balance June 30, 2017
			Date	Outstanding June 30, 2017 Amount				
Refunding School Bonds - Series 2011	7/19/2011	\$ 12,785,000	9/15/2017	\$ 1,225,000	5.000%	\$ 9,400,000	\$ 1,160,000	\$ 8,240,000
			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				150,000	150,000	
						<u>\$ 17,965,000</u>	<u>\$ 1,310,000</u>	<u>\$ 16,655,000</u>

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

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2017</u>
Vehicles, Technology and Security Equipment	0.979%	\$ 871,077	\$ 218,998		\$ 218,998	
Vehicles, Improvements and Equipment	1.139%	1,567,500	804,245		399,844	404,401
Various Capital Equipment and Vehicles	1.604%	773,224	773,224		195,894	577,330
Various Capital Equipment and Vehicles	1.482%	867,110	<u>                    </u>	<u>\$ 867,110</u>	<u>                    </u>	<u>867,110</u>
			<u>\$ 1,796,467</u>	<u>\$ 867,110</u>	<u>\$ 814,736</u>	<u>\$ 1,848,841</u>



JEFFERSON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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	\$ 1,967,331		\$ 1,967,331	\$ 1,967,331	
State Sources:					
Debt Service State Aid Support	43,000		43,000	43,000	
Total Revenue	<u>2,010,331</u>		<u>2,010,331</u>	<u>2,010,331</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	700,331		700,331	700,331	
Redemption of Principal	1,310,000		1,310,000	1,310,000	
Total Regular Debt Service	<u>2,010,331</u>		<u>2,010,331</u>	<u>2,010,331</u>	
Total Expenditures	<u>2,010,331</u>		<u>2,010,331</u>	<u>2,010,331</u>	
Deficit of Revenues Under Expenditures					
Fund Balance, July 1	<u>2</u>		<u>2</u>	<u>2</u>	
Fund Balance, June 30	<u>\$ 2</u>	<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -0-</u>
Recapitulation of Fund Balance:					
Restricted for Subsequent Year's Expenditures			<u>\$ 2</u>	<u>\$ 2</u>	

**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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 35,545,516
Restricted	598,710	557,191	1,821,187	2,827,708	806,106	834,157	1,321,280	823,422	712,513	959,590
Unrestricted/(Deficit)	(257,908)	(377,974)	(1,457,291)	(776,754)	(335,734)	(123,770)	(1,091,440)	(17,869,065)	(18,037,753)	(19,368,770)
<b>Total Governmental Activities Net Position</b>	<b>\$ 22,057,130</b>	<b>\$ 25,156,475</b>	<b>\$ 26,562,782</b>	<b>\$ 28,583,894</b>	<b>\$ 29,072,795</b>	<b>\$ 29,889,651</b>	<b>\$ 30,519,805</b>	<b>\$ 15,881,825</b>	<b>\$ 17,374,932</b>	<b>\$ 17,136,336</b>
<b>Business-type Activities</b>										
Investment in Capital Assets	\$ 172,924	\$ 155,161	\$ 137,398	\$ 122,568	\$ 107,738	\$ 92,908	\$ 78,078	\$ 89,119	\$ 78,235	\$ 61,557
Unrestricted/(Deficit)	110,255	107,606	109,598	142,449	249,118	153,825	154,516	153,504	206,062	196,788
<b>Total Business-type Activities Net Position/(Deficit)</b>	<b>\$ 132,674</b>	<b>\$ 262,767</b>	<b>\$ 246,996</b>	<b>\$ 265,017</b>	<b>\$ 356,856</b>	<b>\$ 246,733</b>	<b>\$ 232,594</b>	<b>\$ 242,623</b>	<b>\$ 284,297</b>	<b>\$ 258,345</b>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 20,663,581	\$ 25,132,419	\$ 26,336,284	\$ 26,655,508	\$ 28,710,161	\$ 29,272,172	\$ 30,368,043	\$ 33,016,587	\$ 34,778,407	\$ 35,607,073
Restricted	1,969,595	557,191	1,821,187	2,827,708	806,106	834,157	1,321,280	823,422	712,513	959,590
Unrestricted/(Deficit)	(443,372)	(270,368)	(1,347,693)	(634,305)	(86,616)	30,055	(936,924)	(17,715,561)	(17,831,691)	(19,171,982)
<b>Total District Net Position</b>	<b>\$ 22,189,804</b>	<b>\$ 25,419,242</b>	<b>\$ 26,809,778</b>	<b>\$ 28,848,911</b>	<b>\$ 29,429,651</b>	<b>\$ 30,136,384</b>	<b>\$ 30,752,399</b>	<b>\$ 16,124,448</b>	<b>\$ 17,659,229</b>	<b>\$ 17,394,681</b>

Source: Jefferson School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 32,985,040
Special Education	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	9,090,484
Other Special Education	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	1,660,408
Other Instruction	878,116	952,204	979,105	904,469	924,028	989,404	988,435	1,127,240	1,382,045	1,459,397
Support Services:										
Tuition	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	2,686,644
Student & Instruction Related Services	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	10,333,513
General Administrative Services	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	1,533,903
School Administrative Services	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	4,322,382
Central Services	1,480,926	851,239	901,718	920,142	978,331	1,033,540	1,000,149	1,178,682	1,297,648	1,465,796
Administrative Information Technology		598,017	554,279	552,134	622,155	973,841	621,298	847,993	540,867	557,737
Plant Operations and Maintenance	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	7,075,728
Pupil Transportation	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	3,892,271
Unallocated Depreciation	379,568	379,568	379,568	379,568	379,568	379,568	379,568	379,568	469,058	469,058
Charter Schools	22,606	52,139	73,341	64,175	60,051	42,950	47,458	94,542	64,130	62,781
Interest on Long-term Debt	1,190,261	1,150,930	988,417	1,059,787	794,287	804,503	759,297	721,896	680,956	593,881
Capital Outlay				114,870	66,803	94,542	74,710	58,681	94,542	94,542
Total Governmental Activities Expenses	\$ 53,056,600	\$ 54,178,396	\$ 57,238,022	\$ 55,841,072	\$ 58,468,662	\$ 60,661,736	\$ 60,720,175	\$ 66,738,483	\$ 71,549,016	\$ 78,283,565

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
CHANGE IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Business-type Activities:</b>										
Food Service	\$ 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	\$ 1,251,597
Total Business-type Activities Expense	1,169,172	1,160,439	1,222,759	1,133,659	1,056,848	1,278,871	1,160,071	1,136,352	1,179,383	1,251,597
Total District Expenses	54,225,772	55,338,835	58,460,781	56,974,731	59,525,510	61,940,607	61,880,246	67,874,835	72,728,399	79,535,162
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Instruction (Tuition)							714,925	730,368	194,621	184,805
Operating Grants and Contributions	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	35,401,476
Capital Grants and Contributions					75,093	460,430	97,275			
Total Governmental Activities Program Revenues	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	35,586,281
<b>Business-type Activities:</b>										
Charges for Services:										
Food Service	990,861	933,859	847,172	916,339	863,684	872,197	842,745	845,742	895,294	876,047
Operating Grants and Contributions	259,560	204,365	358,034	234,597	284,587	269,157	302,821	300,217	319,548	348,720
Capital Grants and Contributions									5,794	
Total Business-type Activities Program Revenues	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	1,224,767
Total District Program Revenues	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	36,811,048
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(32,865,251)	(34,473,556)	(35,692,047)	(36,337,129)	(38,013,109)	(37,999,760)	(39,023,536)	(38,857,006)	(40,771,829)	(42,697,284)
Business-type Activities	81,249	(22,215)	(17,553)	17,277	91,423	(137,517)	(14,505)	9,607	41,253	(26,830)
Total District-wide Net Expense	(32,784,002)	(34,495,771)	(35,709,600)	(36,319,852)	(37,921,686)	(38,137,277)	(39,038,041)	(38,847,399)	(40,730,576)	(42,724,114)

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
CHANGE IN NET POSITION, LAST TEN FISCAL YEARS

UNAUDITED  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 40,197,779
Taxes Levied for Debt Service	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	1,967,331
Unrestricted Grants and Contributions	143,439	386,015	128,851	402,650	637,788	89,497	81,429	134,405	761,653	166,221
Investment Earnings	3,581	1,385	2,020	853	1,027	965	1,471	556	679	2,337
Miscellaneous Income	409,014	249,070	132,386	207,012	109,348	492,432	316,078	332,214	237,050	125,020
Extraordinary Item - Adjustment to Fixed Assets Transfers	1,064,836									
	(12,500)									
<b>Total Governmental Activities</b>	<b>36,056,968</b>	<b>36,402,465</b>	<b>37,098,354</b>	<b>38,358,241</b>	<b>38,502,010</b>	<b>39,056,069</b>	<b>39,653,690</b>	<b>40,811,826</b>	<b>42,264,936</b>	<b>42,458,688</b>
<b>Business-type Activities:</b>										
Miscellaneous/Investment Earnings	11,166	1,803	1,782	744	416	27,394	366	422	421	878
Extraordinary Item - Adjustment to Fixed Assets Transfers	188,747									
	12,500									
<b>Total Business-type Activities</b>	<b>199,913</b>	<b>1,803</b>	<b>1,782</b>	<b>744</b>	<b>416</b>	<b>27,394</b>	<b>366</b>	<b>422</b>	<b>421</b>	<b>878</b>
<b>Total District-wide</b>	<b>36,269,381</b>	<b>36,404,268</b>	<b>37,100,136</b>	<b>38,358,985</b>	<b>38,502,426</b>	<b>39,083,463</b>	<b>39,654,056</b>	<b>40,812,248</b>	<b>42,265,357</b>	<b>42,459,566</b>
<b>Change in Net Position</b>	<b>3,191,717</b>	<b>1,928,909</b>	<b>1,406,307</b>	<b>2,021,112</b>	<b>488,901</b>	<b>1,056,309</b>	<b>630,154</b>	<b>1,954,820</b>	<b>1,493,107</b>	<b>(238,596)</b>
Governmental Activities	293,662	(20,412)	(15,771)	18,021	91,839	(110,123)	(14,139)	10,029	41,674	(25,952)
Business-type Activities	\$ 3,485,379	\$ 1,908,497	\$ 1,390,536	\$ 2,039,133	\$ 580,740	\$ 946,186	\$ 616,015	\$ 1,964,849	\$ 1,534,781	\$ (264,548)

Source: Jefferson School District Financial Reports

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 1,186,263	\$ 1,074,521	\$ 2,262,262							
Unreserved/(Deficit)	263,031	377,511	(614,636)							
Restricted				\$ 890,560	\$ 904,290	\$ 512,046	\$ 1,218,693	\$ 720,834	\$ 712,511	\$ 959,588
Assigned				2,048,467	1,030,867	1,318,251	284,723	480,886	858,301	1,312,842
Total General Fund	\$ 1,449,294	\$ 1,452,032	\$ 1,647,626	\$ 2,939,027	\$ 1,935,157	\$ 1,830,297	\$ 1,503,416	\$ 1,201,720	\$ 1,570,812	\$ 2,272,430
All Other Governmental Funds										
Reserved	\$ 94,476	\$ 96,346								
Unreserved, Reported in:										
Capital Projects Fund/(Deficit)	(304,632)	(451,574)	\$ (442,895)							
Debt Service Fund	36,408	9,792	1,820							
Restricted						\$ 322,111	\$ 102,587	\$ 102,588	\$ 2	\$ 2
Unassigned/(Deficit)	\$ (173,748)	\$ (345,436)	\$ (441,075)	\$ (111,319)	\$ (98,184)	\$ 322,111	(160,692)	(597,972)	\$ 2	\$ 2
Total All Other Governmental Funds	\$ (173,748)	\$ (345,436)	\$ (441,075)	\$ (111,319)	\$ (98,184)	\$ 322,111	\$ 102,587	\$ (495,384)	\$ 2	\$ 2

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax Levy	\$ 33,653,194	\$ 35,765,995	\$ 36,835,097	\$ 37,747,726	\$ 37,753,847	\$ 38,473,175	\$ 39,254,712	\$ 40,344,651	\$ 41,265,554	\$ 42,165,110
Tuition Changes	62,847	74,047	48,653	61,608	40,039	36,908	75,753	246,096	193,942	184,805
Interest Earnings	271,939	43,082	33,489	18,166	18,846	8,442	8,702	6,607	679	2,337
Miscellaneous	365,768	133,326	52,263	128,091	51,490	448,047	233,094	80,067	237,729	123,020
State Sources	18,890,508	19,282,332	18,168,054	18,662,380	19,659,364	21,789,269	20,898,355	21,352,737	22,891,636	22,924,636
Federal Sources	788,370	808,522	3,506,773	1,244,013	1,433,977	962,204	879,713	964,701	946,913	895,848
<b>Total Revenue</b>	<b>54,032,626</b>	<b>55,198,338</b>	<b>56,107,304</b>	<b>58,644,329</b>	<b>57,862,184</b>	<b>58,957,563</b>	<b>61,718,045</b>	<b>61,350,329</b>	<b>62,994,859</b>	<b>66,297,756</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	15,199,602	16,269,833	15,749,792	16,380,672	15,167,011	15,618,878	15,840,961	15,807,583	16,526,811	16,425,830
Special Education Instruction	3,276,163	3,710,016	4,154,267	4,283,363	4,281,941	4,019,786	4,300,155	4,316,703	4,096,891	4,156,059
Other Special Instruction	592,075	1,033,965	916,799	821,985	794,807	830,169	791,269	914,967	920,618	771,875
Other Instruction	674,025	766,807	764,994	703,006	700,567	740,102	748,526	776,960	795,666	798,770
<b>Support Services:</b>										
Tuition	2,545,819	1,915,384	2,356,722	2,071,907	3,211,400	3,137,916	3,400,450	3,265,227	3,379,206	3,386,791
Student & Instruction Related Services	5,002,184	5,726,785	5,699,619	5,543,971	5,936,664	6,331,374	6,482,871	6,643,029	7,046,642	6,811,119
General Administration	1,002,589	1,162,176	1,129,806	1,002,066	1,096,173	1,571,723	855,718	846,799	857,398	1,074,111
School Administrative Services	2,008,815	2,151,777	2,186,170	1,993,343	2,124,918	2,130,115	2,143,474	2,214,246	2,281,092	2,319,121
Central Services	982,596	652,776	669,020	684,193	710,175	730,466	711,890	756,521	833,656	866,409
Administrative Information Technology		444,502	395,420	394,226	430,408	447,860	432,182	524,680	540,867	557,737
Plant Operations and Maintenance	4,869,776	5,152,611	5,327,493	4,636,873	4,643,740	4,836,978	5,410,850	4,980,629	5,077,553	5,793,731
Pupil Transportation	3,063,781	3,045,629	3,165,506	3,076,441	3,104,866	3,191,011	3,283,839	3,143,386	3,417,578	3,619,644
Employee Benefits	11,757,488	10,940,829	12,512,212	12,185,168	14,339,781	15,126,190	14,713,221	15,258,160	16,412,686	16,696,396
Special Schools	48,518									
Charter Schools	17,563	52,139	73,341	64,175	60,051	42,950	47,458	58,681	64,130	62,781
Capital Outlay	796,042	950,095	1,140,033	323,433	1,305,278	669,711	2,474,956	2,252,107	1,192,058	1,112,543
Debt Service:										
Principal	1,020,000	1,150,000	1,195,000	1,010,000	1,245,000	1,110,000	1,160,000	1,210,000	1,250,000	1,310,000
Interest and Other Charges	1,226,149	1,150,930	1,108,180	1,066,205	795,518	867,381	827,106	790,156	751,806	700,331
<b>Total Expenditures</b>	<b>54,083,185</b>	<b>56,326,040</b>	<b>56,276,254</b>	<b>58,544,374</b>	<b>56,241,027</b>	<b>59,948,298</b>	<b>61,402,610</b>	<b>63,624,926</b>	<b>63,733,834</b>	<b>66,463,248</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(50,559)</b>	<b>(1,127,702)</b>	<b>(168,950)</b>	<b>99,955</b>	<b>1,621,157</b>	<b>(990,735)</b>	<b>315,435</b>	<b>(2,274,597)</b>	<b>(738,975)</b>	<b>(165,492)</b>



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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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				\$ 196	(224,674)		413,345	\$ 1,275,539	\$ 10,563	
Transfers Out	\$ 141,288	\$ 1,099	\$ 724,123	(196)	224,674	(413,345)	(10,563)	(1,275,539)	(10,563)	867,110
Capital Leases (non-budgeted)	(151,063)	(1,099)	(724,123)	(196)	224,674		1,567,500	773,224		
Total Other Financing Sources (Uses)	(9,775)	(12,500)	-0-	-0-	-0-	(1,400,000)	-0-	1,567,500	-0-	867,110
Net Change in Fund Balances	\$ (60,334)	\$ (181,450)	\$ 99,955	\$ 1,621,157	\$ (990,735)	\$ (1,084,565)	\$ (2,274,597)	\$ 828,525	\$ (738,975)	\$ 701,618
Debt Service as a Percentage of Noncapital Expenditures	4.40%	4.34%	4.36%	3.70%	3.86%	3.45%	3.49%	3.37%	3.31%	3.17%

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)*

Fiscal Year Ending June 30,	Tuition	Interest on Investments	Insurance Refund	Legal Settlement	Other Miscellaneous	Rebates/ Refunds	Total
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	40,039	18,098			52,263		110,400
2011	36,908	8,442			14,090	113,805	173,245
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
2017	191,942	2,337			125,020		319,299

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 <sup>a</sup>	Net Valuation Taxable	School Tax Rate <sup>b</sup>	County Equalized Value
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
2016	54,449,200	2,285,534,600	6,787,100	186,018,900	5,205,200	22,443,700	2,560,438,700	100	2,560,743,500	1.633	2,623,759,511

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

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

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

Year Ended December 31,	Jefferson School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate			Jefferson Township	Morris County	
	Basic Rate <sup>a</sup>	General Obligation Debt <sup>b</sup>	Total Direct			
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
2016	1.557	0.076	1.633	0.794	0.262	2.688

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 TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer				
Ridge Plaza LLC	\$ 20,521,400	0.82%		
City of Newark	18,475,700	0.75%		
Sebastian/Parsippany, LP	7,317,300	0.30%		
Gelormino Associates	7,184,800	0.29%		
Seneca Gardens LLC	6,714,900	0.27%		
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%		
				Information Not Available

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<sup>a</sup></u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
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	39,254,712	39,254,712	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-
2017	42,165,110	42,165,110	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases			
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%	970.06
2016	17,965,000		1,796,467	19,761,467	1.11%	923.17
2017	16,655,000		1,848,841	18,503,841	1.00%	864.42

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.

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
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%	893.97
2016	17,965,000		17,965,000	0.72%	839.25
2017	16,655,000		16,655,000	0.65%	778.05

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, 2016  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Jefferson Township	\$ 17,927,200	100.00%	\$ 17,927,200
Morris County General Obligation Debt	226,745,317	0.29%	<u>655,047</u>
Subtotal, overlapping debt			18,582,247
Jefferson Township School District Direct Debt			<u>18,503,841</u>
Total direct and overlapping debt			<u><u>\$ 37,086,088</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis	
2016	\$ 2,673,567,968
2015	2,614,818,305
2014	2,609,029,725
	<u>\$ 7,897,415,998</u>
	<u>\$ 2,632,471,999.33</u>
Average equalized valuation of taxable property	
Debt limit (4% of average equalization value)	\$ 105,298,880 a
Net bonded school debt	16,655,000
Legal debt margin	<u>\$ 88,643,880</u>

Fiscal Year

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 105,298,880
Total net debt applicable to limit	<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>	<u>16,655,000</u>
Legal debt margin	<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>	<u>\$ 88,643,880</u>
Total net debt applicable to the limit as a percentage of debt limit	23.72%	21.37%	20.16%	19.84%	18.95%	18.94%	18.72%	18.19%	17.21%	15.82%

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 <sup>a</sup>	Township Personal Income <sup>b</sup>	Morris County Per Capita Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
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	7.50%
2015	21,494	1,541,764,620	71,730	5.90%
2016	21,406	1,772,630,860	82,810	5.40%
2017	21,406 **	1,853,374,292 **	86,582	4.80%

\*\* - Latest population data available (2016) was used for calculation purposes

N/A - Information Unavailable

Source:

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

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

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

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

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

N/A - Information is not available.

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

Source: Morris County Treasurer's Office.

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction	270.0	276.0	278.0	205.5	209.9	208.4	222.3	214.0	208.4	197.0
Regular	1.0	1.5	1.0	56.5	112.5	41.5	62.1	64.5	71.3	97.9
Special education	37.0	49.5	47.0	45.1		63.4	66.0	67.0	83.6	50.7
Support Services:										
Student & instruction related services	66.5	64.5	70.5	69.0	69.7	95.9	70.1	31.5	39.0	47.8
School administrative services	29.0	31.0	26.5	19.0	24.8	23.3	23.5	23.5	24.5	24.9
General and business administrative services	5.0	19.0	4.5	4.5	18.6	4.5	4.1	20.2	20.2	20.2
Plant operations and maintenance	51.0	55.0	55.5	42.3	42.7	42.8	43.9	37.6	42.4	44.1
Pupil transportation	20.0	20.0	21.5	19.0	20.4	18.8	19.5	39.6	20.4	20.5
Other support services	12.5		14.5	14.5		15.0	15.0	44.0		
<b>Total</b>	<b>492.0</b>	<b>516.5</b>	<b>519.0</b>	<b>475.4</b>	<b>498.6</b>	<b>513.6</b>	<b>526.5</b>	<b>541.9</b>	<b>509.6</b>	<b>503.1</b>

Source: District Personnel Records

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>e</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2017	3,126	63,340,374	20,262	2.79%	277	1:13	1:11	1:11	3,007.0	2,876.0	-2.17%	95.64%

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>District Building</b>										
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	261	256	256	390	393	393	328	313	288	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	283	280	280	245	247	247	241	234	206	206
Drummond School (1950)										
Square Feet	12,144	12,144	12,144							
Capacity (students)	97.15	97.15	97.15							
Enrollment	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	203	179	179	186	138	138	148	157	159	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	363	388	388	380	382	382	381	368	345	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	415	439	439	426	425	425	380	382	388	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	866	825	825	807	810	810	813	788	765	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	#####
Enrollment	1,113	1,108	1,108	1,190	1,069	1,069	1,004	1,003	1,007	1,007
<b>Other</b>										
Administration Building										
Square Feet	4,846	4,846	4,846	4,846	12,144	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 #	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Jefferson Township High School	N/A	\$ 479,578	\$ 454,764	\$ 473,758	\$ 371,300	\$ 338,706	\$ 388,707	\$ 486,669	\$ 507,645	\$ 827,769	\$ 1,012,177
Arthur Stanlick School	N/A	138,732	121,450	90,689	60,724	55,393	78,819	79,592	83,023	172,213	210,578
Drummond School	N/A	27,259	22,580	80,767							-
Cozy Lake School	N/A	88,177	133,482	150,932	101,061	92,190	175,727	132,462	138,171	99,518	121,688
Ellen T. Briggs School	N/A	74,119	60,390	105,290	70,500	64,311	39,084	92,406	96,389	85,059	104,008
Jefferson Township Middle School	N/A	275,787	120,765	202,498	135,589	123,687	99,035	177,719	185,379	205,606	251,410
Milton School	N/A	66,917	46,358	34,032	22,787	20,787	67,053	29,867	31,154	158,932	194,338
White Rock School	N/A	142,808	174,214	245,918	164,662	150,207	164,938	215,825	225,127	175,864	215,043
		<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>	<u>\$ 2,109,242</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, 2017  
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, 2017  
UNAUDITED

	Coverage	Deductible
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	

Source: Jefferson Township School District Records.

SINGLE AUDIT SECTION

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, 2017, 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, 2017.

**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

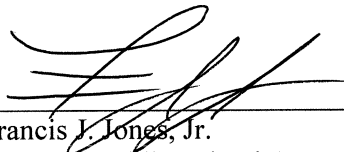
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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, 2017  
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, 2017. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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, 2017.

**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 of that testing based on the requirements of Uniform Guidance and NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

October 15, 2017  
Mount Arlington, New Jersey

  
NISIVOCIA LLP

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

**JEFFERSON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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) 6/30/2016	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Receivables	Repayment of Prior Years' Balance	Balance 6/30/2017 Accounts Receivable	Unearned Revenue	Due to Grantor 6/30/2017
<b>U.S. Department of Agriculture</b>													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Federal Food Distribution Program	10.555	N/A	7/1/16-6/30/17	\$ 85,792	\$ 6,388		\$ 93,509	\$ (85,792)			\$ 7,717		
Federal Food Distribution Program	10.555	N/A	7/1/15-6/30/16	64,638	6,388		93,509	(6,388)				7,717	
Total Food Distribution Program								(92,180)					
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	22,922	(2,232)		2,232	(26,602)		\$ (3,425)			
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	26,602			23,177						
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	221,403	(18,341)		18,341	(218,281)			(17,490)		
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	218,281	(20,573)		200,791	(244,883)			(20,915)		
Total Child Nutrition Cluster							244,541	(244,883)					
Total U.S. Department of Agriculture					(14,185)		338,050	(337,063)			(20,915)	7,717	
<b>Passed-through State Department of Education:</b>													
<b>General Fund:</b>													
U.S. Department of Health and Human Services:													
Medicaid Cluster:													
Medicaid Reimbursement	93.778	N/A	7/1/15-6/30/16	49,812			49,812	(49,812)					
Medicaid Reimbursement - ARRA	93.778	N/A	7/1/09-6/30/12	1,899			1,899	(1,899)					
Total General Fund							51,711	(51,711)					
<b>Special Revenue Fund:</b>													
U.S. Department of Education:													
No Child Left Behind Consolidated Grant:													
Title IIA	84.367	NCLB552017	7/1/16-6/30/17	54,529	(27,569)		39,521	(54,529)			(15,008)		
Title IIA	84.367	NCLB552016	7/1/15-6/30/16	58,019	(27,569)		27,569	(54,529)			(15,008)		
Total Title IIA							67,090	(109,058)			(30,016)		
Title I	84.010	NCLB552017	7/1/16-6/30/17	89,461	(47,596)		61,258	(89,461)			(28,203)		
Title I	84.010	NCLB552016	7/1/15-6/30/16	102,599	(47,596)		47,596	(109,957)			(32,361)		
Total Title I							108,854	(199,418)			(60,564)		
<b>Special Education Cluster:</b>													
U.S. Department of Education:													
ID.E.A. Part B, Basic	84.027	FT-5520-17	7/1/16-6/30/17	676,466	(22,064)		623,253	(676,466)			(53,213)		
ID.E.A. Part B, Basic	84.027	FT-5520-16	7/1/15-6/30/16	715,405	(22,064)		22,064	(715,405)			(4,401)		
ID.E.A. Part B, Preschool	84.173	FT-5520-17	7/1/16-6/30/17	30,848	(22,064)		664,597	(700,147)			(57,614)		
Total Special Education Cluster							1,310,214	(1,481,618)			(115,228)		
Total Special Revenue Fund/U.S. Department of Education					(97,229)		840,541	(844,137)			(100,825)		
Total Federal Awards					\$ (111,414)	\$ -0-	\$ 1,230,302	\$ (1,232,911)	\$ -0-	\$ -0-	\$ (121,740)	\$ 7,717	\$ -0-

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

N/A: Not Available/Applicable



JEFFERSON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Balance		Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Receivable Cancelled	Balance 6/30/2017		Memo	
				(Accounts Receivable) 6/30/2016	(Accounts Receivable) 6/30/2017					GAAP (Accounts Receivable)	Budgetary Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
<b>General Fund</b>													
NJ Department of Education:													
Equalization Aid	16-495-034-5120-078	7/1/15 - 6/30/16	\$ 12,431,553	\$ (1,220,944)			\$ 1,220,944	\$ (12,431,553)				\$ (1,223,757)	\$ 12,431,553
Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	418,875	(41,139)		41,139		(418,875)				(41,234)	418,875
Special Education Aid	16-495-034-5120-089	7/1/15 - 6/30/16	2,137,733	(209,954)		209,954		(2,137,733)				(210,438)	2,137,733
Security Aid	16-495-034-5120-084	7/1/15 - 6/30/16	303,337	(29,792)		29,792		(303,337)				(29,860)	303,337
Additional Adjustment Aid	16-495-034-5120-085	7/1/15 - 6/30/16	466,287	(45,796)		45,796		(466,287)				(45,902)	466,287
PARCC Readiness Aid	16-495-034-5120-098	7/1/15 - 6/30/16	31,800	(3,123)		3,123		(31,800)				(3,130)	31,800
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15 - 6/30/16	31,800	(3,123)		3,123		(31,800)				(3,130)	31,800
Non-Public Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	32,868	(32,868)		32,868						(38,032)	32,868
Extraordinary Aid	16-100-034-5120-473	7/1/15 - 6/30/16	360,912	(360,912)		360,912						(353,262)	360,912
Homeless Tuition	N/A		7,662	(7,662)		7,662						(7,137)	7,662
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	12,431,553			11,207,796		\$ (12,431,553)				\$ (1,223,757)	12,431,553
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	418,875			377,641		(418,875)				(41,234)	418,875
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	2,137,733			1,927,295		(2,137,733)				(210,438)	2,137,733
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	303,337			273,477		(303,337)				(29,860)	303,337
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	466,287			420,385		(466,287)				(45,902)	466,287
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	31,800			28,670		(31,800)				(3,130)	31,800
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	31,800			28,670		(31,800)				(3,130)	31,800
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	30,740			27,714		(30,740)				(3,026)	30,740
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	38,032					(38,032)				(38,032)	38,032
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	353,262					(353,262)				(353,262)	353,262
Homeless Tuition	N/A		7,137					(7,137)				(7,137)	7,137
On-Behalf TPAF Post Retirement Contribution	17-495-034-5094-001	7/1/16-6/30/17	2,241,315			2,241,315		(2,241,315)				(767)	2,241,315
On-Behalf TPAF Pension Contribution	17-495-034-5094-002	7/1/16-6/30/17	2,595,866			2,595,866		(2,595,866)				(767)	2,595,866
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	94,054			94,054		(94,054)				(767)	94,054
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	6,144			6,144		(6,144)				(767)	6,144
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	7/1/16-6/30/17	1,700,307			1,700,307		(1,700,307)				(1,958,908)	1,700,307
Total General Fund State Aid				(1,955,313)		22,884,647		(22,888,242)			(398,431)	(1,958,908)	39,111,069
Debt Service Aid Type II	17-100-034-5120-124	7/1/16-6/30/17	43,000			43,000		(43,000)					43,000
Total Debt Service Aid						43,000		(43,000)					43,000
Total NJ Department of Education				(1,955,313)		22,927,647		(22,931,242)			(398,431)	(1,958,908)	39,154,069
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	(842)		842							10,585
School Lunch Program - State	17-100-010-3350-023	7/1/16-6/30/17	10,328			9,561		(10,328)				(767)	10,328
Total NJ Department of Agriculture				(842)		10,403		(10,328)				(767)	20,913
Total State Awards Subject to Single Audit Determination				(1,956,155)		\$22,938,050		(22,941,570)			\$ -0-	\$ (1,959,675)	\$ 39,174,982
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	(2,241,315)					2,241,315					
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	(2,595,866)					2,595,866					
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(94,054)					94,054					
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	(6,144)					6,144					
Subtotal - On-Behalf TPAF Pension System Contributions								4,937,379					
Total State Awards Subject to Single Audit Major Program Determination								(18,004,191)					
N/A - Not Applicable													

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, 2017

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, 2017. 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 3. INDIRECT COST RATE

The District has elected not 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 (\$6,606) for the general fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, and special revenue funds. 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, 2017

(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 51,711	\$ 22,881,636	\$22,933,347
Special Revenue Fund	844,137		844,137
Debt Service Fund		43,000	43,000
Enterprise Fund - Food Service	<u>338,392</u>	<u>10,328</u>	<u>348,720</u>
Total Awards	<u>\$ 1,234,240</u>	<u>\$22,934,964</u>	<u>\$24,169,204</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. 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, 2017.

JEFFERSON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 federal and 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	17-495-034-5120-078	7/1/16-6/30/17	\$12,431,553	\$12,431,553
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	2,137,733	2,137,733
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	303,337	303,337
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	466,287	466,287
PARCC Readiness Growth Aid	17-495-034-5120-098	7/1/16-6/30/17	31,800	31,800
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	31,800	31,800
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	30,740	30,740
<u>Federal:</u>				
Special Education Cluster				
I.D.E.A. Part B - Preschool	84.173	7/1/16-6/30/17	30,848	23,681
I.D.E.A. Part B - Basic	84.027	7/1/16-6/30/17	676,466	676,466

- 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, 2017  
(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, 2017

Status of Prior Year Findings:

The District had no prior year audit findings.