

**SCHOOL DISTRICT
OF
JEFFERSON TOWNSHIP**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual
Financial Report**

of the

Jefferson Township School District

Jefferson Township, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**Jefferson Township School District
Business Office**

JEFFERSON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2018

INTRODUCTORY SECTION (Unaudited)

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

FINANCIAL SECTION

Independent Auditors' Report	9
Required Supplementary Information	12
Management's Discussion and Analysis (Unaudited)	13

Basic Financial Statements (Sections A. and B.)

A. District-Wide Financial Statements	21
A-1 Statement of Net Position.....	22
A-2 Statement of Activities.....	23
B. Fund Financial Statements.....	25
B-1 Balance Sheet – Governmental Funds	26
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	27
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
B-4 Statement of Net Position – Proprietary Funds	31
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds.....	32
B-6 Statement of Cash Flows – Proprietary Funds	33
B-7 Statement of Fiduciary Net Position – Fiduciary Funds	34
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	35

Notes to Basic Financial Statements.....

Required Supplementary Information (Unaudited)

L. Schedules Related to Accounting and Reporting for Pensions (Unaudited).....	69
L-1 Schedule of District's Proportionate Share of the Net Pension Liability- Public Employees Retirement System	69
L-2 Schedule of District Contributions – Public Employees Retirement System.....	70
L-3 Schedule of State Proportionate Share of the Net Pension Liability Attributable to the District - Teachers' Pension and Annuity Fund	71
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund.....	72
Notes to Required Supplementary Information	73

JEFFERSON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

FINANCIAL SECTION (Cont'd)

C.	Budgetary Comparison Schedules (Unaudited)	74
C-1	Budgetary Comparison Schedule – General Fund	75
C-2	Budgetary Comparison Schedule – Special Revenue Fund	91
C-3	Required Supplementary Information – Budget Comparison Schedule	92

Other Supplementary Schedules (D.-I.)

D.	School Level Schedules (Not Applicable)	93
E.	Special Revenue Fund.....	94
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	95
E-2	Preschool Education Aid Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund (Not Applicable).....	96
G.	Proprietary Funds.....	97
	Enterprise Fund	
G-1	Statement of Net Position	98
G-2	Statement of Revenue, Expenses and Changes in Fund Net Position	99
G-3	Statement of Cash Flows	100
H.	Fiduciary Funds	101
H-1	Combining Statement of Fiduciary Net Position	102
H-2	Combining Statement of Changes in Fiduciary Net Position.....	103
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements.....	104
H-4	Student Activity Agency Fund Statement of Activity.....	105
H-5	Payroll Agency Fund Schedule of Receipts and Disbursements.....	106
I.	Long-Term Debt	107
I-1	Schedule of Serial Bonds	108
I-2	Schedule of Obligations Under Capital Leases.....	119
I-3	Debt Service Fund Budgetary Comparison Schedule	110
J.	STATISTICAL SECTION (Unaudited)	111
	Statistical Schedules	
J-1	Net Position by Component	112
J-2	Changes in Net Position	113
J-3	Fund Balances – Governmental Funds.....	116
J-4	Changes in Fund Balances – Governmental Funds.....	117
J-5	General Fund Other Local Revenue by Source.....	119
J-6	Assessed Value and Actual Value of Taxable Property.....	120
J-7	Direct and Overlapping Property Tax Rates	121
J-8	Principal Property Taxpayers.....	122
J-9	Property Tax Levies and Collections	123

JEFFERSON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

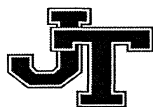
STATISTICAL SECTION (Unaudited) (Cont'd)

J-10 Ratios of Outstanding Debt by Type.....124
J-11 Ratios of Net General Bonded Debt Outstanding125
J-12 Ratios of Overlapping Governmental Activities Debt126
J-13 Legal Debt Margin Information127
J-14 Demographic and Economic Statistics.....128
J-15 Principal Employers129
J-16 Full-Time Equivalent District Employees by Function/Program.....130
J-17 Operating Statistics131
J-18 School Building Information.....132
J-19 Schedule of Required Maintenance for School Facilities133
J-20 Insurance Schedule.....134

K. SINGLE AUDIT SECTION136

K-1 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*.....137
K-2 Report on Compliance for Each Major Federal and State Program;
Report on Internal Control Over Compliance.....139
K-3 Schedule of Expenditures of Federal Awards141
K-4 Schedule of Expenditures State Awards142
K-5 Notes to the Schedules of Federal and State Awards.....143
K-6 Schedule of Findings and Questioned Costs145
K-7 Summary Schedule of Prior Audit Findings147

INTRODUCTORY SECTION



Jefferson Township Board of Education

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

Superintendent of Schools
Jeanne Howe

Business Administrator
Dora E. Zeno, RSBA
DZeno@Jefftwp.org

Assistant Business Administrator
Rita Giacchi
RGiacchi@Jefftwp.org

January 14, 2019

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, 2018, 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 2017-18 fiscal year with an enrollment of 2,987 students, which is a decrease of 139 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:

In recognition of the need to maintain the facilities infrastructure for improvements which cannot be accommodated within the general fund budget, the district planned to conduct a special election in October 2018 to ask residents to authorize a bond sale to make needed improvements to school buildings, which on average are 50 years old and in need of upgrades.

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, 2018.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

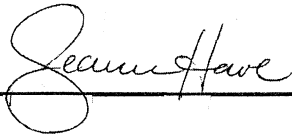
9) OTHER INFORMATION:

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

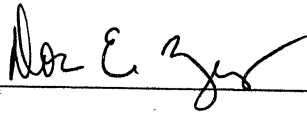
The Honorable President and Members of
the Board of Education
Jefferson Township School District
Page 4
January 14, 2019

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.

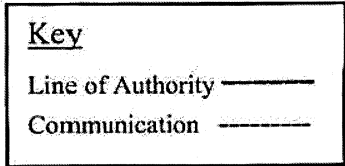
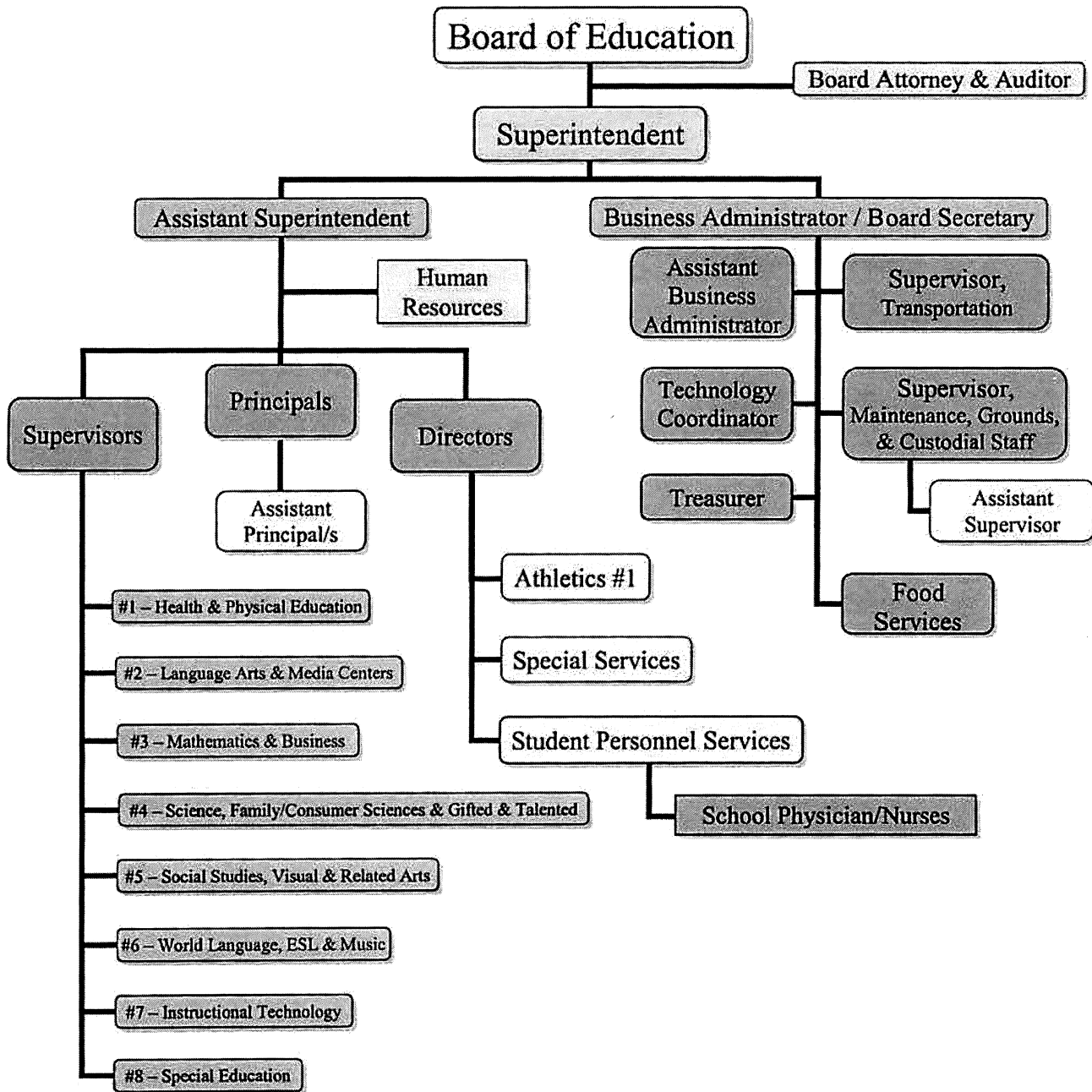
Respectfully submitted,



Superintendent
Jeanne Howe



Business Administrator/Board Secretary
Dora E. Zeno



**TOWNSHIP OF JEFFERSON BOARD OF EDUCATION
LAKE HOPATCONG, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2018**

Members of the Board of Education

		<u>Term Expires</u>
Mrs. Jill Van Ness	President	2018
Mr. Matthew Millar	Vice President	2019
Mrs. Amy Gould	Member	2018
Mr. James Martorelli	Member	2020
Mrs. Stacey Poulas	Member	2020
Mrs. Melissa Senatore	Member	2018
Mrs. Jill Small	Member	2020
Mr. Michael Stewart	Member	2019
Mrs. Adele Wildermuth	Member	2019

Other Officials

Dr. Patrick Tierney, Superintendent from 7/1/2017 – 2/6/2018

Jeanne Howe, Acting Superintendent from 2/6/2018 – 6/30/2018

Dora E. Zeno, Business Administrator/Board Secretary

TOWNSHIP OF JEFFERSON
BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

Bond Counsel

McManimon, Scotland & Baumann, L.L.C.
75 Roseland Avenue, Ste. 201
Livingston, NJ 07068

Audit Firm

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

Attorneys

Cleary, Giacobbe, Alfieri, Jacobs LLC
169 Ramapo Valley Road
Oakland, NJ 07436

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the District has not implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. This is due to the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, not providing the information necessary to implement Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* as of the date of this report. The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District. Our opinions are not modified with respect to this matter.

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 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. The required supplementary information schedule, Schedule of Changes in the State’s Proportionate Share of the Total OPEB Liability Attributable to the District and Related Ratios, is omitted from this report. This is due to the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, not providing the information necessary to implement Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* as of the date of this report. 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 available 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. Our opinion on the basic financial statements has not been affected for this missing information.

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 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 January 14, 2019 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.

January 14, 2019
Mount Arlington, New Jersey


NISIVOCCIA LLP


Francis Jones
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, 2018. 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.

Overview of the Financial Statements

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

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

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

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

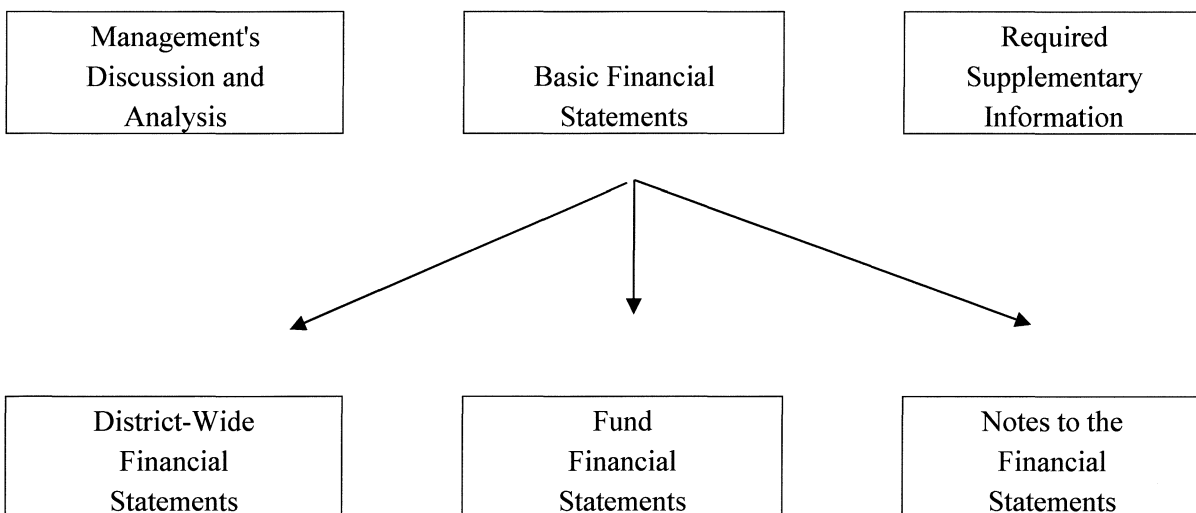


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

Financial Analysis of the District as a Whole

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

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

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
Current and Other Assets	\$ 2,652,021	\$ 4,661,469	\$ 194,093	\$ 220,121	\$ 2,846,114	\$ 4,881,590	
Capital Assets, Net	54,578,099	53,428,527	77,433	61,557	54,655,532	53,490,084	
Total Assets	<u>57,230,120</u>	<u>58,089,996</u>	<u>271,526</u>	<u>281,678</u>	<u>57,501,646</u>	<u>58,371,674</u>	-1.51%
Deferred Outflows of Resources	<u>6,935,163</u>	<u>9,336,387</u>			<u>6,935,163</u>	<u>9,336,387</u>	-34.62%
Long-Term Liabilities	39,513,503	46,768,804			39,513,503	46,768,804	
Other Liabilities	1,445,360	3,345,720	45,959	23,333	1,491,319	3,369,053	
Total Liabilities	<u>40,958,863</u>	<u>50,114,524</u>	<u>45,959</u>	<u>23,333</u>	<u>41,004,822</u>	<u>50,137,857</u>	-22.27%
Deferred Inflows of Resources	<u>4,722,445</u>	<u>175,523</u>			<u>4,722,445</u>	<u>175,523</u>	96.28%
Net Position:							
Net Investment in Capital Assets	37,344,518	35,545,516	77,433	61,557	37,421,951	35,607,073	
Restricted	582,028	959,590			582,028	959,590	
Unrestricted/(Deficit)	<u>(19,442,571)</u>	<u>(19,368,770)</u>	<u>148,134</u>	<u>196,788</u>	<u>(19,294,437)</u>	<u>(19,171,982)</u>	
Total Net Position	<u>\$ 18,483,975</u>	<u>\$ 17,136,336</u>	<u>\$ 225,567</u>	<u>\$ 258,345</u>	<u>\$ 18,709,542</u>	<u>\$ 17,394,681</u>	7.03%

Changes in Net Position. The Changes in Net Position show the cost of program services and the revenues of the District on a comparative schedule (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
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
Revenue:							
Program Revenue:							
Charges for Services	\$ 275,451	\$ 184,805	\$ 850,596	\$ 876,047	\$ 1,126,047	\$ 1,060,852	
Operating Grants and Contributions	32,132,368	35,401,476	339,779	348,720	32,472,147	35,750,196	
General Revenue:							
Property Taxes	43,350,137	42,165,110			43,350,137	42,165,110	
Unrestricted Federal and State Aid	535,074	166,221			535,074	166,221	
Other	190,833	127,357	2,007	878	192,840	128,235	
Total Revenue	76,483,863	78,044,969	1,192,382	1,225,645	77,676,245	79,270,614	-2.01%
Expenses:							
Instruction	42,598,194	45,195,329			42,598,194	45,195,329	
Pupil and Instruction Services	13,680,997	13,020,157			13,680,997	13,020,157	
Administrative and Business	7,666,332	7,879,818			7,666,332	7,879,818	
Maintenance and Operations	6,709,926	7,075,728			6,709,926	7,075,728	
Transportation	3,254,401	3,892,271			3,254,401	3,892,271	
Other	1,226,374	1,220,262	1,225,160	1,251,597	2,451,534	2,471,859	
Total Expenses	75,136,224	78,283,565	1,225,160	1,251,597	76,361,384	79,535,162	-3.99%
Increase/(Decrease) in Net Position	\$ 1,347,639	\$ (238,596)	\$ (32,778)	\$ (25,952)	\$ 1,314,861	\$ (264,548)	597.02%

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-5 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-5
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2017/18	2016/17	2017/18	2016/17
Sources of Income:				
Instruction	\$ 42,598,194	\$ 45,195,329	\$ 12,126,847	\$ 11,949,888
Pupil and Instruction Services	13,680,997	13,020,157	12,868,964	12,343,691
Administrative and Business	7,666,332	7,879,818	6,590,884	6,634,224
Maintenance and Operations	6,709,926	7,075,728	6,709,926	7,075,728
Transportation	3,254,401	3,892,271	3,205,410	3,473,491
Other	1,226,374	1,220,262	1,226,374	1,220,262
	<u>\$ 75,136,224</u>	<u>\$ 78,283,565</u>	<u>\$ 42,728,405</u>	<u>\$ 42,697,284</u>

Business-Type Activities

Net position from the District’s business-type activity decreased by \$32,778. (Refer to Figure A-4). The factor contributing to this result was:

- Food services expenses exceeded revenues by \$32,778.

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% of adjusted expenditures.

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-6
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
Land	\$ 883,279	\$ 883,279			\$ 883,279	\$ 883,279	
Buildings and Building Improvements	46,651,974	47,026,870			46,651,974	47,026,870	
Furniture, Machinery and Equipment	7,042,846	5,518,378	\$ 77,433	\$ 61,557	7,120,279	5,579,935	
	<u>\$ 54,578,099</u>	<u>\$ 53,428,527</u>	<u>\$ 77,433</u>	<u>\$ 61,557</u>	<u>\$ 54,655,532</u>	<u>\$ 53,490,084</u>	2.18%

The depreciation factored into the governmental activities and the business-type activities for the fiscal year 2017-2018 were \$1,391,114 and \$18,249, respectively.

Long-Term Liabilities

At year-end, the District had \$15,430,000 in general obligation bonds outstanding – a reduction of \$1,225,000 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 7 to the Basic Financial Statements.)

Figure A-7
Outstanding Long-Term Liabilities

	Total School District		Percentage Change
	2017/18	2016/17	
General Obligation Bonds (Financed with Property Taxes)	\$ 15,430,000	\$ 16,655,000	
Unamortized Bond Premium	1,135,797	1,249,376	
Capital Leases	2,367,969	1,848,841	
Net Pension Liability	20,446,170	26,834,306	
Other Long-Term Liabilities	133,567	181,281	
	<u>\$ 39,513,503</u>	<u>\$ 46,768,804</u>	-15.51%

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, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,589,387	\$ 157,712	\$ 1,747,099
Receivables from Other Governments	427,134	19,967	447,101
Other Receivables	53,474	90	53,564
Inventory		16,324	16,324
Restricted Assets:			
Cash and Cash Equivalents	582,026		582,026
Capital Assets:			
Sites (Land)	883,279		883,279
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	53,694,820	77,433	53,772,253
Total Assets	<u>57,230,120</u>	<u>271,526</u>	<u>57,501,646</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amount on Refunding	564,388		564,388
Deferred Outflows Related to Pensions	6,370,775		6,370,775
Total Deferred Outflows of Resources	<u>6,935,163</u>		<u>6,935,163</u>
LIABILITIES			
Accounts Payable	272,409	19,146	291,555
Intergovernmental Payable - State	993,875		993,875
Accrued Salaries Payable	31,684		31,684
Accrued Interest Payable	141,858		141,858
Unearned Revenue	5,534	26,813	32,347
Noncurrent Liabilities:			
Due Within One Year	2,148,588		2,148,588
Due Beyond One Year	37,364,915		37,364,915
Total Liabilities	<u>40,958,863</u>	<u>45,959</u>	<u>41,004,822</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	4,722,445		4,722,445
Total Deferred Inflows of Resources	<u>4,722,445</u>		<u>4,722,445</u>
NET POSITION			
Net Investment in Capital Assets	37,344,518	77,433	37,421,951
Restricted for:			
Debt Service	2		2
Capital Projects	355,142		355,142
Maintenance	226,884		226,884
Unrestricted/(Deficit)	(19,442,571)	148,134	(19,294,437)
Total Net Position	<u>\$ 18,483,975</u>	<u>\$ 225,567</u>	<u>\$ 18,709,542</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, 2018

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	\$ 31,351,750	\$ 275,451	\$ 24,241,431		\$ (7,110,319)		\$ (7,110,319)
Special Education	8,540,678		5,022,924		(3,242,303)		(3,242,303)
Other Special Instruction	1,347,777		503,168		(844,609)		(844,609)
Other Instruction	1,357,989		428,373		(929,616)		(929,616)
Support services:							
Tuition	3,366,431		683,869		(2,682,562)		(2,682,562)
Student & Instruction Related Services	10,314,566		128,164		(10,186,402)		(10,186,402)
General Administrative Services	1,524,568				(1,524,568)		(1,524,568)
School Administrative Services	4,201,504		1,075,448		(3,126,056)		(3,126,056)
Central Services	1,368,037				(1,368,037)		(1,368,037)
Administrative Information Technology	572,223				(572,223)		(572,223)
Plant Operations and Maintenance	6,709,926				(6,709,926)		(6,709,926)
Pupil Transportation	3,254,401		48,991		(3,205,410)		(3,205,410)
Interest on Long-Term Debt	570,658				(570,658)		(570,658)
Unallocated Depreciation	469,058				(469,058)		(469,058)
Capital Outlay	94,542				(94,542)		(94,542)
Transfer to Charter School	92,116				(92,116)		(92,116)
Total Governmental Activities	75,136,224	275,451	32,132,368	-0-	(42,728,405)	\$ -0-	(42,728,405)

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:							
Food Service	\$ 1,225,160	\$ 850,596	\$ 339,779			\$ (34,785)	\$ (34,785)
Total Business-Type Activities	1,225,160	850,596	339,779			(34,785)	(34,785)
Total Primary Government	\$ 76,361,384	\$ 1,126,047	\$ 32,472,147		\$ (42,728,405)	(34,785)	(42,763,190)

General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					41,487,430		41,487,430
Taxes Levied for Debt Service					1,862,707		1,862,707
Federal and State Aid not Restricted					535,074		535,074
Interest on Capital and Maintenance Reserve Accounts					5,676		5,676
Miscellaneous Income					185,157	2,007	187,164
Total General Revenue					44,076,044	2,007	44,078,051
Change in Net Position					1,347,639	(32,778)	1,314,861
Net Position - Beginning					17,136,336	258,345	17,394,681
Net Position - Ending					\$ 18,483,975	\$ 225,567	\$ 18,709,542

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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,589,385			\$ 2	\$ 1,589,387
Intergovernmental Accounts Receivable - State	409,619				409,619
Intergovernmental Accounts Receivable - Federal		\$ 17,515			17,515
Interfund Receivable	16,515				16,515
Other Receivable	53,474				53,474
Restricted Cash and Cash Equivalents	582,026				582,026
Total Assets	\$ 2,651,019	\$ 17,515	\$ -0-	\$ 2	\$ 2,668,536
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors	\$ 271,409	\$ 1,000			\$ 272,409
Accrued Salaries Payable	31,684				31,684
Interfund Payable		16,515			16,515
Unearned Revenue	5,534				5,534
Total Liabilities	308,627	17,515	\$ -0-		326,142
Fund Balances:					
Restricted for:					
Capital Reserve Account	355,142				355,142
Maintenance Reserve Account	226,884				226,884
Debt Service				\$ 2	2
Assigned:					
Subsequent Year's Expenditures	1,413,722				1,413,722
Encumbrances	346,644				346,644
Total Fund Balances	2,342,392			2	2,342,394
Total Liabilities and Fund Balances	\$ 2,651,019	\$ 17,515	\$ -0-	\$ 2	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	54,578,099
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.	(141,858)
Deferred Amount on Refunding costs are reported as expenditures in the governmental funds in the year of expenditure.	564,388
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 \$795,053	(1,135,797)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(20,446,170)
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:	
Change in Deferred Outflows	5,376,900
Change in Deferred Inflows	(4,722,445)
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	(17,931,536)
Net Position of Governmental Activities	\$ 18,483,975

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, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 41,487,430			\$ 1,862,707	\$ 43,350,137
Tuition	275,451				275,451
Miscellaneous	190,833				190,833
Total - Local Sources	41,953,714			1,862,707	43,816,421
State Sources	23,866,609				23,866,609
Federal Sources	57,000	\$ 970,079			1,027,079
Total Revenue	65,877,323	970,079		1,862,707	68,710,109
EXPENDITURES:					
Current:					
Regular Instruction	17,056,427	158,046			17,214,473
Special Education Instruction	4,605,604	128,164			4,733,768
Other Special Instruction	680,200				680,200
Other Instruction	783,621				783,621
Support Services and Undistributed Costs:					
Tuition	2,682,562	683,869			3,366,431
Student & Instruction Related Services	7,354,597				7,354,597
General Administrative Services	1,065,091				1,065,091
School Administrative Services	2,452,091				2,452,091

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 897,052				\$ 897,052
Administrative Information Technology	572,223				572,223
Plant Operations and Maintenance	5,751,061				5,751,061
Pupil Transportation	3,533,082				3,533,082
Unallocated Benefits	17,436,088				17,436,088
Debt Service:					
Principal				1,225,000	1,225,000
Interest and Other Charges				637,707	637,707
Capital Outlay	2,179,100				2,179,100
Transfer to Charter School	92,116				92,116
Total Expenditures	<u>67,140,915</u>	<u>\$ 970,079</u>		<u>1,862,707</u>	<u>69,973,701</u>
Excess/(Deficiency) of Revenue over/(under) Expenditures	<u>(1,263,592)</u>				<u>(1,263,592)</u>
OTHER FINANCING SOURCES/(USES):					
Capital Leases (Non-budgeted)	1,333,554				1,333,554
Total Other Financing Sources/(Uses)	<u>1,333,554</u>				<u>1,333,554</u>
Net Change in Fund Balances	69,962				69,962
Fund Balance—July 1	2,272,430			2	2,272,432
Fund Balance—June 30	<u>\$ 2,342,392</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ 2,342,394</u>

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 69,962

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation in the period.

Depreciation expense	\$	(1,391,114)
Capital outlays		<u>2,540,686</u>
		1,149,572

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.

(1,333,554)

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, 2018

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	6,388,136
Deferred Outflows:	
Change in Deferred Outflows	(2,533,744)
Change in Deferred Inflows	(4,546,922)
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.	2,039,426
Change in Net Position of Governmental Activities (Exhibit A-2)	\$ 1,347,639

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, 2018

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 157,712
Intergovernmental Accounts Receivable:	
Federal	19,102
State	865
Other Accounts Receivable	90
Inventories	<u>16,324</u>
Total Current Assets	<u>194,093</u>
Non-Current Assets:	
Capital Assets	534,149
Less: Accumulated Depreciation	<u>(456,716)</u>
Total Non-Current Assets	<u>77,433</u>
Total Assets	<u>271,526</u>
<u>LIABILITIES:</u>	
Accounts Payable - Vendors	19,146
Prepaid Sales	22,131
Unearned Revenue	<u>4,682</u>
Total Current Liabilities	<u>45,959</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	77,433
Unrestricted	<u>148,134</u>
Total Net Position	<u>\$ 225,567</u>

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, 2018

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 647,366
Daily Sales - Non-reimbursable Programs	182,873
Special Events	20,357
Total Operating Revenue	850,596
Operating Expenses:	
Cost of Sales - Reimbursable Programs	240,273
Cost of Sales - Non-Reimbursable Programs	290,331
Salaries, Benefits and Payroll Taxes	494,111
Supplies , Insurance & Other Costs	43,848
Management Fee	65,073
Miscellaneous Expenditures	73,275
Depreciation Expense	18,249
Total Operating Expenses	1,225,160
Operating Loss	(374,564)
Non-Operating Revenue:	
Local Sources	
Interest Revenue	2,007
State Sources:	
State School Lunch Program	11,805
Federal Sources	
National School Lunch Program	243,838
Food Distribution Program	84,136
Total Non-Operating Revenue	341,786
Change in Net Position	(32,778)
Net Position - Beginning of Year	258,345
Net Position - End of Year	\$ 225,567

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, 2018

	<u>Business-type Activities- Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 872,637
Payments to Food Service Vendor	<u>(1,117,565)</u>
Net Cash Used for Operating Activities	<u>(244,928)</u>
Cash Flows from Investing Activities:	
Investment Income	<u>2,007</u>
Net Cash Provided by Investing Activities	<u>2,007</u>
Cash Flows from Noncapital Financing Activities:	
Purchase of Capital Assets	<u>(34,125)</u>
Net Cash Used by Noncapital Financing Activities	<u>(34,125)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	11,707
Federal Sources:	
National School Lunch Program	<u>245,651</u>
Net Cash Provided by Noncapital Financing Activities	<u>257,358</u>
Net Decrease in Cash and Cash Equivalents	(19,688)
Cash and Cash Equivalents, July 1	<u>177,400</u>
Cash and Cash Equivalents, June 30	<u>\$ 157,712</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (374,564)
Adjustment to Reconcile Operating Loss to net Cash Used for Operating Activities:	
Depreciation	18,249
Federal Food Distribution Program	84,136
Changes in Assets and Liabilities:	
(Increase)/Decrease in Other Accounts Receivable	(90)
(Increase)/Decrease in Interfund Receivable	1,000
(Increase)/Decrease in Inventories	3,715
Increase/(Decrease) in Accounts Payable	3,530
Increase/(Decrease) in Prepaid Sales	22,131
Increase/(Decrease) in Unearned Revenue	<u>(3,035)</u>
Net Cash Used for Operating Activities	<u>\$ (244,928)</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 \$81,101 and \$84,136, respectively, for the fiscal year ended June 30, 2018.

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, 2018

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Funds</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 1,340,310	\$ 420,538	\$ 43,472
Total Assets	<u>1,340,310</u>	<u>420,538</u>	<u>43,472</u>
<u>LIABILITIES:</u>			
Accrued Salaries and Wages	595,475		
Payroll Deductions and Withholdings	516,236		
Due to Student Groups	<u>228,599</u>		
Total Liabilities	<u>1,340,310</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		420,538	
Restricted for Scholarships and Memorials			<u>43,472</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 420,538</u>	<u>\$ 43,472</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, 2018

	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Fund</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 83,944	
Donations		\$ 7,807
Total Contributions	<u>83,944</u>	<u>7,807</u>
Investment Earnings:		
Interest	<u>4,747</u>	<u>68</u>
Net Investment Earnings	<u>4,747</u>	<u>68</u>
Total Additions	<u>88,691</u>	<u>7,875</u>
DEDUCTIONS:		
Unemployment Compensation Claims	110,009	
Scholarships Awarded		<u>2,607</u>
Total Deductions	<u>110,009</u>	<u>2,607</u>
Change in Net Position	(21,318)	5,268
Net Position - Beginning of the Year	<u>441,856</u>	<u>38,204</u>
Net Position - End of the Year	<u>\$ 420,538</u>	<u>\$ 43,472</u>

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018
(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, 2018
(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, 2018 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, 2018
 (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.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 65,872,945	\$ 970,079
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,560,477	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,556,099)	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 65,877,323	\$ 970,079
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 67,140,915	\$ 970,079
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 67,140,915	\$ 970,079

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2018
(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, 2018.

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 acquisition value. 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, 2018
(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, 2018 totaled \$595,475.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused sick leave) as directed by GASB. 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, 2018
(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 \$2,342,392 General Fund balance at June 30, 2018, \$355,142 is restricted in the capital reserve account; \$226,884 is restricted in the maintenance reserve account; \$346,644 is assigned for encumbrances, and \$595,046 is designated for subsequent year's expenditures – July 1, 2018 – August 1, 2018. There is also \$818,676 of fund balance assigned for subsequent year's expenditures which is \$350,299 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 \$1,205,800 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, 2018 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2018.

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$1,556,099 (\$1,205,800 in unassigned fund balance and \$350,299 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 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 \$19,442,571 deficit in the Unrestricted Net Position of the District's Governmental Activities is primarily due to net pension liability and deferred inflows of resources and deferred outflows of resources related to pensions. This deficit does not indicate that the District is having 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, 2018
(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, 2018, 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, 2018 for the changes in proportion in pension and changes in assumption 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, capital reserve and a maintenance reserve.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2018.

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, 2018.

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, 2018

(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

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 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.

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, 2018
(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 of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) 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
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments: (Cont'd)

- (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; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2018, 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>\$ 3,551,419</u>	<u>\$ 582,026</u>	<u>\$ 4,133,445</u>

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$4,133,445 and the bank balance was \$5,207,971.

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$	680,802
Add:		
Increase per Board Resolution		250,000
Interest Earned in Capital Reserve Account		3,123
Less: Budgeted Withdrawal		<u>(578,783)</u>
Ending Balance, June 30, 2018	\$	<u>355,142</u>

The June 30, 2018 LRFP balance of local support costs of uncompleted capital projects at June 30, 2018 is equal to or greater than \$355,142. There was a budgeted withdrawal from the capital reserve account, in the amount of \$578,783, for improvements to the high school auditorium, including HVAC, seats, flooring, stage curtains and sound equipment upgrades.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2018, the District transferred a total of \$67,203 to capital outlay accounts for equipment which did not require approval from the County Superintendent.

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Student and Instructional Support	\$ 539,738
General Administration	225,999
Operations and Maintenance of Plant	30,538
Transportation	125,781
Unallocated	<u>469,058</u>
	<u>\$ 1,391,114</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 6: CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2018 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	<u>883,279</u>			<u>883,279</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	64,570,058	\$ 690,153		65,260,211
Machinery and Equipment	9,270,847	1,850,533	\$ (52,332)	11,069,048
Total Capital Assets Being Depreciated	<u>73,840,905</u>	<u>2,540,686</u>	<u>(52,332)</u>	<u>76,329,259</u>
Governmental Activities Capital Assets	<u>74,724,184</u>	<u>2,540,686</u>	<u>(52,332)</u>	<u>77,212,538</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(17,543,188)	(1,065,049)		(18,608,237)
Machinery and Equipment	(3,752,469)	(326,065)	52,332	(4,026,202)
	<u>(21,295,657)</u>	<u>(1,391,114)</u>	<u>52,332</u>	<u>(22,634,439)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 53,428,527</u>	<u>\$ 1,149,572</u>	<u>\$ -0-</u>	<u>\$ 54,578,099</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 500,024	\$ 34,125		\$ 534,149
Less: Accumulated Depreciation	(438,467)	(18,249)		(456,716)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 61,557</u>	<u>\$ 15,876</u>	<u>\$ -0-</u>	<u>\$ 77,433</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2017	Accrued	Retired	Balance 6/30/2018
Serial Bonds Payable	\$ 16,655,000		\$ 1,225,000	\$ 15,430,000
Unamortized Bond Premium	1,249,376		113,579	1,135,797
Compensated Absences Payable	181,281	\$ 41,205	88,919	133,567
Net Pension Liability	26,834,306		6,388,136	20,446,170
Capital Leases Payable	1,848,841	1,333,554	814,426	2,367,969
	<u>\$ 46,768,804</u>	<u>\$ 1,374,759</u>	<u>\$ 8,630,060</u>	<u>\$ 39,513,503</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

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, 2018 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
Refunding Bonds of 2011	9/15/2027	3.036%-5.000%	\$ 15,430,000

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,525,000	374,725	1,899,725
2024-2028	8,415,000	869,300	9,284,300
	<u>\$ 15,430,000</u>	<u>\$ 3,306,183</u>	<u>\$ 18,736,183</u>

B. Bonds Authorized but not Issued:

As of June 30, 2018, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District is leasing transportation, computer and copier equipment, under capital leases. All capital leases are for terms of four years. The District has entered into capital leases totaling \$4,541,388 of which \$2,173,419 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, 2018.

<u>Year</u>	<u>Amount</u>
2019	\$ 770,394
2020	770,394
2021	571,744
2022	348,405
	<u>2,460,937</u>
Less: Amount representing interest	<u>(92,968)</u>
Present value of net minimum lease payments	<u>\$ 2,367,969</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

C. Capital Leases Payable: (Cont'd)

The current portion of Capital Leases payable at June 30, 2018 is \$750,009, the long term portion payable is \$1,617,960. 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 \$133,567. 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, 2018, 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 \$1,022,218.

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, 2018 is \$-0- and the long term portion is \$20,446,170. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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 \$880,335 for fiscal year 2018. PERS contributions reflect a significantly higher amount than prior year, as it includes two years of retroactive salary adjustments.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

At June 30, 2018, the District reported a liability of \$20,446,170 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.088%, which was a decrease of 0.003% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$880,335. At June 30, 2018, 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	\$ 231,940	
	2015	5.72	976,994	
	2016	5.57	2,910,264	
	2017	5.48		\$ (4,104,097)
Difference Between expected and Actual Experience	2015	5.72	271,063	
	2016	5.57	88,318	
	2017	5.48	122,056	
Changes in Proportion	2014	6.44		(124,499)
	2015	5.72	163,069	
	2016	5.57	473,970	
	2017	5.48		(493,849)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(245,005)	
	2015	5.00	209,003	
	2016	5.00	876,323	
	2017	5.00	(701,095)	
District Contribution Subsequent to the Measurement Date	2017	1.00	<u>993,875</u>	
			<u>\$ 6,370,775</u>	<u>\$ (4,722,445)</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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
2018	\$ 481,323
2019	726,328
2020	440,117
2021	(585,357)
2022	(426,647)
	\$ 635,764

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
2012-2021	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

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, 2016 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, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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. 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, 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, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 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, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 25,364,862	\$ 20,446,170	\$ 16,348,291
<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.nj.gov/treasury/pensions/financial-reports.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, 2018
(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 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial 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 2018, the State of New Jersey contributed \$2,246,759 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$11,169,945.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.50% 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, 2018
(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, 2018, the State's proportionate share of the net pension liability associated with the District was \$161,240,782. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. 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, 2017, the District's proportion was 0.239%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2016.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>161,240,782</u>
Total	<u>\$ 161,240,782</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$11,169,945 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 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, 2018
(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)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
			13,378,255,364	11,684,858,458
Difference Between Expected and Actual Experience	2014	8.5		13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
			441,116,389	115,381,203
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(435,309,142)	
	2015	5	385,284,122	
	2016	5	1,295,565,574	
	2017	5	(904,033,050)	
			341,507,504	
		\$ 14,160,879,257	\$ 11,800,239,661	

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, 2018

(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
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	<u>(1,714,363,628)</u>
	<u>\$ 2,360,639,596</u>

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 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 (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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, 2017 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, 2017		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 191,559,106	\$ 161,240,782	\$ 136,264,414

Pension Plan Fiduciary Net Position - TPAF

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

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 \$41,726 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$79,074 the year ended June 30, 2018.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. 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.

The June 30, 2018 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, 2017 is as follows:

	Pooled Insurance Program	School Alliance Insurance Fund
Total Assets	\$ 20,980,925	\$ 41,637,320
Net Position	\$ 9,526,025	\$ 10,127,373
Total Revenue	\$ 7,636,277	\$ 41,896,275
Total Expenses	\$ 5,833,421	\$ 41,231,917
Change in Net Position	\$ 1,802,856	\$ 664,358
Members Dividends	\$ -0-	\$ -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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

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>
2017-2018	\$ 4,747	\$ 83,944	\$ 110,009	\$ 420,538
2016-2017	2,062	81,136	90,082	441,856
2015-2016	858	77,941	72,741	448,740

NOTE 10. 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 11. INTERFUNDS PAYABLE AND RECEIVABLE

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 16,515	
Special Revenue Fund		\$ 16,515
	<u>\$ 16,515</u>	<u>\$ 16,515</u>

The General Fund is owed \$16,515 from the Special Revenue Fund for a cash deficit of \$16,133 which will be reimbursed when grant money is received from the federal grantors and \$382 of a prior year interfund.

NOTE 12. 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	

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 13. TAX CALENDAR

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

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

NOTE 14. 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, 2018, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Total Governmental Activities</u>
<u>\$ 346,644</u>	<u>\$ 346,644</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 15. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$100,000 was established by the District in the 2003-04 budget. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building. Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end.

At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance July 1, 2017	\$ 224,331
Add:	
Interest Earnings	2,553
Ending Balance June 30, 2018	\$ 226,884

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2018 were:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>	<u>Total Business Type Activities/ Proprietary Funds</u>
Vendors	\$ 271,409	\$ 1,000		\$ 1,000	\$ 19,146
State			\$ 993,875	993,875	
Total	\$ 271,409	\$ 1,000	\$ 993,875	\$ 994,875	\$ 19,146

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 17. SUBSEQUENT EVENT

A referendum passed on October 2, 2018 approving the issuance of \$9,935,000 in bonds to finance projects that address several goals. The District will undertake renovations, alterations and improvements at Jefferson Township High School, Jefferson Township Middle School, Arthur Stanlick Elementary School, Briggs Elementary School, Cozy Lake Elementary School, Milton Elementary School and White Rock Elementary School. These renovations, alterations, and improvements will include fixtures, furnishings, equipment, site work and related work. In addition, there will be improvements to the Jefferson Township High School.

NOTE 18. 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. 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 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's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$2,246,759, \$2,241,315 and \$2,313,408 for 2018, 2017, and 2016, respectively.

TPAF participant retirees

As of June 30, 2017, there were 112,916 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS participant retirees

The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, has not provided the information necessary to implement Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* including the required note disclosures as of the date of this report. The District is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

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 FOUR FISCAL YEARS
(UNAUDITED)

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.0850994995%	0.0868809315%	0.0906040009%	0.0878332234%
District's proportionate share of the net pension liability	\$ 15,932,954	\$ 19,503,028	\$ 26,834,306	\$ 20,446,170
District's covered employee payroll	\$ 5,941,086	\$ 6,124,440	\$ 6,052,317	\$ 6,407,207
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	260.15%	318.45%	443.37%	319.11%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	46.18%	48.10%

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 FOUR FISCAL YEARS
(UNAUDITED)

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 698,661	\$ 746,943	\$ 807,774	\$ 813,681
Contributions in relation to the contractually required contribution	(698,661)	(746,943)	(807,774)	(813,681)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 6,003,824	\$ 5,941,086	\$ 6,124,440	\$ 6,052,317
Contributions as a percentage of covered employee payroll	11.64%	12.20%	11.89%	13.44%

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 FOUR FISCAL YEARS
(UNAUDITED)

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability attributable to the District	0.2441698897%	0.2448459693%	0.2426636615%	0.0023914585%
State's proportionate share of the net pension liability attributable to the District	\$ 130,500,859	\$ 154,753,117	\$ 190,894,687	\$ 161,240,754
District's covered employee payroll	\$ 24,524,919	\$ 24,642,692	\$ 23,808,209	\$ 24,289,342
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%	663.83%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.79%	25.41%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 9,449,071	\$ 7,022,171	\$ 14,343,079	\$ 11,169,943
Contributions in relation to the contractually required contribution	<u>(1,942,860)</u>	<u>(1,323,727)</u>	<u>(2,595,866)</u>	<u>(1,869,653)</u>
Contribution deficiency/(excess)	<u>\$ 7,506,211</u>	<u>\$ 5,698,444</u>	<u>\$ 11,747,213</u>	<u>\$ 9,300,290</u>
District's covered employee payroll	\$ 24,083,925	\$ 24,524,919	\$ 24,642,692	\$ 23,808,209
Contributions as a percentage of covered employee payroll	39.23%	28.50%	60.24%	46.92%

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, 2018
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 41,487,430		\$ 41,487,430	\$ 41,487,430	\$ 52,839
Tuition from Other LEA's	222,612		222,612	275,451	3,123
Interest Earned on Capital Reserve				3,123	2,553
Interest Earned on Investments					176,657
Miscellaneous	8,500		8,500	185,157	
Total - Local Sources	41,718,542		41,718,542	41,953,714	235,172
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	360,912		360,912	337,430	(23,482)
PARCC Readiness Aid	31,800		31,800	31,800	
Per Pupil Growth Aid	31,800		31,800	31,800	
Nonpublic Transportation Aid				41,666	41,666
Professional Learning Community Aid	30,740		30,740	30,740	
Homeless Tuition				30,369	30,369
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				82,417	82,417
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				5,466	5,466
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				3,396,191	3,396,191
TPAF Post Retirement (On-Behalf - Non-Budgeted)				2,246,759	2,246,759
TPAF Social Security (Reimbursed - Non-Budgeted)				1,869,808	1,869,808
Total State Sources	16,213,037		16,213,037	23,862,231	7,649,194

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources:					
Medicaid Reimbursement	\$ 39,525		\$ 39,525	\$ 57,000	\$ 17,475
Total Federal Sources	39,525		39,525	57,000	17,475
TOTAL REVENUES	57,971,104		57,971,104	65,872,945	7,901,841
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	664,074	\$ (70,921)	593,153	585,291	7,862
Grades 1-5 - Salaries of Teachers	5,001,212	(457,146)	4,544,066	4,442,866	101,200
Grades 6-8 - Salaries of Teachers	4,542,031	(736,024)	3,806,007	3,802,516	3,491
Grades 9-12 - Salaries of Teachers	6,227,241	(442,983)	5,784,258	5,588,081	196,177
Regular Programs - Home Instruction:					
Salaries of Teachers	75,000	90,168	165,168	165,168	
Purchased Professional - Educational Services	20,000	4,300	24,300	20,471	3,829
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	51,894	5,746	57,640	56,839	801
Purchased Professional - Educational Services	6,675	547	7,222	5,342	1,880
Other Purchased Services (400-500 series)	941,217	8,114	949,331	873,515	75,816
General Supplies	878,194	384,928	1,263,122	1,149,548	113,574
Textbooks	452,117	(48,556)	403,561	364,666	38,895
Other Objects	2,925	14	2,939	2,124	815
Total Regular Programs - Instruction	18,862,580	(1,261,813)	17,600,767	17,056,427	544,340

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Learning and or Language Disabilities:					
Salaries of Teachers	\$ 415,108	\$ 171,026	\$ 586,134	\$ 584,048	\$ 2,086
Other Salaries for Instruction	209,105	51,527	260,632	257,403	3,229
General Supplies	6,300	2,281	8,581	4,770	3,811
Total Learning and or Language Disabilities	630,513	224,834	855,347	846,221	9,126
Behavioral Disabilities:					
Salaries of Teachers	309,273	54,089	363,362	351,263	12,099
Other Salaries for Instruction	133,712	10,785	144,497	143,838	659
General Supplies	2,250		2,250	1,217	1,033
Total Behavioral Disabilities	445,235	64,874	510,109	496,318	13,791
Multiple Disabilities:					
Salaries of Teachers	460,643	(312,433)	148,210	147,620	590
Other Salaries for Instruction	48,304	(7,190)	41,114	39,797	1,317
General Supplies	5,400		5,400	4,211	1,189
Total Multiple Disabilities	514,347	(319,623)	194,724	191,628	3,096
Resource Room/Resource Center:					
Salaries of Teachers	1,575,077	341,262	1,916,339	1,911,518	4,821
Other Salaries for Instruction	136,234	52,443	188,677	188,021	656
General Supplies	5,000	(2,960)	2,040	2,040	
Textbooks	1,340	(1,265)	75	75	
Total Resource Room/Resource Center	1,717,651	389,480	2,107,131	2,101,654	5,477

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Autistic:					
Salaries of Teachers	\$ 101,518	\$ (44,101)	\$ 57,417	\$ 57,276	\$ 141
Other Salaries for Instruction	183,058	161,344	344,402	338,793	5,609
General Supplies	4,100	4,958	9,058	9,058	
Total Autistic	288,676	122,201	410,877	405,127	5,750
Preschool Handicapped - Part-time:					
Salaries of Teachers	284,245	97,230	381,475	381,448	27
Other Salaries for Instruction	137,935	41,976	179,911	177,525	2,386
General Supplies	7,500	(1,315)	6,185	5,683	502
Total Preschool Handicapped - Part-time	429,680	137,891	567,571	564,656	2,915
Total Special Education Instruction	4,026,102	619,657	4,645,759	4,605,604	40,155
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	760,641	(152,934)	607,707	600,341	7,366
Total Basic Skills/Remedial - Instruction	760,641	(152,934)	607,707	600,341	7,366
Bilingual Education - Instruction:					
Salaries of Teachers	60,103	18,665	78,768	77,848	920
Other Purchased Services (400-500 series)	800		800	285	515
General Supplies	1,500	297	1,797	1,726	71
Total Bilingual Education - Instruction	62,403	18,962	81,365	79,859	1,506

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 224,289	\$ 6,000	\$ 230,289	\$ 211,886	\$ 18,403
Other Purchased Services (300-500 series)	14,350	718	15,068	14,716	352
Supplies and Materials	24,095	1,034	25,129	14,163	10,966
Other Objects	23,445	(60)	23,385	16,340	7,045
Total School-Sponsored Cocurricular Activities - Instruction	286,179	7,692	293,871	257,105	36,766
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	345,725	19,766	365,491	365,491	
Other Purchased Services (300-500 series)	126,968	(9,766)	117,202	85,684	31,518
Supplies and Materials	50,704	3,350	54,054	44,230	9,824
Other Objects	37,750	(1,600)	36,150	31,111	5,039
Total School-Sponsored Cocurricular Athletics - Instruction	561,147	11,750	572,897	526,516	46,381
Total Instruction	24,559,052	(756,686)	23,802,366	23,125,852	676,514
Instruction:					
Tuition to Other LEAs Within the State - Regular		22,133	22,133	22,133	
Tuition to Other LEAs Within the State - Special	277,253	(96,283)	180,970	178,982	1,988
Tuition to County Vocational School District - Regular	874,000	(10,091)	863,909	858,130	5,779
Tuition to County Vocational School District - Special	59,899	(13,980)	45,919	45,899	20
Tuition to County Special Services and Day School	102,724	(1,934)	100,790	100,790	
Tuition to Private Schools for the Handicapped - Within State	1,382,400	112,777	1,495,177	1,410,724	84,453
Tuition to State Facilities	65,904		65,904	65,904	
Total Undistributed Expenditures - Instruction:	2,762,180	12,622	2,774,802	2,682,562	92,240

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 444,233	\$ 86,639	\$ 530,872	\$ 530,009	\$ 863
Purchased Professional and Technical Services	29,400	(1,049)	28,351	26,334	2,017
Other Purchased Services (400-500 series)	2,825	(121)	2,704	1,816	888
Supplies and Materials	18,467	(5,735)	12,732	12,435	297
Total Health Services	494,925	79,734	574,659	570,594	4,065
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	699,150	138,899	838,049	838,049	
Purchased Professional - Educational Services	25,900		25,900	25,900	
Supplies and Materials	2,506	880	3,386	2,438	948
Total Speech, OT, PT and Related Services	727,556	139,779	867,335	866,387	948
Other Support Services - Students - Extra Services:					
Salaries	892,127	135,237	1,027,364	1,026,041	1,323
Purchased Professional - Educational Services	40,700	(26,244)	14,456	13,962	494
Supplies and Materials	4,350	(2,727)	1,623	748	875
Total Other Support Services - Students - Extra Services	937,177	106,266	1,043,443	1,040,751	2,692

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Guidance:					
Salaries of Other Professional Staff	\$ 1,057,133	\$ 102,760	\$ 1,159,893	\$ 1,158,172	\$ 1,721
Salaries of Secretarial and Clerical Assistants	134,689	11,629	146,318	146,061	257
Purchased Professional - Educational Services	7,760	(3,000)	4,760	3,860	900
Other Purchased Professional - Technical Services	12,260	7,600	19,860	10,240	9,620
Other Purchased Services (400-500 series)	129,114	1,644	130,758	128,884	1,874
Supplies and Materials	23,433	4,664	28,097	26,327	1,770
Other Objects	1,134	938	2,072	1,671	401
Total Guidance	1,365,523	126,235	1,491,758	1,475,215	16,543
Child Study Team:					
Salaries of Other Professional Staff	1,268,426	98,571	1,366,997	1,361,681	5,316
Salaries of Secretarial and Clerical Assistants	142,540	27,471	170,011	166,662	3,349
Purchased Professional - Educational Services	181,950	5,576	187,526	174,513	13,013
Purchased Technical Services	31,055	14,230	45,285	38,245	7,040
Other Purchased Services (400-500 series)	5,315	1,100	6,415	5,029	1,386
Supplies and Materials	21,195		21,195	19,672	1,523
Other Objects	1,425		1,425	1,318	107
Total Child Study Team	1,651,906	146,948	1,798,854	1,767,120	31,734

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 299,195	\$ 47,669	\$ 346,864	\$ 337,084	\$ 9,780
Salaries of Other Professional Staff	699,852	(7,702)	692,150	692,150	77
Other Purchased Services (400-500 series)	913		913	836	6,080
Other Purchased Professional and Technical Services	19,265		19,265	13,185	6,200
Supplies and Materials	8,575	1,500	10,075	9,455	620
Other Objects	10,015		10,015	9,897	118
Total Improvement of Instructional Services	1,037,815	41,467	1,079,282	1,062,607	16,675
Educational Media Services/School Library:					
Salaries/Salaries of Technology Coordinators	463,715	38,732	502,447	500,738	1,709
Supplies and Materials	24,673	3,965	28,638	28,222	416
Total Educational Media Services/School Library	488,388	42,697	531,085	528,960	2,125
Instructional Staff Training Services:					
Salaries of Other Professional Staff		4,295	4,295	4,295	
Purchased Professional - Educational Services	22,100	(11,460)	10,640	10,640	
Other Purchased Services (400-500 series)	32,824	4,236	37,060	24,793	12,267
Supplies and Materials	6,250		6,250	3,235	3,015
Total Instructional Staff Training Services	61,174	(2,929)	58,245	42,963	15,282

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 540,854	\$ 111,621	\$ 652,475	\$ 652,223	\$ 252
Legal Services	188,247	(47,737)	140,510	121,467	19,043
Audit Fees	32,000	(1,133)	30,867	29,660	1,207
Architectural/Engineering Services	40,000	(22,861)	17,139	12,139	5,000
Other Purchased Professional Services	7,500	69,721	77,221	3,058	74,163
Purchased Technical Services	14,205	(4,572)	9,633	9,531	102
Communications/Telephone	97,032	(2,290)	94,742	90,853	3,889
BOE Other Purchased Services	2,800	721	3,521	3,354	167
Miscellaneous Purchased Services (400-500 series)	107,817	(2,918)	104,899	97,767	7,132
Supplies and Materials	9,689		9,689	7,762	1,927
BOE In-House Training/Meeting Supplies	525	2,597	3,122	2,995	127
Miscellaneous Expenditures	32,370	2,237	34,607	34,282	325
Total Support Services - General Administration	1,073,039	105,386	1,178,425	1,065,091	113,334
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,405,337	47,311	1,452,648	1,449,529	3,119
Salaries of Secretarial and Clerical Assistants	787,925	79,521	867,446	862,717	4,729
Purchased and Technical Services	50,695	(1,213)	49,482	40,950	8,532
Other Purchased Services (400-500 series)	71,026	3,624	74,650	70,845	3,805
Supplies and Materials	14,970	2,753	17,723	16,593	1,130
Other Objects	12,626	(375)	12,251	11,457	794
Total Support Services - School Administration	2,342,579	131,621	2,474,200	2,452,091	22,109

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 738,659	\$ 7,723	\$ 746,382	\$ 745,830	\$ 552
Purchased Professional - Services	11,200		11,200	10,740	460
Miscellaneous Purchased Technical Services	14,184	3,215	17,399	17,160	239
Miscellaneous Purchased Services (400-500 series)	11,600	8,101	19,701	17,004	2,697
Supplies and Materials	7,500	55	7,555	7,411	144
Interest on Lease Purchase Agreements	108,728	(11,315)	97,413	95,856	1,557
Miscellaneous Expenditures	3,325		3,325	3,051	274
Total Central Services	895,196	7,779	902,975	897,052	5,923
Administration Information Technology:					
Salaries	558,682	11,893	570,575	569,878	697
Other Purchased Services (400-500 series)	3,500		3,500	1,971	1,529
Supplies and Materials	1,500		1,500	374	1,126
Total Administration Information Technology	563,682	11,893	575,575	572,223	3,352
Required Maintenance of School Facilities:					
Salaries	790,150	(179,454)	610,696	608,503	2,193
Cleaning, Repair and Maintenance Services	950,524	11,743	962,267	828,031	134,236
General Supplies	356,877	(1,688)	355,189	310,924	44,265
Total Required Maintenance of School Facilities	2,097,551	(169,399)	1,928,152	1,747,458	180,694

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	\$ 1,513,053	\$ 293,656	\$ 1,806,709	\$ 1,801,499	\$ 5,210
Lease Purchase Pymts- Energy Savings Impr Prog	35,398		35,398	35,397	1
Cleaning, Repair and Maintenance Services	15,000	(1,000)	14,000	6,348	7,652
Rental of Land and Building	110,000		110,000	110,000	
Other Purchased Property Services	25,782	(5,482)	20,300	14,578	5,722
Insurance	313,184	(9,929)	303,255	300,218	3,037
Miscellaneous Purchased Services	4,500	4,196	8,696	8,640	56
General Supplies	173,179	5,000	178,179	172,893	5,286
Energy (Electricity)	567,380	(62,586)	504,794	496,492	8,302
Other Objects	4,236		4,236	2,189	2,047
Energy (Gasoline)	11,000	2,251	13,251	13,251	
Energy (Natural Gas)	119,290	8,380	127,670	99,327	28,343
Energy (Oil)	400,000		400,000	399,377	623
Total Custodial Services	3,292,002	234,486	3,526,488	3,460,209	66,279
Care and Upkeep of Grounds:					
Salaries	173,739	67,845	241,584	241,584	
Cleaning, Repair and Maintenance Services	33,950		33,950	15,359	18,591
General Supplies	61,700	15,000	76,700	57,601	19,099
Total Care and Upkeep of Grounds	269,389	82,845	352,234	314,544	37,690
Security:					
Salaries	183,442	24,977	208,419	208,418	1
Cleaning, Repair and Maintenance Services	4,810	828	5,638	4,576	1,062
General Supplies	14,800	24,100	38,900	15,856	23,044
Total Security	203,052	49,905	252,957	228,850	24,107

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 70,953	\$ 23,673	\$ 94,626	\$ 94,626	
Salaries for Pupil Transportation - Regular	905,513	120,799	1,026,312	1,026,312	
Salaries for Pupil Transportation - Special Education	9,024	(7,677)	1,347	1,347	
Salaries for Pupil Transportation - Other than Between Home and School	46,980	7,613	54,593	52,079	\$ 2,514
Purchased Professional and Technical Services	15,610	6,029	21,639	21,504	135
Cleaning, Repair and Maintenance Services	10,050	2,232	12,282	9,652	2,630
Lease Purchase Payments - School Buses	226,146	72	226,218	226,218	
Contracted Services:					
Aid in Lieu - Non Public Schools	88,400	1,073	89,473	89,473	
Aid in Lieu - Charter School	3,536		3,536	3,000	536
Aid in Lieu - Choice School	13,260		13,260	12,000	1,260
Between Home and School - Vendors	624,538	(64,700)	559,838	559,838	
Other than Between Home and School - Vendors	71,484	(49,040)	22,444	19,331	3,113
ESC Regular Students	372,885	439	373,324	373,324	
ESC Special Education Students	802,292	47,000	849,292	842,958	6,334
Miscellaneous Purchased Services-Transportation	23,901	(300)	23,601	23,291	310
Transportation Supplies	77,900	(4,558)	73,342	73,342	
General supplies	86,700	15,390	102,090	102,090	
Other Objects	2,490	300	2,790	2,697	93
Total Student Transportation Services	3,451,662	98,345	3,550,007	3,533,082	16,925

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services:					
Unallocated Benefits:					
Social Security Contributions	\$ 795,000	\$ 51,568	\$ 846,568	\$ 837,132	\$ 9,436
Other Retirement Contributions - PERS	894,000	20,000	914,000	880,335	33,665
Workmen's Compensation	254,530	(18,445)	236,085	215,550	20,535
Health Benefits	8,362,002	(646,955)	7,715,047	7,274,177	440,870
Tuition Reimbursement	121,000		121,000	79,283	41,717
Other Employee Benefits	377,950	18,445	396,395	396,295	100
Unused Sick Payment to Terminated/Retired Staff	174,349	50,405	224,754	152,675	72,079
Total Unallocated Benefits	10,978,831	(524,982)	10,453,849	9,835,447	618,402
On-Behalf Contributions:					
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				82,417	(82,417)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				5,466	(5,466)
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				3,396,191	(3,396,191)
TPAF Post Retirement (On-Behalf - Non-Budgeted)				2,246,759	(2,246,759)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,869,808	(1,869,808)
Total On-Behalf Contributions				7,600,641	(7,600,641)
Total Personal Services - Employee Benefits	10,978,831	(524,982)	10,453,849	17,436,088	(6,982,239)
Total Undistributed Expenses	34,693,627	720,698	35,414,325	41,743,847	(6,329,522)
TOTAL CURRENT EXPENSE	59,252,679	(35,988)	59,216,691	64,869,699	(5,653,008)

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
CAPITAL OUTLAY					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5	\$	2,195	\$ 2,195	2,195	
Grades 6-8		12,295	12,295	2,375	\$ 9,920
Grades 9-12	\$ 15,510	22,518	38,028	19,606	18,422
Special Education - Instruction:					
Auditory Impairments		2,248	2,248	2,248	
Multiple Disabilities		2,955	2,955	2,955	
Undistributed Expenditures:					
Central Services		3,654	3,654	3,654	
Administration Information Technology		4,540	4,540	4,540	
Required Maintenance for School Facilities		10,769	10,769	4,250	6,519
Custodial Services	12,999		12,999	12,999	
Security		2,030	2,030	2,030	
Student Transportation- Non- Instructional		3,999	3,999	3,999	
Total Equipment	28,509	67,203	95,712	60,851	34,861
Facilities Acquisition and Construction Services:					
Purchased Professional Technical Services	125,000		125,000	125,000	
Assessment for Debt Service- SDA Funding	94,542		94,542	94,542	
Construction Services	651,800	(46,070)	605,730	565,153	40,577
Total Facilities Acquisition and Construction Services	871,342	(46,070)	825,272	784,695	40,577

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Assets Acquired Under Capital Leases (Non-budgeted):					
Vehicles, Improvements, and Equipment				\$ 1,333,554	\$ (1,333,554)
				1,333,554	(1,333,554)
TOTAL CAPITAL OUTLAY	\$ 899,851	\$ 21,133	\$ 920,984	2,179,100	(1,258,116)
CURRENT EXPENSE:					
Transfer to Charter School	77,261	14,855	92,116	92,116	
Total Transfer to Charter School	77,261	14,855	92,116	92,116	
TOTAL EXPENDITURES	60,229,791		60,229,791	67,140,915	(6,911,124)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,258,687)		(2,258,687)	(1,267,970)	990,717
Other Financing Sources:					
Capital Leases (Non-budgeted)				1,333,554	1,333,554
Total Other Financing Sources				1,333,554	1,333,554
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(2,258,687)		(2,258,687)	65,584	2,324,271
Fund Balance, July 1	3,832,907		3,832,907	3,832,907	
Fund Balance, June 30	\$ 1,574,220	\$ -0-	\$ 1,574,220	\$ 3,898,491	\$ 2,324,271

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve	\$			355,142	
Maintenance Reserve				226,884	
Assigned Fund Balance:					
Year-end Encumbrances				346,644	
Subsequent Year's Expenditures				1,168,975	
Subsequent Years Expenditures - July 1, 2018 - August 1, 2018				595,046	
Unassigned Fund Balance				1,205,800	
				<u>3,898,491</u>	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(1,556,099)	
Fund Balance per Governmental Funds GAAP	\$			<u>2,342,392</u>	

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 680,720	\$ 350,086	\$ 1,030,806	\$ 970,079	\$ (60,727)
Total Revenues	<u>680,720</u>	<u>350,086</u>	<u>1,030,806</u>	<u>970,079</u>	<u>(60,727)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	114,880	43,166	158,046	158,046	
Tuition	565,840	136,756	702,596	683,869	18,727
General Supplies		10,000	10,000	10,000	
Total Instruction	<u>680,720</u>	<u>189,922</u>	<u>870,642</u>	<u>851,915</u>	<u>18,727</u>
Support Services					
Personal Service - Employee Benefits		98,165	98,165	98,165	
Other Purchased Services		61,999	61,999	19,999	42,000
Total Support Services		<u>160,164</u>	<u>160,164</u>	<u>118,164</u>	<u>42,000</u>
Total Expenditures	<u>680,720</u>	<u>350,086</u>	<u>1,030,806</u>	<u>970,079</u>	<u>60,727</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSJ
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 65,872,945	\$ 970,079
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,560,477	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,556,099)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 65,877,323</u>	 <u>\$ 970,079</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 67,140,915</u>	<u>\$ 970,079</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 67,140,915</u>	 <u>\$ 970,079</u>

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, 2018 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, 2018

	Elementary and Secondary Education Act					IDEA
	Title I	Title II	Title IV	Preschool	Basic	Total
REVENUE:						
Federal Sources	\$ 210,955	\$ 65,255	\$ 10,000	\$ 19,090	\$ 664,779	\$ 970,079
EXPENDITURES:						
Instruction:						
Salaries of Teachers	122,690	35,356				158,046
Tuition				19,090	664,779	683,869
General Supplies			10,000			10,000
Total Instruction	122,690	35,356	10,000	19,090	664,779	851,915
Support Services:						
Personal Service - Employee Benefits	88,265	9,900				98,165
Other Purchased Services		19,999				19,999
Total Support Services	88,265	29,899				118,164
Total Expenditures	\$ 210,955	\$ 65,255	\$ 10,000	\$ 19,090	\$ 664,779	\$ 970,079

CAPITAL PROJECTS FUND
NOT APPLICABLE

PROPRIETARY FUNDS

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 157,712
Intergovernmental Accounts Receivable:	
Federal	19,102
State	865
Other Accounts Receivable	90
Inventories	16,324

Total Current Assets	<u>194,093</u>
----------------------	----------------

Non-Current Assets:

Capital Assets	534,149
Less: Accumulated Depreciation	<u>(456,716)</u>

Total Non-Current Assets	<u>77,433</u>
--------------------------	---------------

Total Assets	<u>271,526</u>
--------------	----------------

LIABILITIES:

Accounts Payable - Vendors	19,146
Prepaid Sales	22,131
Unearned Revenue	<u>4,682</u>

Total Liabilities	<u>45,959</u>
-------------------	---------------

NET POSITION:

Investment in Capital Assets	77,433
Unrestricted	<u>148,134</u>

Total Net Position	<u><u>\$ 225,567</u></u>
--------------------	--------------------------

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 647,366
Daily Sales - Non-reimbursable Programs	182,873
Special Events	20,357
	<hr/>
Total Operating Revenue	850,596
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	240,273
Cost of Sales - Non-Reimbursable Programs	290,331
Salaries, Benefits & Payroll Taxes	494,111
Supplies, Insurance & Other Costs	43,848
Management Fee	65,073
Miscellaneous Expenditures	73,275
Depreciation Expense	18,249
	<hr/>
Total Operating Expenses	1,225,160
	<hr/>
Operating Loss	(374,564)
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Income	2,007
State Sources:	
State School Lunch Program	11,805
Federal Sources:	
National School Lunch Program	243,838
Food Distribution Program	84,136
	<hr/>
Total Non-Operating Revenue	341,786
	<hr/>
Change in Net Position	(32,778)
	<hr/>
Net Position - Beginning of Year	258,345
	<hr/>
Net Position - End of Year	\$ 225,567
	<hr/> <hr/>

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 872,637
Payments to Food Service Vendor	(1,117,565)
Net Cash Used for Operating Activities	<u>(244,928)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	2,007
Net Cash Provided by Investing Activities	<u>2,007</u>
Cash Flows used by Capital and Related Financing Activities:	
Purchase of Capital Assets	(34,125)
Net Cash Used for Capital and Related Financing Activities	<u>(34,125)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	11,707
Federal Sources:	
National School Lunch Program	245,651
Net Cash Provided by Noncapital Financing Activities	<u>257,358</u>
Net Decrease in Cash and Cash Equivalents	(19,688)
Cash and Cash Equivalents, July 1	<u>177,400</u>
Cash and Cash Equivalents, June 30	<u>\$ 157,712</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (374,564)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	18,249
Federal Food Distribution Program	84,136
Changes in Assets and Liabilities:	
(Increase)/Decrease in Other Accounts Receivable	(90)
(Increase)/Decrease in Interfund Receivable	1,000
(Increase)/Decrease in Inventories	3,715
Increase/(Decrease) in Accounts Payable	3,530
Increase/(Decrease) in Prepaid Sales	22,131
Increase/(Decrease) in Unearned Revenue	(3,035)
Net Cash Used for Operating Activities	<u>\$ (244,928)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$81,101 and \$84,136, respectively, the fiscal year ended June 30, 2018.

FIDUCIARY FUNDS

JEFFERSON TOWNSHIP SCHOOL DISTRICT
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF NET POSITION
 JUNE 30, 2018

	Student Activity	Agency		Total	Unemployment Compensation Trust	Scholarship and Memorial Trust Fund
		Payroll	Summer Savings			
ASSETS:						
Cash and Cash Equivalents	\$ 228,599	\$ 516,236	\$ 595,475	\$ 1,340,310	\$ 420,538	\$ 43,472
Total Assets	228,599	516,236	595,475	1,340,310	420,538	43,472
LIABILITIES:						
Accrued Salaries and Wages			595,475	595,475		
Payroll Deductions and Withholdings Due to Student Groups	228,599	516,236		516,236		
Total Liabilities	228,599	516,236	595,475	1,340,310		
NET POSITION:						
Held in Trust for Unemployment Claims					420,538	43,472
Restricted for Scholarships and Memorials						
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 420,538	\$ 43,472

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Fund</u>
ADDITIONS:		
Contributions:		
Plan Member	\$ 83,944	
Donations		\$ 7,807
Total Contributions	<u>83,944</u>	<u>7,807</u>
Investment Earnings:		
Interest	4,747	68
Net Investment Earnings	<u>4,747</u>	<u>68</u>
Total Additions	<u>88,691</u>	<u>7,875</u>
DEDUCTIONS:		
Unemployment Compensation Claims	110,009	
Scholarships Awarded		2,607
Total Deductions	<u>110,009</u>	<u>2,607</u>
Change in Net Position	(21,318)	5,268
Net Position - Beginning of the Year	<u>441,856</u>	<u>38,204</u>
Net Position - End of the Year	<u>\$ 420,538</u>	<u>\$ 43,472</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 218,715	\$ 712,470	\$ 702,586	\$ 228,599
Total Assets	<u>\$ 218,715</u>	<u>\$ 712,470</u>	<u>\$ 702,586</u>	<u>\$ 228,599</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 218,715	\$ 712,470	\$ 702,586	\$ 228,599
Total Liabilities	<u>\$ 218,715</u>	<u>\$ 712,470</u>	<u>\$ 702,586</u>	<u>\$ 228,599</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Elementary Schools:				
Cozy Lake	\$ 3,300	\$ 4,974	\$ 3,490	\$ 4,784
Ellen T. Briggs	2,892	9,854	9,789	2,957
Milton	1,116	2,191	2,858	449
Stanlick	3,424	17,196	16,661	3,959
White Rock	4,619	19,769	16,412	7,976
Junior High School:				
Jefferson Middle School	59,826	272,966	283,170	49,622
Senior High School:				
Jefferson High School Activities	142,611	292,952	276,812	158,751
Athletic Account	<u>928</u>	<u>92,568</u>	<u>93,394</u>	<u>102</u>
Total	<u>\$ 218,715</u>	<u>\$ 712,470</u>	<u>\$ 702,586</u>	<u>\$ 228,599</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 38,296	\$ 41,587,593	\$ 41,109,653	\$ 516,236
Total Assets	<u>\$ 38,296</u>	<u>\$ 41,587,593</u>	<u>\$ 41,109,653</u>	<u>\$ 516,236</u>
 <u>LIABILITIES:</u>				
Net Payroll	\$ 2,575	\$ 23,184,068	\$ 23,184,070	\$ 2,573
Payroll Deductions and Withholdings	35,721	18,403,525	17,925,583	513,663
Total Liabilities	<u>\$ 38,296</u>	<u>\$ 41,587,593</u>	<u>\$ 41,109,653</u>	<u>\$ 516,236</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	Matured	Balance June 30, 2017	Balance June 30, 2018
			Outstanding		Amount	Matured				
			Date	June 30, 2018						
Refunding School Bonds - Series 2011	7/19/2011	\$ 12,785,000	9/15/2018	\$ 1,285,000	3.086%	\$ 1,225,000	\$ 8,240,000	\$ 7,015,000		
			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%					
							<u>\$ 16,655,000</u>	<u>\$ 15,430,000</u>		
							<u>\$ 1,225,000</u>	<u>\$ 7,015,000</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, 2017</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2018</u>
Vehicles, Improvements and Equipment	1.139%	\$ 1,567,500	\$ 404,401		\$ 404,401	
Various Capital Equipment and Vehicles	1.604%	773,224	577,330		189,389	\$ 387,941
Various Capital Equipment and Vehicles	1.482%	867,110	867,110		220,636	646,474
Various Capital Equipment and Vehicles	2.889%	1,333,554		<u>\$ 1,333,554</u>		<u>1,333,554</u>
			<u>\$ 1,848,841</u>	<u>\$ 1,333,554</u>	<u>\$ 814,426</u>	<u>\$ 2,367,969</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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	\$ 1,862,707		\$ 1,862,707	\$ 1,862,707	
Total Revenue	1,862,707		1,862,707	1,862,707	
EXPENDITURES:					
Regular Debt Service:					
Interest	637,707		637,707	637,707	
Redemption of Principal	1,225,000		1,225,000	1,225,000	
Total Regular Debt Service	1,862,707		1,862,707	1,862,707	
Total Expenditures	1,862,707		1,862,707	1,862,707	
Deficit of Revenues Under Expenditures					
Fund Balance, July 1	2		2	2	
Fund Balance, June 30	\$ 2	\$ -0-	\$ 2	\$ 2	\$ -0-
<u>Recapitulation of Fund Balance:</u>					
Restricted for Subsequent Year's Expenditures			\$ 2	\$ 2	\$ 2

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 22,886,764	\$ 26,198,886	\$ 26,532,940	\$ 28,602,423	\$ 29,179,264	\$ 30,289,965	\$ 32,927,468	\$ 34,700,172	\$ 35,545,516	\$ 37,344,518
Restricted	598,710	1,821,187	2,827,708	806,106	834,157	1,321,280	823,422	712,513	959,590	582,028
Unrestricted/(Deficit)	(257,908)	(1,457,291)	(776,754)	(335,734)	(123,770)	(1,091,440)	(17,869,065)	(18,037,753)	(19,368,770)	(19,442,571)
Total Governmental Activities Net Position	\$ 22,057,130	\$ 26,562,782	\$ 28,583,894	\$ 29,072,795	\$ 29,889,651	\$ 30,519,805	\$ 15,881,825	\$ 17,374,932	\$ 17,136,336	\$ 18,483,975
Business-type Activities										
Investment in Capital Assets	\$ 172,924	\$ 137,398	\$ 122,568	\$ 107,738	\$ 92,908	\$ 78,078	\$ 89,119	\$ 78,235	\$ 61,557	\$ 77,433
Unrestricted/(Deficit)	110,255	109,598	142,449	249,118	153,825	154,516	153,504	206,062	196,788	148,134
Total Business-type Activities Net Position/(Deficit)	\$ 132,674	\$ 246,996	\$ 265,017	\$ 356,856	\$ 246,733	\$ 232,594	\$ 242,623	\$ 284,297	\$ 258,345	\$ 225,567
District-wide										
Net Investment in Capital Assets	\$ 20,663,581	\$ 26,336,284	\$ 26,655,508	\$ 28,710,161	\$ 29,272,172	\$ 30,368,043	\$ 33,016,587	\$ 34,778,407	\$ 35,607,073	\$ 37,421,951
Restricted	1,969,595	1,821,187	2,827,708	806,106	834,157	1,321,280	823,422	712,513	959,590	582,028
Unrestricted/(Deficit)	(443,372)	(1,347,693)	(634,305)	(86,616)	30,055	(936,924)	(17,715,561)	(17,831,691)	(19,171,982)	(19,294,437)
Total District Net Position	\$ 22,189,804	\$ 26,809,778	\$ 28,848,911	\$ 29,429,651	\$ 30,136,384	\$ 30,752,399	\$ 16,124,448	\$ 17,659,229	\$ 17,394,681	\$ 18,709,542

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 31,351,750
Special Education	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	8,540,678
Other Special Education	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	1,347,777
Other Instruction	952,204	979,105	904,469	924,028	989,404	988,435	1,127,240	1,382,045	1,459,397	1,357,989
Support Services:										
Tuition	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	3,366,431
Student & Instruction Related Services	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	10,314,566
General Administrative Services	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	1,524,568
School Administrative Services	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	4,201,504
Central Services	851,239	901,718	920,142	978,331	1,035,540	1,000,149	1,178,682	1,297,648	1,465,796	1,368,037
Administrative Information Technology	598,017	554,279	552,134	622,155	973,841	621,298	847,993	540,867	557,737	572,223
Plant Operations and Maintenance	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	6,709,926
Pupil Transportation	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	3,254,401
Unallocated Depreciation	379,568	379,568	379,568	379,568	379,568	379,568	379,568	469,058	469,058	469,058
Charter Schools	52,139	73,341	64,175	60,051	42,950	47,458	94,542	64,130	62,781	92,116
Interest on Long-term Debt	1,150,930	988,417	1,059,787	794,287	804,503	759,297	721,896	680,956	593,881	570,658
Capital Outlay			114,870	66,803	94,542	74,710	58,681	94,542	94,542	94,542
Total Governmental Activities Expenses	\$ 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	\$ 75,136,224

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

UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type Activities:										
Food Service	\$ 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	\$ 1,225,160
Total Business-type Activities Expense	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	1,225,160
Total District Expenses	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	76,361,384
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)						714,925	730,368	194,621	184,805	275,451
Operating Grants and Contributions	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	32,132,368
Capital Grants and Contributions				75,093	460,430	97,275				
Total Governmental Activities Program Revenues	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	32,407,819
Business-type Activities:										
Charges for Services										
Food Service	933,859	847,172	916,339	863,684	872,197	842,745	845,742	895,294	876,047	850,596
Operating Grants and Contributions	204,365	358,034	234,597	284,587	269,157	302,821	300,217	319,548	348,720	339,779
Capital Grants and Contributions								5,794		
Total Business-type Activities Program Revenues	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	1,190,375
Total District Program Revenues	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	33,598,194
Net (Expense)/Revenue										
Governmental Activities	(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)	(42,728,405)
Business-type Activities	(22,215)	(17,553)	17,277	91,423	(137,517)	(14,505)	9,607	41,253	(26,830)	(34,785)
Total District-wide Net Expense	(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)	(42,763,190)

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 41,487,430
Taxes Levied for Debt Service	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	1,862,707
Unrestricted Grants and Contributions	386,015	128,851	402,650	637,788	89,497	81,429	134,405	761,653	166,221	535,074
Investment Earnings	1,385	2,020	853	1,027	965	1,471	556	679	2,337	5,676
Miscellaneous Income	249,070	132,386	207,012	109,348	492,432	316,078	332,214	237,050	125,020	185,157
Total Governmental Activities	36,402,465	37,098,354	38,358,241	38,502,010	39,056,069	39,653,690	40,811,826	42,264,936	42,458,688	44,076,044
Business-type Activities:										
Miscellaneous/Investment Earnings	1,803	1,782	744	416	27,394	366	422	421	878	2,007
Total Business-type Activities	1,803	1,782	744	416	27,394	366	422	421	878	2,007
Total District-wide	36,404,268	37,100,136	38,358,985	38,502,426	39,083,463	39,654,056	40,812,248	42,265,357	42,459,566	44,078,051
Change in Net Position:										
Governmental Activities	1,928,909	1,406,307	2,021,112	488,901	1,056,309	630,154	1,954,820	1,493,107	(238,596)	1,347,639
Business-type Activities	(20,412)	(15,771)	18,021	91,839	(110,123)	(14,139)	10,029	41,674	(25,952)	(32,778)
Total District	\$ 1,908,497	\$ 1,390,536	\$ 2,039,133	\$ 580,740	\$ 946,186	\$ 616,015	\$ 1,964,849	\$ 1,534,781	\$ (264,548)	\$ 1,314,861

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,074,521	\$ 2,262,262								
Unreserved/(Deficit)	377,511	(614,636)								
Restricted			\$ 890,560	\$ 904,290	\$ 512,046	\$ 1,218,693	\$ 720,834	\$ 712,511	\$ 959,588	\$ 582,026
Assigned			2,048,467	1,030,867	1,318,251	284,723	480,886	858,301	1,312,842	1,760,366
Total General Fund	\$ 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	\$ 2,342,392
All Other Governmental Funds										
Reserved	\$ 96,346									
Unreserved, Reported in:										
Capital Projects Fund/(Deficit)	(451,574)	\$ (442,895)								
Debt Service Fund	9,792	1,820								
Restricted										
Unassigned/(Deficit)			\$ (111,319)	\$ (98,184)	\$ 322,111	\$ 102,587	\$ 102,588	\$ 2	\$ 2	\$ 2
Total All Other Governmental Funds	\$ (345,436)	\$ (441,075)	\$ (111,319)	\$ (98,184)	\$ 322,111	\$ 102,587	\$ (495,384)	\$ 2	\$ 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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 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	\$ 43,350,137
Tuition Charges	74,047	48,653	61,608	40,039	36,908	75,753	246,096	193,942	184,805	275,451
Interest Earnings	43,082	33,489	18,166	18,846	8,442	8,702	6,607	679	2,337	5,676
Miscellaneous	133,326	52,263	128,091	51,490	448,047	233,094	80,067	237,729	125,020	185,157
State Sources	19,282,332	18,168,054	18,662,580	19,659,364	21,789,269	20,898,355	21,352,737	22,891,095	22,924,636	23,866,609
Federal Sources	808,522	3,506,773	1,244,013	1,433,977	962,204	879,713	964,701	946,913	895,848	1,027,079
Total Revenue	55,198,338	56,107,304	58,644,329	57,862,184	58,957,563	61,718,045	61,350,329	62,994,859	66,297,756	68,710,109
Expenditures										
Instruction										
Regular Instruction	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	17,214,473
Special Education Instruction	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	4,733,768
Other Special Instruction	1,033,965	916,799	821,985	794,807	830,169	791,269	914,967	920,618	771,875	680,200
Other Instruction	766,807	764,994	703,006	700,567	740,102	748,526	776,960	795,666	798,770	783,621
Support Services:										
Tuition	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	3,366,431
Student & Instruction Related Services	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	7,354,597
General Administration	1,162,176	1,129,806	1,002,066	1,096,173	1,571,723	855,718	846,799	857,398	1,074,111	1,065,091
School Administrative Services	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	2,452,091
Central Services	652,776	669,020	684,193	710,175	730,466	711,890	756,521	833,656	866,409	897,052
Administrative Information Technology	444,502	395,420	394,226	430,408	447,860	432,182	524,680	540,867	557,737	572,223
Plant Operations and Maintenance	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	5,751,061
Pupil Transportation	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	3,533,082
Employee Benefits	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	17,436,088
Charter Schools	52,139	73,341	64,175	60,051	42,950	47,458	58,681	64,130	62,781	92,116
Capital Outlay	950,095	1,140,033	323,433	1,305,278	669,711	2,474,956	2,226,107	1,192,058	1,112,543	2,179,100
Debt Service:										
Principal	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	1,225,000
Interest and Other Charges	1,150,930	1,108,180	1,066,205	795,518	867,381	827,106	790,156	751,806	700,331	637,707
Total Expenditures	56,326,040	56,276,254	58,544,374	56,241,027	59,948,298	61,402,610	63,624,926	63,733,834	66,463,248	69,973,701
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,127,702)	(168,950)	99,955	1,621,157	(990,735)	315,435	(2,274,597)	(738,975)	(165,492)	(1,263,592)

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	\$ 1,099	\$ 724,123	\$ 196	\$ (224,674)	413,345	\$ 1,275,539	\$ 10,563			
Transfers Out	(1,099)	(724,123)	(196)	224,674	(413,345)	(1,275,539)	(10,563)			
Capital Leases (non-budgeted)					1,567,500			773,224	\$ 867,110	\$ 1,333,554
Total Other Financing Sources (Uses)	(12,500)	-0-	-0-	-0-	(1,400,000)	-0-	1,567,500	-0-	867,110	1,333,554
Net Change in Fund Balances	\$ (181,450)	\$ 99,955	\$ 1,621,157	\$ (990,735)	\$ (1,084,565)	\$ (2,274,597)	\$ 828,525	\$ (738,975)	\$ 701,618	\$ 69,962
Debt Service as a Percentage of Noncapital Expenditures	4.40%	4.36%	3.70%	3.86%	3.45%	3.49%	3.37%	3.31%	3.17%	2.83%

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	Insurance Refund	Total
2009	\$ 74,047	\$ 41,983	\$ 47,531	\$ 61,442	\$ 22,290	\$ 2,063	\$ 249,356
2010	36,908	7,694			52,263		96,865
2011	75,753	8,702			14,090	113,805	212,350
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
2018	275,451	5,676			185,157		466,284

Source: Jefferson Township School District records

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

Year Ended December 31,	Vacant Land	Residential	Farm (Qualified)	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	School Tax Rate ^b	County Equalized Value
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
2017	52,018,300	2,279,787,000	6,749,200	186,255,700	5,196,200	22,736,800	2,552,743,200	100	2,553,047,900	1.672	2,683,895,422

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

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

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

Year Ended December 31,	Jefferson School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt ^b	Total Direct	Jefferson Township	Morris County	
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	2.689
2017	1.563	0.070	1.633	0.808	0.273	2.714

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

	2018		2009			
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Ridge Plaza LLC		\$ 20,321,400	0.82%	Newark Watershed Conservation	\$ 22,281,400	0.69%
City of Newark		18,475,700	0.75%	Kite New Jersey, LLC	17,927,700	0.55%
Sebastian/Parsippany, LP		7,317,300	0.30%	Sebastian/Parsippany, LP	7,488,700	0.23%
Gelormino Associates		7,184,800	0.29%	Gelormino Associates	7,184,600	0.22%
Seneca Gardens LLC		6,714,900	0.27%	Seneca Gardens LLC	6714900	21.00%
Fifteen South Plaza		5,692,400	0.23%	Fifteen South Plaza	6,692,400	0.21%
Leifken Brothers Marinas LLC		4,729,000	0.19%	Bowling Green Gold Club, Inc.	5,245,800	0.16%
RLM Development Corp		3,880,900	0.16%	Verizon - NJ Property Tax Department	4,824,483	0.15%
Good Kids Holdings LLC		3,500,000	0.14%	Individual Taxpayer #1	4,322,100	0.13%
Seretis Properties LLC		3,488,900	0.14%	Individual Taxpayer #2	3,306,800	0.10%
Total		\$ 81,305,300	3.28%			

Source: Municipal Tax Assessor

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
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	40,344,651	40,344,651	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-
2018	43,350,137	43,350,137	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases			
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	1.04%	922.48
2017	16,655,000		1,848,841	18,503,841	0.97%	865.96
2018	15,430,000		2,367,969	17,797,969	0.94%	832.93

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 ^a of Property	Per Capita ^b
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%	838.62
2017	16,655,000		16,655,000	0.65%	779.44
2018	15,430,000		15,430,000	0.60%	722.11

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, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Jefferson Township	\$ 17,051,779	100.00%	\$ 17,051,779
Morris County General Obligation Debt	217,187,521	0.28%	<u>611,270</u>
Subtotal, overlapping debt			17,663,049
Jefferson Township School District Direct Debt			<u>15,430,000</u>
Total direct and overlapping debt			<u><u>\$ 33,093,049</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 2018

	Equalized valuation basis			
	2017	\$	2,662,753,338	
	2016	\$	2,673,567,968	
	2015	\$	2,614,818,305	
		\$	<u>7,951,139,611</u>	
		\$	<u>2,650,379,870.33</u>	
		\$	106,015,195	a
		\$	15,430,000	
		\$	<u>90,585,195</u>	

Average equalized valuation of taxable property

Debt limit (4% of average equalization value)

Net bonded school debt

Legal debt margin

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 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	\$ 106,015,195
Total net debt applicable to limit	<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>	<u>15,430,000</u>
Legal debt margin	<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>	<u>\$ 90,585,195</u>
Total net debt applicable to the limit as a percentage of debt limit	21.37%	20.16%	19.84%	18.95%	18.94%	18.72%	18.19%	17.21%	15.82%	14.55%

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

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

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

Year	Township Population ^a	Township Personal Income ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
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	21,422	1,907,950,430	89,065	5.40%
2017	21,368	1,903,140,920	89,065 *	4.50%
2018	21,368 **	1,903,140,920 **	89,065 *	N/A

*- Latest Morris County per capita personal income available (2016) was used for calculation purposes.

** - Latest population data available (2017) was used for calculation purposes

N/A - Information Unavailable

Source:

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

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

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

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

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

Employer	2018		2009		Percentage of Total Employment
	Employees	Percentage of Total Employment	Employer	Employees	
Picatinny Arsenal	6,400	2.49%	Novartis Corporation	5,631	N/A
Atlantic Health System	6,350	2.47%	U.S. Army Armament R&D	3,939	N/A
Novartis	4,607	1.79%	Atlantic Health System	3,667	N/A
Bayer Healthcare, LLC	2,800	1.09%	Cendant Corp.	3,006	N/A
ADP	2,242	0.87%	Lucent Technologies	2,539	N/A
Wyndham Worldwide	1,907	0.74%	County of Morris	2,268	N/A
Accenture	1,883	0.73%	Pfizer	2,250	N/A
Honeywell	1,868	0.73%	St. Clare's Health Services	2,128	N/A
Allergan	1,700	0.66%	Automated Data Processing (ADP)	1,950	N/A
St. Clare's Health System	1,544	0.60%	Greystone Psychiatric	1,212	N/A
Total	31,301	12.18%	Total	28,590	

N/A - Information is not available.

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

Source: Morris County Treasurer's Office.

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	276.0	278.0	205.5	209.9	208.4	222.3	214.0	208.4	197.0	198.6
Special education	1.5	1.0	56.5	112.5	41.5	62.1	64.5	71.3	97.9	60.5
Other special education	49.5	47.0	45.1		63.4	66.0	67.0	83.6	50.7	66.2
Support Services:										
Student & instruction related services	64.5	70.5	69.0	69.7	95.9	70.1	31.5	39.0	47.8	66.9
School administrative services	31.0	26.5	19.0	24.8	23.3	23.5	23.5	24.5	24.9	24.4
General and business administrative services	19.0	4.5	4.5	18.6	4.5	4.1	20.2	20.2	20.2	22.2
Plant operations and maintenance	55.0	55.5	42.3	42.7	42.8	43.9	37.6	42.4	44.1	45.7
Pupil transportation	20.0	21.5	19.0	20.4	18.8	19.5	39.6	20.4	20.5	21.9
Other support services		14.5	14.5		15.0	15.0	44.0			1.0
Total	516.5	519.0	475.4	498.6	513.6	526.5	541.9	509.6	503.1	507.3

Source: District Personnel Records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Pupil/Teacher Ratio

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff	Elementary	Middle School	High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2018	2,987	67,140,915	22,478	10.93%	271	1:12	1:11	1:10	2,858.0	2,992.1	-4.96%	104.69%

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
Ellen T. Briggs School (1955)										
Square Feet	33,828	33,828	33,828	33,828	33,828	33,828	33,828	33,828	33,828	33,828
Capacity (students)	270.62	270.62	270.62	270.62	270.62	270.62	270.62	270.62	270.62	270.62
Enrollment	256	256	390	393	393	328	313	288	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	286.21	286.21
Enrollment	280	280	245	247	247	241	234	206	206	206
Drummond School (1950)										
Square Feet	12,144	12,144								
Capacity (students)	97.15	97.15								
Enrollment	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	179	179	186	138	138	148	157	159	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	388	388	380	382	382	381	368	345	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	439	439	426	425	425	380	382	388	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	825	825	807	810	810	813	788	765	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	1,264.80
Enrollment	1,108	1,108	1,190	1,069	1,069	1,004	1,003	1,007	1,007	1,007
Other										
Administration Building										
Square Feet	4,846	4,846	4,846	12,144	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, 2018
 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

School Facilities	Projects #	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Jefferson Township High School	N/A	\$ 454,764	\$ 473,758	\$ 371,300	\$ 338,706	\$ 388,707	\$ 486,669	\$ 507,645	\$ 827,769	\$ 1,012,177	\$ 799,085
Arthur Stanlick School	N/A	121,450	90,689	60,724	55,393	78,819	79,592	83,023	172,213	210,578	181,176
Drummond School	N/A	22,580	80,767								
Cozy Lake School	N/A	133,482	150,932	101,061	92,190	175,727	132,462	138,171	99,518	121,688	329,647
Ellen T. Briggs School	N/A	60,390	105,290	70,500	64,311	39,084	92,406	96,389	85,059	104,008	83,363
Jefferson Township Middle School	N/A	120,765	202,498	135,589	123,687	99,035	177,719	185,379	205,606	251,410	151,398
Milton School	N/A	46,358	34,032	22,787	20,787	67,053	29,867	31,154	158,932	194,338	51,495
White Rock School	N/A	174,214	245,918	164,662	150,207	164,938	215,825	225,127	175,864	215,043	151,294
		<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>	<u>\$ 1,747,458</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, 2018
UNAUDITED

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

Source: Jefferson Township School District Records.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018
UNAUDITED

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

Source: Jefferson Township School District Records.

SINGLE AUDIT SECTION



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

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

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Jefferson Township School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 14, 2019.

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

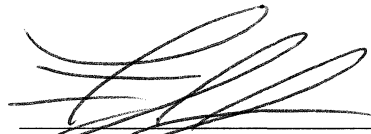
As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

January 14, 2019
Mount Arlington, New Jersey


NISIVOCCIA LLP



Francis Jones
Licensed Public School Accountant #1154
Certified Public Accountant



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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, 2018. 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, 2018.

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.

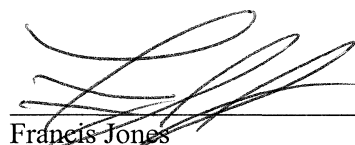
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

January 14, 2019
Mount Arlington, New Jersey


NISIVOCCIA LLP


Francis Jones
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, 2018

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) 6/30/2017	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Receivables	Repayment of Prior Years' Balance	Balance 6/30/2018 Accounts Receivable	Unearned Revenue 6/30/2018	Due to Grantor 6/30/2018
U.S. Department of Agriculture													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Federal Food Distribution Program	10.555	N/A	7/1/17-6/30/18	\$ 81,101	\$ 7,717		\$ 81,101	\$ (76,419)				\$ 4,682	
Federal Food Distribution Program	10.555	N/A	7/1/16-6/30/17	85,792	7,717		81,101	(84,136)				4,682	
Total Food Distribution Program													
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	26,602	(3,425)		3,425						
School Breakfast Program	10.553	N/A	7/1/17-6/30/18	36,319			33,156	(36,319)			\$ (3,163)		
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	218,281	(17,490)		17,490						
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	207,519	(20,915)		191,580	(207,519)			(15,939)		
Total Child Nutrition Cluster							245,651	(243,838)			(19,102)		
Total U.S. Department of Agriculture					(13,198)		326,752	(327,974)			(19,102)	4,682	
Passed-through State Department of Education:													
General Fund:													
U.S. Department of Health and Human Services:													
Medicaid Cluster:													
Medicaid Reimbursement	93.778	N/A	7/1/17-6/30/18	57,000			57,000	(57,000)					
Total General Fund							57,000	(57,000)					
Special Revenue Fund:													
U.S. Department of Education:													
Elementary and Secondary Education Act Consolidated Grant:													
Title IIA	84.367	ESEA552018	7/1/17-6/30/18	65,255	(15,008)		63,487	(65,255)			(1,768)		
Title IIA	84.367	ESEA552017	7/1/16-6/30/17	54,529	(15,008)		15,008	(65,255)			(1,768)		
Total Title IIA							78,495	(130,510)					
Title I	84.010	ESEA552018	7/1/17-6/30/18	252,955	(28,203)		200,626	(210,955)			(10,329)		
Title I	84.010	ESEA552017	7/1/16-6/30/17	89,461	(28,203)		28,203	(210,955)			(10,329)		
Total Title I							228,829	(421,910)					
Title IV	84.424	ESEA552018	7/1/17-6/30/18	10,000			10,000	(10,000)					
Total Title IV							10,000	(10,000)					
Special Education Cluster:													
U.S. Department of Education:													
ID.E.A. Part B, Basic	84.027	FT-5520-18	7/1/17-6/30/18	664,779	(53,213)		663,709	(664,779)			(1,070)		
ID.E.A. Part B, Basic	84.027	FT-5520-17	7/1/16-6/30/17	676,466	(53,213)		53,213						
ID.E.A. Part B, Preschool	84.173	FT-5520-18	7/1/17-6/30/18	30,650	(4,401)		14,742	(19,090)			(4,348)		
ID.E.A. Part B, Preschool	84.173	FT-5520-17	7/1/16-6/30/17	30,848	(57,614)		4,401	(683,869)			(5,418)		
Total Special Education Cluster					(100,825)		736,065	(1,387,748)			(10,836)		
Total Special Revenue Fund/U.S. Department of Education							1,053,389	(970,079)			(17,515)		
Total Federal Awards					\$ (114,023)		\$ 1,437,141	\$ (1,355,053)		\$ -0-	\$ (36,617)	\$ 4,682	\$ -0-

N/A: Not Available/Applicable

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Balance (Accounts Receivable) 6/30/2017	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Receivable Cancelled	Balance 6/30/2018		Cumulative Total Expenditures	
									GAAAP (Accounts Receivable)	Budgetary Unearned Revenue		
General Fund												
NJ Department of Education:												
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 12,431,553	\$ (1,223,757)		\$ 1,223,757	\$ (12,431,553)				\$ 12,431,553	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	418,875	(41,234)	41,234	(418,875)	(418,875)				418,875	
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	2,137,733	(210,438)	210,438	(2,137,733)	(2,137,733)				2,137,733	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	303,337	(29,860)	29,860	(303,337)	(303,337)				303,337	
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	466,287	(45,902)	45,902	(466,287)	(466,287)				466,287	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	31,800	(3,130)	3,130	(31,800)	(31,800)				31,800	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	31,800	(3,130)	3,130	(31,800)	(31,800)				31,800	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	30,740	(3,026)	3,026	(30,740)	(30,740)				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	7/1/16-6/30/17	7,137	(7,137)	7,137						7,137	
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	12,431,553		11,211,229	\$ (12,431,553)	\$ (1,220,324)				12,431,553	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	418,875		377,757	(418,875)	(41,118)				418,875	
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	2,137,733		1,927,886	(2,137,733)	(209,847)				2,137,733	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	303,337		273,560	(303,337)	(29,777)				303,337	
Additional Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	466,287		420,515	(466,287)	(45,772)				466,287	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	31,800		28,678	(31,800)	(3,122)				31,800	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	31,800		28,678	(31,800)	(3,122)				31,800	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	30,740		27,723	(30,740)	(3,017)				30,740	
Non-Public Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	41,666			(41,666)	(41,666)				41,666	
Extraordinary Aid	18-100-034-5120-473	7/1/17-6/30/18	337,430		337,430						337,430	
Homeless Tuition	N/A	7/1/17-6/30/18	30,369			(30,369)	(30,369)				30,369	
On-Behalf TPAF Post Retirement Contribution	18-495-034-5094-001	7/1/17-6/30/18	2,246,759		2,246,759						2,246,759	
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	7/1/17-6/30/18	3,396,191		3,396,191						3,396,191	
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	82,417		82,417						82,417	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-004	7/1/17-6/30/18	5,466		5,466						5,466	
Total General Fund State Aid			1,869,808		1,869,654		(1,869,808)		(154)		1,869,808	
Total NJ Department of Education				(1,958,908)	23,855,421		(23,862,231)		(409,619)		40,089,555	
New Jersey Department of Agriculture:												
Food Service Fund:												
School Lunch Program - State	17-100-010-3350-023	7/1/16-6/30/17	10,328	(767)	767						10,328	
School Lunch Program - State	17-100-010-3350-023	7/1/16-6/30/17	11,805		10,940				(865)		11,805	
Total NJ Department of Agriculture				(767)	11,707		(11,805)		(865)		22,133	
Total State Awards Subject to Single Audit Determination												
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	(2,246,759)			\$ 2,246,759						
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	(3,396,191)			3,396,191						
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	(82,417)			82,417						
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	(5,466)			5,466						
Subtotal - On-Behalf TPAF Pension System Contributions												
Total State Awards Subject to Single Audit Major Program Determination												
N/A - Not Available												

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018. 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 \$4,378 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, 2018
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 57,000	\$ 23,866,609	\$23,923,609
Special Revenue Fund	970,079		970,079
Enterprise Fund - Food Service	<u>327,974</u>	<u>11,805</u>	<u>339,779</u>
Total Awards	<u>\$ 1,355,053</u>	<u>\$23,878,414</u>	<u>\$25,233,467</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, 2018.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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:

	State Grant Number/ CFDA Number	Grant Period	Award Amount	Budgetary Expenditures
<u>State:</u>				
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$12,431,553	\$12,431,553
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	2,137,733	2,137,733
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	303,337	303,337
Additional Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	466,287	466,287
PARCC Readiness Growth Aid	18-495-034-5120-098	7/1/17-6/30/18	31,800	31,800
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	31,800	31,800
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	30,740	30,740

Federal:

- | | | | | |
|-----------------------------|--------|----------------|---------|---------|
| Special Education Cluster | | | | |
| I.D.E.A. Part B - Preschool | 84.173 | 7/1/17-6/30/18 | 30,650 | 19,090 |
| I.D.E.A. Part B - Basic | 84.027 | 7/1/17-6/30/18 | 664,779 | 664,779 |
- 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, 2018
(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, 2018

Status of Prior Year Findings:

The District had no prior year audit findings.