

**SCHOOL DISTRICT
OF
JEFFERSON TOWNSHIP**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report**

of the

Jefferson Township School District

Jefferson Township, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

**Jefferson Township School District
Business Office**

JEFFERSON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2020

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.....	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

L. Schedules Related to Accounting and Reporting for Pensions.....	73
L-1 Schedule of District's Proportionate Share of the Net Pension Liability- Public Employees Retirement System	73
L-2 Schedule of District Contributions – Public Employees Retirement System.....	74
L-3 Schedule of State Proportionate Share of the Net Pension Liability Attributable to the District - Teachers' Pension and Annuity Fund	75
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund.....	76
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the District and Related Ratios	77
Notes to Required Supplementary Information	78

JEFFERSON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

FINANCIAL SECTION (Cont'd)

C.	Budgetary Comparison Schedules	81
C-1	Budgetary Comparison Schedule – General Fund	82
C-2	Budgetary Comparison Schedule – Special Revenue Fund	98
C-3	Required Supplementary Information – Budget Comparison Schedule	99
Other Supplementary Schedules (D.-I.)		
D.	School Level Schedules (Not Applicable)	100
E.	Special Revenue Fund.....	101
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	102
E-2	Preschool Education Aid Budgetary Basis (Not Applicable)	
F.	Capital Projects Fund.....	103
F-1	Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budgetary Basis	104
F-1a	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Upgrading of Existing Facilities	105
G.	Proprietary Funds.....	106
	Enterprise Fund	
G-1	Statement of Net Position	107
G-2	Statement of Revenue, Expenses and Changes in Fund Net Position	108
G-3	Statement of Cash Flows	109
H.	Fiduciary Funds	110
H-1	Combining Statement of Fiduciary Net Position	111
H-2	Combining Statement of Changes in Fiduciary Net Position.....	112
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements.....	113
H-4	Student Activity Agency Fund Statement of Activity.....	114
H-5	Payroll Agency Fund Schedule of Receipts and Disbursements.....	115
I.	Long-Term Debt	116
I-1	Schedule of Serial Bonds	117
I-2	Schedule of Obligations Under Capital Leases.....	118
I-3	Debt Service Fund Budgetary Comparison Schedule	119
J.	STATISTICAL SECTION (Unaudited)	120
	Statistical Schedules	
J-1	Net Position by Component	121
J-2	Changes in Net Position	122
J-3	Fund Balances – Governmental Funds.....	125
J-4	Changes in Fund Balances – Governmental Funds.....	126
J-5	General Fund Other Local Revenue by Source.....	128
J-6	Assessed Value and Actual Value of Taxable Property	129
J-7	Direct and Overlapping Property Tax Rates	130
J-8	Principal Property Taxpayers	131
J-9	Property Tax Levies and Collections	132

JEFFERSON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

STATISTICAL SECTION (Unaudited) (Cont'd)

J-10	Ratios of Outstanding Debt by Type.....	133
J-11	Ratios of Net General Bonded Debt Outstanding	134
J-12	Ratios of Overlapping Governmental Activities Debt	135
J-13	Legal Debt Margin Information	136
J-14	Demographic and Economic Statistics.....	137
J-15	Principal Employers	138
J-16	Full-Time Equivalent District Employees by Function/Program.....	139
J-17	Operating Statistics	140
J-18	School Building Information.....	141
J-19	Schedule of Required Maintenance for School Facilities	142
J-20	Insurance Schedule.....	143

K. SINGLE AUDIT SECTION..... 145

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 <i>Government Auditing Standards</i>	146
K-2	Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance.....	148
K-3	Schedule of Expenditures of Federal Awards	150
K-4	Schedule of Expenditures State Awards	151
K-5	Notes to the Schedules of Federal and State Awards.....	152
K-6	Schedule of Findings and Questioned Costs	154
K-7	Summary Schedule of Prior Audit Findings	156

INTRODUCTORY SECTION
UNAUDITED



Jefferson Township Board of Education

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Superintendent of Schools

Jeanne Howe
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Assistant Superintendent of Schools

Roger Jinks, Jr.
RJinks@Jefftwp.org

Business Administrator

Rita Oroho Giacchi
RGiacchi@Jefftwp.org

November 13, 2020

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, 2020, 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 2019-20 fiscal year with an enrollment of 2,624 students, which is a decrease of 304 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 various 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 State of New Jersey revised the Aid funding formula in July of 2018. As a result, the district experienced a reduction of \$1,193,000 during the 2019-2020 school year and \$2,252,000 during the 2020-2021 school year. New Jersey plans to adjust State Aid incrementally through the 2024-2025 school year. Based upon the most recent state aid notice, the district expects the total reduction will be in excess of \$11,000,000 on an annual basis. The rationale for the adjustments is tied to enrollment. As a result, administration and the Board of Education members have been scrupulously identifying potential areas of efficiencies and simultaneously begun to identify additional revenue sources.

In March of 2020, district schools were unexpectedly closed as a result of an Executive Order 104 precipitated by the COVID-19 pandemic and the district remained in virtual instructional model until the end of the school year. This resulted in unexpected savings in certain costs, such as staffing, transportation and supplies. The impact of the COVID-19 pandemic remains a significant factor in the 2020-2021 school year and the full impact on the district's budget is yet to be realized.

The district is in the midst of administering a special open enrollment pursuant to the passage of P.L.2020, c.44 requiring the addition of a new medical benefits plan. The district expects that this will result in an unanticipated increase in health care costs in the 2020-2021 school year and beyond. In addition to health care costs, an area of concern are costs associated with both tuition and transportation expenses for vocational, homeless and students with special needs; as these expenses continue to rise in disproportionate rates to other categories.

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 conducted 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. The Community fully supported the referendum. Phase 1 of identified improvement projects was completed during the summer of 2019 and Phase 2 continued during the summer of 2020, although progress was somewhat impeded by the COVID-19 pandemic. The improvements completed during the summer of 2020 included the addition of security vestibules at the high school, middle school and two elementary schools, a bathroom renovation at the high school and various door replacements.

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, 2020.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

9) OTHER INFORMATION:

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

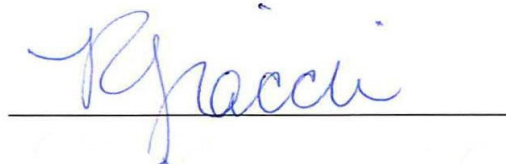
10) ACKNOWLEDGMENTS:

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

Respectfully submitted,

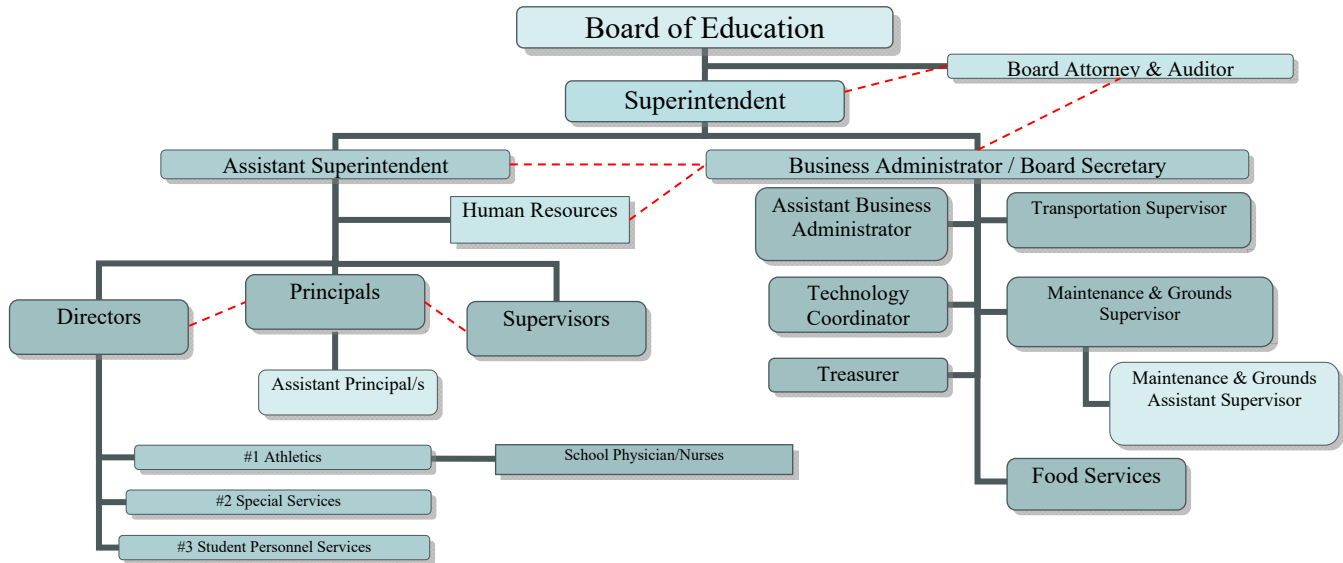


Superintendent
Jeanne Howe



Rita Giacchi
Business Administrator/Board Secretary

1110 ORGANIZATION CHART



Key

Line of Authority ———

Communication - - - - -



**TOWNSHIP OF JEFFERSON BOARD OF EDUCATION
LAKE HOPATCONG, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2020**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Matthew Millar	President	2022
Stacey Poulas	Vice President	2020
Amy Gould	Member	2021
James Martorelli	Member	2020
Lary Wasserman	Member	2021
Christopher Natale	Member	2021
Jill Small	Member	2020
Michael Stewart	Member	2022
Adele Wildermuth	Member	2022

Other Officials

Jeanne Howe, Superintendent

Roger Jinks, Jr., Assistant Superintendent

Dora E. Zeno, Business Administrator/Board Secretary (to December 31, 2019)

Rita Oroho Giacchi, Business Administrator (from January 1, 2020)

TOWNSHIP OF JEFFERSON
BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

Bond Counsel

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Livingston, NJ 07068

Audit Firm

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Oakland, NJ 07436

Insurance Agent

The Morville Agency
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Official Depositories

Lakeland State Bank
Bank of America
Fulton Bank of New Jersey
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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

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 other supplementary schedules 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 other supplementary schedules 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.

The Honorable President and Members
of the Board of Education
Jefferson Township School District
Page 3

In our opinion, the other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020 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 solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 13, 2020
Mount Arlington, New Jersey

NISIVOCCIA LLP



Raymond Sarinelli
Licensed Public School Accountant #2549
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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, 2020. 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

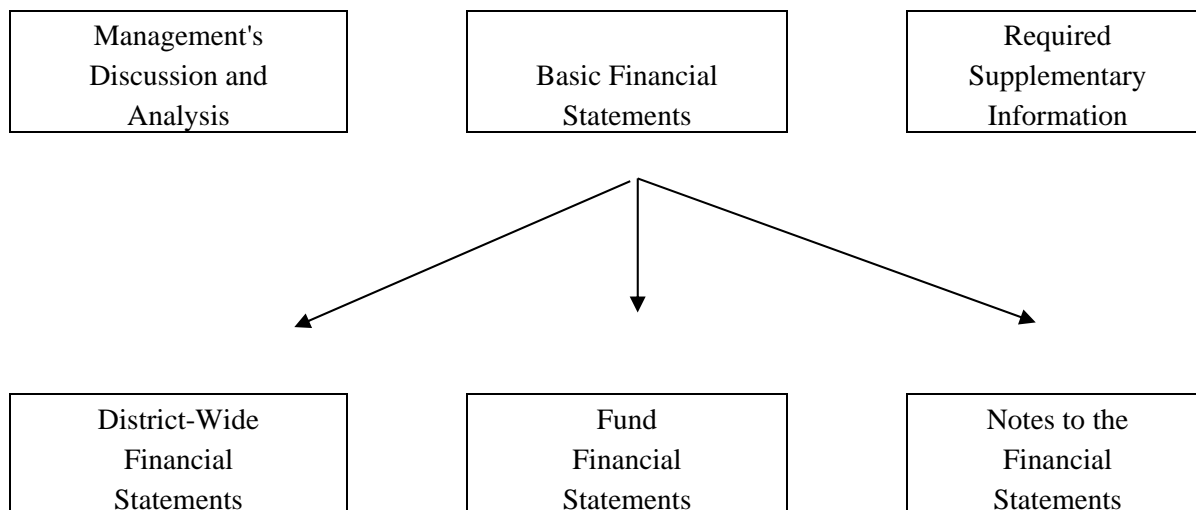


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Current and Other Assets	\$ 8,264,504	\$ 12,373,263	\$ 101,478	\$ 169,592	\$ 8,365,982	\$ 12,542,855	
Capital Assets, Net	58,715,564	55,242,880	46,671	59,184	58,762,235	55,302,064	
Total Assets	66,980,068	67,616,143	148,149	228,776	67,128,217	67,844,919	-1.07%
Deferred Outflows of Resources	4,065,910	4,963,086			4,065,910	4,963,086	-22.07%
Long-Term Liabilities	40,669,016	44,174,261			40,669,016	44,174,261	
Other Liabilities	1,759,663	2,640,225	53,276	37,860	1,812,939	2,678,085	
Total Liabilities	42,428,679	46,814,486	53,276	37,860	42,481,955	46,852,346	-10.29%
Deferred Inflows of Resources	6,263,749	6,240,323			6,263,749	6,240,323	0.37%
Net Position:							
Net Investment in Capital Assets	35,869,963	30,052,866	46,671	59,184	35,916,634	30,112,050	
Restricted	3,591,775	1,607,492			3,591,775	1,607,492	
Unrestricted/(Deficit)	(17,108,188)	(12,135,938)	48,202	131,732	(17,059,986)	(12,004,206)	
Total Net Position	\$ 22,353,550	\$ 19,524,420	\$ 94,873	\$ 190,916	\$ 22,448,423	\$ 19,715,336	12.17%

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). The District’s *combined* net position was \$22,448,423 on June 30, 2020, an increase of \$2,733,087 more than the year before. (See Figure A-3). The increase in the District’s combined net position is primarily due to the \$2,733,087 excess of revenue over expenditures in the General Fund, which was created by a significant decrease in expenditures due to the District shutting down in-person learning for three months as a result of the pandemic caused by COVID-19. Additionally, there was a decrease in net position of \$96,043 in business-type activities.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Revenue:							
Program Revenue:							
Charges for Services	\$ 450,073	\$ 254,013	\$ 602,033	\$ 849,257	\$1,052,106	\$ 1,103,270	
Operating Grants and Contributions	31,041,693	32,575,083	257,709	316,881	31,299,402	32,891,964	
General Revenue:							
Property Taxes	45,542,848	44,189,436			45,542,848	44,189,436	
Unrestricted Federal and State Aid	314,305	84,234			314,305	84,234	
Other	237,779	348,724	989	3,033	238,768	351,757	
Total Revenue	<u>77,586,698</u>	<u>77,451,490</u>	<u>860,731</u>	<u>1,169,171</u>	<u>78,447,429</u>	<u>78,620,661</u>	-0.22%
Expenses:							
Instruction	40,577,928	41,220,925			40,577,928	41,220,925	
Pupil and Instruction Services	14,637,615	15,521,089			14,637,615	15,521,089	
Administrative and Business	7,571,490	7,068,927			7,571,490	7,068,927	
Maintenance and Operations	6,717,168	7,384,789			6,717,168	7,384,789	
Transportation	3,826,202	3,950,910			3,826,202	3,950,910	
Other	1,427,165	1,264,405	956,774	1,203,822	2,383,939	2,468,227	
Total Expenses	<u>74,757,568</u>	<u>76,411,045</u>	<u>956,774</u>	<u>1,203,822</u>	<u>75,714,342</u>	<u>77,614,867</u>	-2.45%
Increase/(Decrease) in Net Position	<u>\$ 2,829,130</u>	<u>\$ 1,040,445</u>	<u>\$ (96,043)</u>	<u>\$ (34,651)</u>	<u>\$2,733,087</u>	<u>\$ 1,005,794</u>	171.73%

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	
	2019/20	2018/19	2019/20	2018/19
Sources of Income:				
Instruction	\$ 40,577,928	\$ 41,220,925	\$ 13,998,162	\$13,251,830
Pupil and Instruction Services	14,637,615	15,521,089	12,710,695	13,497,995
Administrative and Business	7,571,490	7,068,927	6,170,327	6,053,683
Maintenance and Operations	6,717,168	7,384,789	6,060,002	6,475,417
Transportation	3,826,202	3,950,910	2,899,451	3,038,619
Other	1,427,165	1,264,405	1,427,165	1,264,405
	<u>\$ 74,757,568</u>	<u>\$ 76,411,045</u>	<u>\$ 43,265,802</u>	<u>\$43,581,949</u>

Business-Type Activities

Net position from the District’s business-type activity decreased by \$96,043. (Refer to Figure A-4). The factor contributing to this result was:

- Food services expenses exceeded revenues by \$96,043 primarily due to loss of revenue from the shut down caused by the COVID-19 pandemic.

Financial Analysis of the District’s Funds

The District's financial position remains relatively stable. Salaries of staff have increased by prior year negotiated agreements and health benefits contributions continue to increase steadily. The District continues to manage the fund balance to encourage stability in future year's budgets, particularly in light of the ongoing implementation of S-2 and the District's anticipated loss of State Aid.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. Notably, in March of 2020, district schools were unexpectedly closed as a result of Executive Order 104 precipitated by the COVID-19 pandemic and the district remained in virtual instructional model until the end of the school year. This resulted in unexpected savings in certain costs, such as staffing, transportation and supplies.

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
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Land	\$ 883,279	\$ 883,279			\$ 883,279	\$ 883,279	
Construction in Progress	6,758,154	1,947,881			6,758,154		
Buildings and Building Improvements	44,558,030	45,624,030			44,558,030	45,624,030	
Furniture, Machinery and Equipment	6,516,101	6,787,690	\$ 46,671	\$ 59,184	6,562,772	6,846,874	
	<u>\$ 58,715,564</u>	<u>\$ 55,242,880</u>	<u>\$ 46,671</u>	<u>\$ 59,184</u>	<u>\$ 58,762,235</u>	<u>\$ 53,354,183</u>	10.14%

The depreciation factored into the governmental activities and the business-type activities for the fiscal year 2019-2020 were \$1,397,130 and \$18,658, respectively.

Long-Term Liabilities

At year-end, the District had \$22,410,000 in general obligation bonds outstanding – a reduction of \$1,670,000 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
	2019/20	2018/19	
General Obligation Bonds (Financed with Property Taxes)	\$ 22,410,000	\$ 24,080,000	
Unamortized Bond Premium	908,639	1,022,218	
Capital Leases	887,105	1,617,960	
Net Pension Liability	16,240,922	17,290,365	
Compensated Absences Payable	222,350	163,718	
	<u>\$ 40,669,016</u>	<u>\$ 44,174,261</u>	-7.94%

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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,665,392	\$ 43,539	\$ 5,708,931
Receivables from Other Governments	794,906	14,553	809,459
Other Receivables	224,048	4,940	228,988
Internal Balances	(21,435)	21,435	
Inventory		17,011	17,011
Restricted Assets:			
Cash and Cash Equivalents	1,601,593		1,601,593
Capital Assets:			
Sites (Land)	883,279		883,279
Construction in Progress	6,758,154		6,758,154
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	51,074,131	46,671	51,120,802
Total Assets	<u>66,980,068</u>	<u>148,149</u>	<u>67,128,217</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amount on Refunding	451,504		451,504
Deferred Outflows Related to Pensions	3,614,406		3,614,406
Total Deferred Outflows of Resources	<u>4,065,910</u>		<u>4,065,910</u>
LIABILITIES			
Accounts Payable - Vendors	227,545	7,602	235,147
Intergovernmental Payable - State	1,074,745		1,074,745
Interfund Payable - Fiduciary Fund	200,000		200,000
Accrued Interest Payable	240,587		240,587
Unearned Revenue	16,786	45,674	62,460
Noncurrent Liabilities:			
Due Within One Year	2,387,061		2,387,061
Due Beyond One Year	38,281,955		38,281,955
Total Liabilities	<u>42,428,679</u>	<u>53,276</u>	<u>42,481,955</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows Related to Pensions	6,263,749		6,263,749
Total Deferred Inflows of Resources	<u>6,263,749</u>		<u>6,263,749</u>
NET POSITION			
Net Investment in Capital Assets	35,869,963	46,671	35,916,634
Restricted for:			
Debt Service	186,200		186,200
Capital Projects	1,367,056		1,367,056
Maintenance	234,537		234,537
Excess Surplus	1,803,982		1,803,982
Unrestricted/(Deficit)	(17,108,188)	48,202	(17,059,986)
Total Net Position	<u>\$ 22,353,550</u>	<u>\$ 94,873</u>	<u>\$ 22,448,423</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, 2020

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	\$ 29,155,982	\$ 450,073	20,347,760		\$ (8,808,222)		\$ (8,808,222)
Special Education	8,902,984		5,083,090		(3,369,821)		(3,369,821)
Other Special Instruction	1,173,001		353,024		(819,977)		(819,977)
Other Instruction	1,345,961		345,819		(1,000,142)		(1,000,142)
Support services:							
Tuition	3,591,379		580,473		(3,010,906)		(3,010,906)
Student & Instruction Related Services	11,046,236		1,346,447		(9,699,789)		(9,699,789)
General Administrative Services	1,345,794		115,831		(1,229,963)		(1,229,963)
School Administrative Services	4,275,131		1,034,678		(3,240,453)		(3,240,453)
Central Services	1,606,337		250,654		(1,355,683)		(1,355,683)
Administrative Information Technology	344,228				(344,228)		(344,228)
Plant Operations and Maintenance	6,717,168		657,166		(6,060,002)		(6,060,002)
Pupil Transportation	3,826,202		926,751		(2,899,451)		(2,899,451)
Interest on Long-Term Debt	848,811				(848,811)		(848,811)
Unallocated Depreciation	470,009				(470,009)		(470,009)
Capital Outlay	94,542				(94,542)		(94,542)
Transfer to Charter School	13,803				(13,803)		(13,803)
Total Governmental Activities	74,757,568	450,073	31,041,693	-0-	(43,265,802)	\$ -0-	(43,265,802)

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities: Food Service	\$ 956,774	\$ 602,033	\$ 257,709		\$ (97,032)	\$ (97,032)	\$ (97,032)
Total Business-Type Activities	956,774	602,033	257,709		(97,032)	(97,032)	(97,032)
Total Primary Government	\$ 75,714,342	\$ 1,052,106	\$ 31,299,402	\$ -0-	\$ (43,265,802)	(97,032)	(43,362,834)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					43,163,523		43,163,523
Taxes Levied for Debt Service					2,379,325		2,379,325
Federal and State Aid not Restricted					314,305		314,305
Interest on Capital and Maintenance Reserve Accounts					147,419		147,419
Miscellaneous Income					90,360	989	91,349
Total General Revenue					46,094,932	989	46,095,921
Change in Net Position							
Net Position - Beginning					2,829,130	(96,043)	2,733,087
Net Position - Ending					19,524,420	190,916	19,715,336
Net Position - Ending					\$ 22,353,550	\$ 94,873	\$ 22,448,423

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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,290,973		\$ 3,374,417	\$ 2	\$ 5,665,392
Intergovernmental Accounts Receivable - State	679,978				679,978
Intergovernmental Accounts Receivable - Federal		\$ 114,928			114,928
Interfund Receivable	113,635			186,198	299,833
Other Receivable	224,048				224,048
Restricted Cash and Cash Equivalents	1,601,593				1,601,593
Total Assets	<u>\$ 4,910,227</u>	<u>\$ 114,928</u>	<u>\$ 3,374,417</u>	<u>\$ 186,200</u>	<u>\$ 8,585,772</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable - Vendors	\$ 216,172		\$ 11,373		\$ 227,545
Accounts Payable - State	48,725	\$ 1,020			49,745
Interfund Payable	221,435	113,635	186,198		521,268
Unearned Revenue	16,513	273			16,786
Total Liabilities	<u>502,845</u>	<u>114,928</u>	<u>197,571</u>		<u>815,344</u>
Fund Balances:					
Restricted for:					
Capital Reserve Account	1,367,056				1,367,056
Maintenance Reserve Account	234,537				234,537
Excess Surplus Designated for Subsequent Year's Expenditures	405,160				405,160
Excess Surplus	1,398,822				1,398,822
Capital Projects			3,176,846		3,176,846
Debt Service				\$ 186,200	186,200
Assigned:					
Subsequent Year's Expenditures	967,449				967,449
Encumbrances	34,358				34,358
Total Fund Balances	<u>4,407,382</u>		<u>3,176,846</u>	<u>186,200</u>	<u>7,770,428</u>
Total Liabilities and Fund Balances	<u>\$ 4,910,227</u>	<u>\$ 114,928</u>	<u>\$ 3,374,417</u>	<u>\$ 186,200</u>	

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	58,715,564
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.	(240,587)
Deferred Amount on Refunding costs are reported as expenditures in the governmental funds in the year of expenditure.	451,504
Bond issuance premiums are reported as a revenue in the Governmental Funds in the year of receipt.	(908,639)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(16,240,922)
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:	
Deferred Outflows	2,589,406
Deferred Inflows	(6,263,749)
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	(23,519,455)
Net Position of Governmental Activities	<u>\$ 22,353,550</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 43,163,523			\$ 2,379,325	\$ 45,542,848
Tuition	450,073				450,073
Miscellaneous	161,243		\$ 76,536		237,779
Total - Local Sources	43,774,839		76,536	2,379,325	46,230,700
State Sources	23,880,115			254,380	24,134,495
Federal Sources	59,925	\$ 950,972			1,010,897
Total Revenue	67,714,879	950,972	76,536	2,633,705	71,376,092
EXPENDITURES:					
Current:					
Regular Instruction	16,105,022	269,251			16,374,273
Special Education Instruction	4,949,562	101,248			5,050,810
Other Special Instruction	630,245				630,245
Other Instruction	822,096				822,096
Support Services and Undistributed Costs:					
Tuition	3,010,906	580,473			3,591,379
Student & Instruction Related Services	6,981,369				6,981,369
General Administrative Services	816,543				816,543
School Administrative Services	2,497,249				2,497,249
Central Services	950,747				950,747
Administrative Information Technology	344,228				344,228
Plant Operations and Maintenance	4,966,225				4,966,225
Pupil Transportation	3,733,526				3,733,526
Unallocated Benefits	20,098,414				20,098,414

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Debt Service:					
Principal				\$ 1,670,000	\$ 1,670,000
Interest and Other Charges	\$ 154,083			963,706	963,706
Capital Outlay	13,803		\$ 4,810,273		4,964,356
Transfer to Charter School					13,803
Total Expenditures	<u>66,074,018</u>	<u>\$ 950,972</u>	<u>4,810,273</u>	<u>2,633,706</u>	<u>74,468,969</u>
Excess/(Deficiency) of Revenue over/(under) Expenditures	<u>1,640,861</u>		<u>(4,733,737)</u>	<u>(1)</u>	<u>(3,092,877)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In				76,536	76,536
Transfers Out			(76,536)		(76,536)
Total Other Financing Sources/(Uses)			<u>(76,536)</u>	<u>76,536</u>	
Net Change in Fund Balances	1,640,861		(4,810,273)	76,535	(3,092,877)
Fund Balance—July 1	2,766,521		7,987,119	109,665	10,863,305
Fund Balance—June 30	<u>\$ 4,407,382</u>	<u>\$ -0-</u>	<u>\$ 3,176,846</u>	<u>\$ 186,200</u>	<u>\$ 7,770,428</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, 2020

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (3,092,877)

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	\$	(1,397,130)
Capital outlays		<u>4,869,814</u>
		3,472,684

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. When accrued interest exceeds the interest paid, the difference is a deduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

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. (+)

57,758

113,579

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, 2020

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. (-)

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	1,049,443
Change in Deferred Outflows	(1,033,812)
Change in Deferred Inflows	(23,426)

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.

Change in Net Position of Governmental Activities (Exhibit A-2)	2,400,855
	\$ 2,829,130

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, 2020

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 43,539
Intergovernmental Accounts Receivable:	
Federal	14,405
State	148
Other Accounts Receivable	4,940
Interfund Receivable - General Fund	21,435
Inventories	<u>17,011</u>
Total Current Assets	<u>101,478</u>
Non-Current Assets:	
Capital Assets	540,294
Less: Accumulated Depreciation	<u>(493,623)</u>
Total Non-Current Assets	<u>46,671</u>
Total Assets	<u>148,149</u>
<u>LIABILITIES:</u>	
Accounts Payable - Vendors	7,602
Unearned Revenue - Prepaid Sales	43,883
Unearned Revenue - Donated Commodities	<u>1,791</u>
Total Current Liabilities	<u>53,276</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	46,671
Unrestricted	<u>48,202</u>
Total Net Position	<u>\$ 94,873</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, 2020

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 468,835
Daily Sales - Non-reimbursable Programs	123,365
Special Events	9,833
Total Operating Revenue	602,033
Operating Expenses:	
Cost of Sales - Reimbursable Programs	323,119
Cost of Sales - Non-Reimbursable Programs	83,486
Salaries, Benefits and Payroll Taxes	359,761
Supplies , Insurance & Other Costs	45,746
Management Fee	63,201
Miscellaneous Expenditures	62,803
Depreciation Expense	18,658
Total Operating Expenses	956,774
Operating Loss	(354,741)
Non-Operating Revenue:	
Local Sources	
Interest Revenue	989
State Sources:	
State School Lunch Program	6,655
State School Lunch Program - Seamless Summer Option	495
Federal Sources	
National School Lunch Program	124,205
National School Lunch Program - Seamless Summer Option	31,292
School Breakfast Program	13,391
School Breakfast Program - Seamless Summer Option	16,135
Food Distribution Program	65,536
Total Non-Operating Revenue	258,698
Change in Net Position	(96,043)
Net Position - Beginning of Year	190,916
Net Position - End of Year	\$ 94,873

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, 2020

	<u>Business-type Activities- Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 628,670
Payments to Food Service Vendor	(898,281)
Net Cash Used for Operating Activities	<u>(269,611)</u>
Cash Flows Used for Capital and Related Financing Activities:	
Purchase of Capital Assets	(6,145)
Net Cash Used for Capital and Related Financing Activities	<u>(6,145)</u>
Cash Flows from Investing Activities:	
Investment Income	989
Net Cash Provided by Investing Activities	<u>989</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	9,230
Federal Sources:	
National School Lunch Program	190,969
School Breakfast Program	24,499
Net Cash Provided by Noncapital Financing Activities	<u>224,698</u>
Net Decrease in Cash and Cash Equivalents	(50,069)
Cash and Cash Equivalents, July 1	<u>93,608</u>
Cash and Cash Equivalents, June 30	<u>\$ 43,539</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (354,741)
Adjustment to Reconcile Operating Loss to net Cash Used for Operating Activities:	
Depreciation	18,658
Federal Food Distribution Program	65,536
Changes in Assets and Liabilities:	
(Increase)/Decrease in Interfund Receivable	(4,850)
(Increase)/Decrease in Inventories	(9,630)
Increase/(Decrease) in Accounts Payable	(16,978)
Increase/(Decrease) in Prepaid Sales	31,487
Increase/(Decrease) in Unearned Revenue	907
Net Cash Used for Operating Activities	<u>\$ (269,611)</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 \$66,443 and \$65,536, respectively, for the fiscal year ended June 30, 2020.

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, 2020

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Funds</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 918,260	\$ 390,468	\$ 39,546
Interfund Receivable - General Fund		200,000	
Total Assets	<u>918,260</u>	<u>590,468</u>	<u>39,546</u>
<u>LIABILITIES:</u>			
Accrued Salaries and Wages	644,766		
Net Payroll	5,870		
Payroll Deductions and Withholdings	81,473		
Due to Student Groups	186,151		
Total Liabilities	<u>918,260</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		590,468	
Restricted for Scholarships and Memorials			39,546
Total Net Position	<u>\$ -0-</u>	<u>\$ 590,468</u>	<u>\$ 39,546</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, 2020

	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Fund</u>
ADDITIONS:		
Contributions:		
District Contributions	\$ 200,000	
Plan Member	80,723	
Donations		\$ 16,254
Total Contributions	<u>280,723</u>	<u>16,254</u>
Investment Earnings:		
Interest	<u>5,249</u>	<u>73</u>
Net Investment Earnings	<u>5,249</u>	<u>73</u>
Total Additions	<u>285,972</u>	<u>16,327</u>
DEDUCTIONS:		
Unemployment Compensation Claims	122,163	
Scholarships Awarded		19,513
Total Deductions	<u>122,163</u>	<u>19,513</u>
Change in Net Position	163,809	(3,186)
Net Position - Beginning of the Year	<u>426,659</u>	<u>42,732</u>
Net Position - End of the Year	<u>\$ 590,468</u>	<u>\$ 39,546</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, 2020

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, 2020
(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, 2020
(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, 2020 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, 2020
(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	\$ 67,602,524	\$ 950,972
Differences - Budgetary to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,524,836	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,412,481)	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 67,714,879	\$ 950,972
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 66,074,018	\$ 950,972
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 66,074,018	\$ 950,972

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020
(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, 2020.

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, 2020
(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, 2020 totaled \$644,766.

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, 2020
(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 \$4,407,382 General Fund balance at June 30, 2020, \$1,367,056 is restricted in the capital reserve account; \$234,537 is restricted in the maintenance reserve account; \$34,358 is assigned for encumbrances, \$1,398,822 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2022; \$405,160 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2021. There is also \$967,449 of fund balance assigned for subsequent year's expenditures which is \$32,551 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 \$1,379,930 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.

Capital Projects Fund: The \$3,176,846 Capital Projects Fund fund balance at June 30, 2020 is restricted fund balance.

Debt Service Fund: The \$186,200 Debt Service Fund balance at June 30, 2020 is restricted and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2021.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2020.

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.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Q. Deficit Net Position:

The \$17,108,188 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.

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 at June 30, 2020 for the deferred amount on refunding and related to pensions.

The District had deferred inflows of resources at June 30, 2020 related to pensions.

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 excess surplus, the debt service fund, the capital projects fund, capital reserve, and a maintenance reserve.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020.

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, 2020.

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, 2020
(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 in the section of this Note on Investments.

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, 2020
(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, 2020
(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, 2020, 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>\$ 7,057,205</u>	<u>\$ 1,601,593</u>	<u>\$ 8,658,798</u>

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$8,658,798 and the bank balance was \$9,629,340.

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, 2020
(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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$	861,196
Add:		
Increase per Board Resolution		500,000
Interest Earned in Capital Reserve Account		5,860
Ending Balance, June 30, 2020		\$ 1,367,056

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects at June 30, 2020 is equal to or greater than \$1,367,056.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, the District transferred a total of \$59,550 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	\$	543,224
General Administration		226,295
Operations and Maintenance of Plant		31,821
Transportation		125,781
Unallocated		470,009
		\$1,397,130

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6: CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 883,279			\$ 883,279
Construction in Progress	1,947,881	\$4,810,273		6,758,154
Total Capital Assets Not Being Depreciated	<u>2,831,160</u>	<u>4,810,273</u>		<u>7,641,433</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	65,298,267			65,298,267
Machinery and Equipment	11,145,022	59,541	\$ (6,896)	11,197,667
Total Capital Assets Being Depreciated	<u>76,443,289</u>	<u>59,541</u>	<u>(6,896)</u>	<u>76,495,934</u>
Governmental Activities Capital Assets	<u>79,274,449</u>	<u>4,869,814</u>	<u>(6,896)</u>	<u>84,137,367</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(19,674,237)	(1,066,000)		(20,740,237)
Machinery and Equipment	(4,357,332)	(331,130)	6,896	(4,681,566)
	<u>(24,031,569)</u>	<u>(1,397,130)</u>	<u>6,896</u>	<u>(25,421,803)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 55,242,880</u>	<u>\$3,472,684</u>	<u>\$ -0-</u>	<u>\$ 58,715,564</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 534,149	\$ 6,145		\$ 540,294
Less: Accumulated Depreciation	(474,965)	(18,658)		(493,623)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 59,184</u>	<u>\$ (12,513)</u>	<u>\$ -0-</u>	<u>\$ 46,671</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2019</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/2020</u>
Serial Bonds Payable	\$24,080,000		\$1,670,000	\$ 22,410,000
Unamortized Bond Premium	1,022,218		113,579	908,639
Compensated Absences Payable	163,718	\$ 58,632		222,350
Net Pension Liability	17,290,365		1,049,443	16,240,922
Capital Leases Payable	1,617,960		730,855	887,105
	<u>\$44,174,261</u>	<u>\$ 58,632</u>	<u>\$3,563,877</u>	<u>\$ 40,669,016</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
Refunding Bonds of 2011	9/15/2022	3.036%-5.000%	\$ 4,385,000
Refunding Bonds of 2012	9/15/2027	4.000%	8,415,000
School Bonds - 2018	9/15/2038	3.000%-4.000%	9,610,000
			<u>\$22,410,000</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,725,000	\$ 824,044	\$ 2,549,044
2022	1,785,000	763,903	2,548,903
2023	1,850,000	686,482	2,536,482
2024	1,870,000	606,894	2,476,894
2025	1,935,000	533,231	2,468,231
2026-2030	7,535,000	1,594,187	9,129,187
2031-2035	3,235,000	775,386	4,010,386
2036-2039	2,475,000	196,500	2,671,500
	<u>\$ 22,410,000</u>	<u>\$ 5,980,627</u>	<u>\$ 28,390,627</u>

B. Bonds Authorized but not Issued:

As of June 30, 2020, 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 \$2,367,969 of which \$1,480,864 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, 2020.

<u>Year</u>	<u>Amount</u>
2021	\$ 571,744
2022	348,405
	<u>920,149</u>
Less: Amount representing interest	<u>(33,044)</u>
Present value of net minimum lease payments	<u>\$ 887,105</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

C. Capital Leases Payable: (Cont'd)

The current portion of Capital Leases payable at June 30, 2020 is \$548,482, the long term portion payable is \$338,623. 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 \$222,350. 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, 2020, 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 \$795,060.

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, 2020 is \$-0- and the long term portion is \$16,240,922. 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 tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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 \$933,165 for 2020.

The employee contribution rate was 7.50% effective July 1, 2018.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020, the District reported a liability of \$16,240,922 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.0901%, which was an increase of .00232% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$938,534. At June 30, 2019, 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	\$ 42,921	
	2015	5.72	265,393	
	2016	5.57	1,313,402	
	2017	5.48		\$ (2,331,444)
	2018	5.63		(1,884,020)
	2019	5.21		(1,421,709)
			<u>1,621,716</u>	<u>(5,637,173)</u>
Difference Between Expected and Actual Experience	2015	5.72	73,632	
	2016	5.57	39,858	
	2017	5.48	69,337	
	2018	5.63		(71,745)
	2019	5.21	108,676	
			<u>291,503</u>	<u>(71,745)</u>
Changes in Proportion	2014	6.44		(22,450)
	2015	5.72	43,166	
	2016	5.57	208,440	
	2017	5.48		(273,381)
	2018	5.63		(2,630)
	2019	5.21	424,581	
			<u>676,187</u>	<u>(298,461)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		299,762
	2017	5.00		(359,734)
	2018	5.00		(250,224)
	2019	5.00		53,826
			<u> </u>	<u>(256,370)</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	1,025,000	
			<u>\$ 6,203,812</u>	<u>\$ (12,527,498)</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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
2020	(468,964)
2021	(1,521,310)
2022	(1,358,441)
2023	(637,858)
2024	(65,496)
	\$ (4,052,069)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 on 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2020
(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, 2019 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, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 20,657,640	\$ 16,240,922	\$ 12,727,399

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annual-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. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

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 2020, the State of New Jersey contributed \$5,082,279 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$8,123,837.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$137,732,602. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.224%, which was a decrease of 0.0062% from its proportion measured as of June 30, 2018.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>137,732,602</u>
Total	<u>\$ 137,732,602</u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$8,123,837 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 768,874,621	
	2015	8.3	2,351,172,865	
	2016	8.3	5,609,216,856	
	2017	8.3		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
			<u>8,729,264,342</u>	<u>17,163,131,436</u>
Difference Between Expected and Actual Experience	2014	8.5		7,323,009
	2015	8.3	145,211,243	
	2016	8.3		69,755,412
	2017	8.3	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
			<u>1,203,503,264</u>	<u>213,344,311</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5		(431,855,192)
	2017	5		452,016,524
	2018	5		288,091,115
	2019	5		(144,882,771)
			<u>163,369,676</u>	
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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)

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:

Fiscal Year Ending June 30,	Total
2020	(272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 on 70% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, 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, 2020
(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, 2019 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, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 162,417,223	\$ 137,732,602	\$ 117,252,162

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 \$59,043 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$107,736 the year ended June 30, 2020.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020 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, 2019 is as follows:

	<u>Pooled Insurance Program</u>	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 20,888,033	\$ 48,410,942
Net Position	\$ 8,932,828	\$ 18,917,987
Total Revenue	\$ 7,954,404	\$ 41,974,410
Total Expenses	\$ 7,605,614	\$ 35,489,360
Change in Net Position	\$ (802,044)	\$ 6,485,050
Members Dividends	\$ 1,150,834	\$ -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 PIP’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, 2020
(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>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 200,000	\$ 5,249	\$ 80,723	\$ 122,163	\$ 590,468
2018-2019		8,085	82,770	84,734	426,659
2017-2018		4,747	83,944	110,009	420,538

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, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 113,635	\$ 221,435
Special Revenue Fund		113,635
Capital Projects Fund		186,198
Debt Service Fund	186,198	
Enterprise Fund	21,435	
Unemployment Compensation Trust Fund	200,000	
	<u>\$ 521,268</u>	<u>\$ 521,268</u>

The General Fund is owed \$113,635 from the Special Revenue Fund for a cash deficit of \$113,635 which will be reimbursed when grant money is received from the federal grantors. The Debt Service Fund is owed \$186,198 for interest earned in the Capital Project Fund. The Enterprise Fund is owed \$21,435 for subsidy reimbursements received in the General Fund not turned over to the Enterprise Fund. The Unemployment Compensation Trust Fund is owed \$200,000 for board contributions.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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	

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, 2020, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Activities</u>
<u>\$ 34,358</u>	<u>\$ 289,416</u>	<u>\$ 323,774</u>

On the GAAP basis, the year-end encumbrances of \$289,416 in Capital Projects Fund are included in the \$3,176,846 restricted fund balance.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance July 1, 2019		\$	231,468
Add:			
Interest Earnings			3,069
Ending Balance June 30, 2020		\$	234,537

NOTE 16. ACCOUNTS PAYABLE

Payables as of June 30, 2020 were:

	General Fund	Special Revenue Fund	Capital Projects Fund	District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	Total Business Type Activities/ Proprietary Funds
Vendors	\$ 216,172		\$ 11,373		\$ 227,545	\$ 7,602
State	48,725	\$ 1,020		\$ 1,025,000	1,074,745	
Total	\$ 264,897	\$ 1,020	\$ 11,373	\$ 1,025,000	\$ 1,302,290	\$ 7,602

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 17. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, 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.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 17. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 17. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is 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 actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$ 135,937,783
Changes for Year:	
Service Cost	4,653,305
Interest on the Total OPEB Liability	4,979,430
Differences between Expected and Actual Experiences	(11,772,755)
Changes of Assumptions	(13,461,652)
Gross Benefit Payments by the State	(3,136,768)
Contributions from Members	108,412
Net Changes	(18,630,028)
Balance at June 30, 2018	\$ 117,307,755

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 17. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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, 2018		
	At 1% Decrease (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 138,681,646	\$ 117,307,755	\$ 100,317,719

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 96,961,692	\$ 117,307,755	\$ 144,216,203

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$5,088,275 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 17. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

	<u>Year of Deferral</u>	<u>Original Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	9.54		\$ (14,249,007)
Changes in Assumptions	2018	9.51		(12,046,126)
				(26,295,133)
Differences Between Expected and Actual Experience	2018	9.51		(11,387,338)
Changes in Proportion	N/A	N/A	\$ 557,716	
			\$ 557,716	\$ (37,682,470)

N/A - Not Available

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2019	\$ (4,643,427)
2020	(4,643,427)
2021	(4,643,427)
2022	(4,643,427)
2023	(4,643,427)
Thereafter	(14,465,334)
	\$ (37,682,470)

NOTE 19. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The District's Food Service Enterprise Fund likely will be impacted by COVID-19 for the fiscal year ending June 30, 2021

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0850994995%	0.0868809315%	0.0906040009%	0.0878332234%	0.0878151471%	0.0901347898%
District's proportionate share of the net pension liability	\$ 15,932,954	\$ 19,503,028	\$ 26,834,306	\$ 20,446,170	\$ 17,290,365	\$ 16,240,922
District's covered employee payroll	\$ 6,003,824	\$ 5,941,086	\$ 6,124,440	\$ 6,052,317	\$ 6,407,207	\$ 6,408,469
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	265.38%	328.27%	438.15%	337.82%	269.86%	253.43%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	46.18%	48.10%	53.60%	56.27%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 698,661	\$ 746,943	\$ 807,774	\$ 813,681	\$ 873,477	\$ 1,012,875
Contributions in relation to the contractually required contribution	<u>(698,661)</u>	<u>(746,943)</u>	<u>(807,774)</u>	<u>(813,681)</u>	<u>(873,477)</u>	<u>(1,012,875)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 5,941,086	\$ 6,124,440	\$ 6,052,317	\$ 6,407,207	\$ 6,408,469	\$ 6,350,591
Contributions as a percentage of covered employee payroll	11.76%	12.20%	13.35%	12.70%	13.63%	15.95%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.2441698897%	0.2448459693%	0.2426636615%	0.0023914585%	0.2306180889%	0.2244263900%
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	\$ 146,714,284	\$ 137,732,602
District's covered employee payroll	\$ 24,083,925	\$ 24,524,919	\$ 24,642,692	\$ 23,808,209	\$ 24,289,342	\$ 24,732,921
District's proportionate share of the net pension liability attributable to the district as a percentage of its covered employee payroll	541.86%	631.00%	774.65%	677.25%	604.03%	556.88%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.79%	25.41%	26.49%	26.95%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 9,449,071	\$ 7,022,171	\$ 14,343,079	\$ 11,169,943	\$ 8,552,930	\$ 8,123,837
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>	<u>(2,044,060)</u>	<u>(5,082,279)</u>
Contribution deficiency/(excess)	<u>\$ 7,506,211</u>	<u>\$ 5,698,444</u>	<u>\$ 11,747,213</u>	<u>\$ 9,300,290</u>	<u>\$ 6,508,870</u>	<u>\$ 3,041,558</u>
District's covered employee payroll	\$ 24,524,919	\$ 24,642,692	\$ 23,808,209	\$ 24,289,342	\$ 24,732,921	\$ 25,073,940
Contributions as a percentage of covered employee payroll	38.53%	28.50%	60.24%	45.99%	34.58%	32.40%

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 CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB
LIABILITY ATTRIBUTABLE TO THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Years Ending June 30,</u>	
	<u>2017</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 5,601,427	\$ 4,653,305
Interest Cost	4,292,365	4,979,430
Differences between Expected and Actual Experiences		(11,772,755)
Changes in Assumptions	(17,436,905)	(13,461,652)
Member Contributions	115,940	108,412
Gross Benefit Payments	(3,148,608)	(3,136,768)
Net Change in Total OPEB Liability	(10,575,781)	(18,630,028)
Total OPEB Liability - Beginning	146,513,564	135,937,783
Total OPEB Liability - Ending	<u>\$ 135,937,783</u>	<u>\$ 117,307,755</u>
District's Covered Employee Payroll *	\$ 30,466,005	\$ 30,767,132
Total OPEB Liability as a Percentage of Covered Employee Payroll	22%	26%

* - Covered payroll for the fiscal year ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. 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 July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

C. State Health Benefit Local Education Retired Employees OPEB Plan (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

BUDGETARY COMPARISON SCHEDULES

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 43,163,523		\$ 43,163,523	\$ 43,163,523	\$ 13,198
Tuition from other LEAs	408,850		408,850	422,048	8,025
Tuition from Individuals	20,000		20,000	28,025	5,860
Interest Earned on Capital Reserve				3,069	3,069
Interest Earned on Maintenance Reserve				61,954	61,954
Interest Earned on Investments				90,360	40,360
Miscellaneous	50,000		50,000		
Total - Local Sources	43,642,373		43,642,373	43,774,839	132,466
State Sources:					
Equalization Aid	11,238,251		11,238,251	11,238,251	
Transportation Aid	636,026		636,026	636,026	
Special Education Aid	2,137,733		2,137,733	2,137,733	
Security Aid	303,337		303,337	303,337	
Extraordinary Aid	325,888		325,888	538,862	212,974
Nonpublic Transportation Aid				22,663	22,663
Homeless Tuition				31,519	31,519
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				91,094	91,094
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				4,314	4,314
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				5,082,279	5,082,279
TPAF Post Retirement (On-Behalf - Non-Budgeted)				1,919,227	1,919,227
TPAF Social Security (Reimbursed - Non-Budgeted)				1,762,455	1,762,455
Total State Sources	14,641,235		14,641,235	23,767,760	9,126,525

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources:					
Medicaid Reimbursement	\$ 44,989		\$ 44,989	\$ 59,925	\$ 14,936
Total Federal Sources	44,989		44,989	59,925	14,936
TOTAL REVENUES	58,328,597		58,328,597	67,602,524	9,273,927
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	624,378	\$ 77,476	701,854	695,886	5,968
Grades 1-5 - Salaries of Teachers	4,862,961	(242,652)	4,620,309	4,509,403	110,906
Grades 6-8 - Salaries of Teachers	3,964,096	(17,570)	3,946,526	3,775,385	171,141
Grades 9-12 - Salaries of Teachers	5,407,986	263,012	5,670,998	5,606,555	64,443
Regular Programs - Home Instruction:					
Salaries of Teachers	185,000	(39,900)	145,100	139,442	5,658
Purchased Professional - Educational Services	30,000	(61)	29,939	9,475	20,464
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	60,582	1,308	61,890	58,740	3,150
Purchased Professional - Educational Services	5,250	261,172	266,422	260,012	6,410
Other Purchased Services (400-500 series)	901,012	(260,195)	640,817	587,956	52,861
General Supplies	486,239	(17,004)	469,235	375,591	93,644
Textbooks	162,505	(46,408)	116,097	84,597	31,500
Other Objects	3,815	(300)	3,515	1,980	1,535
Total Regular Programs - Instruction	16,693,824	(21,122)	16,672,702	16,105,022	567,680

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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	\$ 533,506	\$ 39,271	\$ 572,777	\$ 570,533	\$ 2,244
Other Salaries for Instruction	244,839	158,248	403,087	400,597	2,490
General Supplies	6,300		6,300	4,839	1,461
Total Learning and or Language Disabilities	784,645	197,519	982,164	975,969	6,195
Behavioral Disabilities:					
Salaries of Teachers	331,969	38,514	370,483	360,881	9,602
Other Salaries for Instruction	109,520	119,006	228,526	227,326	1,200
General Supplies	2,250	(86)	2,164	1,367	797
Total Behavioral Disabilities	443,739	157,434	601,173	589,574	11,599
Multiple Disabilities:					
Salaries of Teachers	149,427	490	149,917	147,588	2,329
Other Salaries for Instruction	32,067	(28,958)	3,109	109	3,000
General Supplies	5,400	(637)	4,763	2,895	1,868
Other Objects		637	637	318	319
Total Multiple Disabilities	186,894	(28,468)	158,426	150,910	7,516
Resource Room/Resource Center:					
Salaries of Teachers	1,931,724	(4,056)	1,927,668	1,897,304	30,364
Other Salaries for Instruction	229,901	199,852	429,753	427,365	2,388
General Supplies	5,000		5,000	4,600	400
Textbooks	1,340		1,340	213	1,127
Total Resource Room/Resource Center	2,167,965	195,796	2,363,761	2,329,482	34,279
Autistic:					
Salaries of Teachers	204,514	(70,183)	134,331	134,237	94
Other Salaries for Instruction	187,146	86,158	273,304	273,068	236
General Supplies	4,100		4,100	3,144	956
Total Autistic	395,760	15,975	411,735	410,449	1,286

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Preschool Handicapped - Part-time:					
Salaries of Teachers	\$ 276,296	\$ 14,420	\$ 290,716	\$ 290,645	\$ 71
Other Salaries for Instruction	152,828	(22,555)	130,273	111,517	18,756
Purchased Prof.- Ed. Services	779	779	1,558	670	109
General Supplies	7,500	(210)	7,290	5,630	1,660
Total Preschool Handicapped - Part-time	436,624	(7,566)	429,058	408,462	20,596
Preschool Handicapped - Full-time:					
Salaries of Teachers	121,165	(42,436)	78,729	78,669	60
Other Salaries for Instruction	26,192	(26,000)	192	192	192
Purchased Prof.- Ed. Services	508	508	1,016	428	80
Total Preschool Handicapped - Full-time	147,357	(67,928)	79,429	79,097	332
Home Instruction:					
Purchased Professional - Educational Services	12,000		12,000	5,619	6,381
Total Home Instruction	12,000		12,000	5,619	6,381
Total Special Education Instruction	4,574,984	462,762	5,037,746	4,949,562	88,184
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	441,129	10,825	451,954	449,495	2,459
Total Basic Skills/Remedial - Instruction	441,129	10,825	451,954	449,495	2,459
Bilingual Education - Instruction:					
Salaries of Teachers	147,531	23,455	170,986	170,985	1
Other Purchased Services (400-500 series)	800		800	295	505
General Supplies	9,500		9,500	9,470	30
Total Bilingual Education - Instruction	157,831	23,455	181,286	180,750	536

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 219,351	\$ 5,100	\$ 224,451	\$ 224,411	\$ 40
Other Purchased Services (300-500 series)	13,825		13,825	3,580	10,245
Supplies and Materials	29,960		29,960	6,466	23,494
Other Objects	23,425		23,425	18,603	4,822
Total School-Sponsored Cocurricular Activities - Instruction	286,561	5,100	291,661	253,060	38,601
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	350,530	32,900	383,430	383,406	24
Other Purchased Services (300-500 series)	155,641	169	155,810	109,832	45,978
Supplies and Materials	55,100	(3,949)	51,151	44,812	6,339
Other Objects	33,750		33,750	30,986	2,764
Total School-Sponsored Cocurricular Athletics - Instruction	595,021	29,120	624,141	569,036	55,105
Total Instruction	22,749,350	510,140	23,259,490	22,506,925	752,565
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	360,562	7,118	7,118	7,118	
Tuition to Other LEAs Within the State - Special	929,000	10,814	371,376	348,711	22,665
Tuition to County Vocational School District - Regular	43,516	90,089	1,019,089	1,001,924	17,165
Tuition to County Vocational School District - Special	101,280	(33,101)	10,415	2,223	8,192
Tuition to County Special Services and Day School	1,717,281	(111,325)	1,605,956	66,344	34,936
Tuition to Private Schools for the Handicapped - Within State				1,584,586	21,370
Total Undistributed Expenditures - Instruction:	3,151,639	(36,405)	3,115,234	3,010,906	104,328

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 539,576	\$ 4,056	\$ 543,632	\$ 535,937	\$ 7,695
Purchased Professional and Technical Services	30,500		30,500	23,302	7,198
Other Purchased Services (400-500 series)	3,025		3,025	1,475	1,550
Supplies and Materials	27,400	(431)	26,969	12,925	14,044
Total Health Services	600,501	3,625	604,126	573,639	30,487
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	850,399	(53,528)	796,871	791,521	5,350
Purchased Professional - Educational Services	24,000		24,000	24,000	
Supplies and Materials	2,506		2,506	1,200	1,306
Total Speech, OT, PT and Related Services	876,905	(53,528)	823,377	816,721	6,656
Other Support Services - Students - Extra Services:					
Salaries	1,200,498	(419,443)	781,055	776,026	5,029
Purchased Professional - Educational Services	115,460		115,460	25,316	90,144
Supplies and Materials	2,350		2,350	1,137	1,213
Total Other Support Services - Students - Extra Services	1,318,308	(419,443)	898,865	802,479	96,386

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Guidance:					
Salaries of Other Professional Staff	\$ 1,201,324	\$ (29,974)	\$ 1,171,350	\$ 1,166,519	\$ 4,831
Salaries of Secretarial and Clerical Assistants	154,958		154,958	154,792	166
Unused Vacation Payment Terminated/Retired Staff		2,100	2,100	2,033	67
Purchased Professional - Educational Services	7,556	(2,341)	5,215	1,238	3,977
Other Purchased Professional - Technical Services	17,960		17,960	2,480	15,480
Other Purchased Services (400-500 series)	30,949	1,000	31,949	30,084	1,865
Supplies and Materials	17,135	1,341	18,476	16,809	1,667
Other Objects	340		340	115	225
Total Guidance	1,430,222	(27,874)	1,402,348	1,374,070	28,278
Child Study Team:					
Salaries of Other Professional Staff	1,392,503	7,773	1,400,276	1,377,578	22,698
Salaries of Secretarial and Clerical Assistants	181,903		181,903	181,903	
Purchased Professional - Educational Services	217,452	(1,098)	216,354	175,328	41,026
Purchased Technical Services	30,000		30,000	13,538	16,462
Other Purchased Services (400-500 series)	300	(300)			
Miscellaneous Purchased Services (400-500 series Other than Resid Costs)	7,050	300	7,350	2,719	4,631
Supplies and Materials	21,195		21,195	14,502	6,693
Other Objects	1,438	150	1,588	1,263	325
Total Child Study Team	1,851,841	6,825	1,858,666	1,766,831	91,835

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 301,591	\$ (14,358)	\$ 287,233	\$ 286,324	\$ 909
Salaries of Other Professional Staff	696,155	(8,100)	688,055	674,703	13,352
Unused Vacation Payment Terminated/Retired Staff		7,093	7,093	6,683	410
Other Purchased Services (400-500 series)	15,908	292	16,200	9,839	6,361
Other Purchased Professional and Technical Services	884	58	942	658	284
Supplies and Materials	2,175		2,175	1,369	806
Other Objects	10,015	1,034	11,049	10,937	112
Total Improvement of Instructional Services	1,026,728	(13,981)	1,012,747	990,513	22,234
Educational Media Services/School Library:					
Salaries	252,513	7,300	259,813	253,943	5,870
Salaries of Technology Coordinators	422,663	(60,400)	362,263	360,822	1,441
Supplies and Materials	23,737	(35)	23,702	21,914	1,788
Total Educational Media Services/School Library	698,913	(53,135)	645,778	636,679	9,099
Instructional Staff Training Services:					
Purchased Professional - Educational Services	4,850	7,950	12,800	8,027	4,773
Other Purchased Services (400-500 series)	31,220	(5,250)	25,970	12,227	13,743
Supplies and Materials		183	183	183	
Total Instructional Staff Training Services	36,070	2,883	38,953	20,437	18,516

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 493,339	\$ 19,000	\$ 512,339	\$ 511,456	\$ 883
Legal Services	135,000	8,869	143,869	67,099	76,770
Audit Fees	30,500	512	31,012	31,011	1
Architectural/Engineering Services	10,000	(1,730)	10,000	5,498	10,000
Other Purchased Professional Services	7,900		6,170	9,354	672
Purchased Technical Services	11,886		11,886	54,622	2,532
Communications/Telephone	111,494	(55,651)	55,843	1,788	1,221
BOE Other Purchased Services	5,500	(590)	4,910	101,269	3,122
Miscellaneous Purchased Services (400-500 series)	113,265	590	113,855	3,103	12,586
Supplies and Materials	6,125		6,125	532	3,022
BOE In-House Training/Meeting Supplies	1,000		1,000	30,811	468
Miscellaneous Expenditures	33,305		33,305	816,543	2,494
Total Support Services - General Administration	959,314	(29,000)	930,314	1,482,430	113,771
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	1,474,032	10,501	1,484,533	844,456	2,103
Salaries of Secretarial and Clerical Assistants	847,025	500	847,525	22,326	3,069
Unused Vacation Payment Terminated/Retired Staff		23,000	23,000	57,020	674
Purchased and Technical Services	51,292	17,247	68,539	71,614	11,519
Other Purchased Services (400-500 series)	77,447	(1,528)	75,919	8,263	4,305
Supplies and Materials	10,200	217	10,417	11,140	2,154
Other Objects	11,135	205	11,340	2,497,249	200
Total Support Services - School Administration	2,471,131	50,142	2,521,273		24,024

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 778,865	\$ (8,100)	\$ 770,765	\$ 769,017	\$ 1,748
Purchased Professional - Services	11,400		11,400	11,260	140
Miscellaneous Purchased Technical Services	42,308	797	43,105	42,733	372
Miscellaneous Purchased Services (400-500 series)	12,020	(1,909)	10,111	6,811	3,300
Supplies and Materials	5,500		5,500	3,233	2,267
Interest on Lease Purchase Agreements	120,364	(4,050)	116,314	114,034	2,280
Miscellaneous Expenditures	2,500	1,162	3,662	3,659	3
Total Central Services	972,957	(12,100)	960,857	950,747	10,110
Administration Information Technology:					
Salaries	336,975	1,000	337,975	337,759	216
Unused Vacation Payment Terminated/Retired Staff	4,000		4,000	3,989	11
Other Purchased Services (400-500 series)	3,000	298	3,298	2,472	826
Supplies and Materials	1,500	(298)	1,202	8	1,194
Total Administration Information Technology	341,475	5,000	346,475	344,228	2,247
Required Maintenance of School Facilities:					
Salaries	803,421	(156,596)	646,825	622,598	24,227
Unused Vacation Payment Terminated/Retired Staff	494,140	2,100	2,100	2,007	93
Cleaning, Repair and Maintenance Services	201,374	(33,872)	460,268	410,135	50,133
General Supplies		32,637	234,011	183,837	50,174
Total Required Maintenance of School Facilities	1,498,935	(155,731)	1,343,204	1,218,577	124,627

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	\$ 1,698,602	\$ 128,270	\$ 1,826,872	\$ 1,792,116	\$ 34,756
Unused Vacation Payment Terminated/Retired Staff		3,300	3,300	3,245	55
Cleaning, Repair and Maintenance Services	51,401		51,401	46,013	5,388
Rental of Land and Building	110,000		110,000	110,000	
Other Purchased Property Services	20,700		20,700	13,232	7,468
Insurance	343,455	(9,992)	333,463	331,440	2,023
Miscellaneous Purchased Services	5,725		5,725	1,644	4,081
General Supplies	190,000	(20,000)	170,000	108,728	61,272
Energy (Electricity)	525,900	(36,862)	489,038	457,754	31,284
Other Objects	1,225		1,225	400	825
Energy (Gasoline)	14,000		14,000	10,231	3,769
Energy (Natural Gas)	145,000	264,200	409,200	298,626	110,574
Energy (Oil)	415,216	(351,708)	63,508	44,021	19,487
Total Custodial Services	3,521,224	(22,792)	3,498,432	3,217,450	280,982
Care and Upkeep of Grounds:					
Salaries	254,509	2,000	256,509	254,801	1,708
Cleaning, Repair and Maintenance Services	25,000		25,000	5,166	19,834
General Supplies	59,300		59,300	19,998	39,302
Total Care and Upkeep of Grounds	338,809	2,000	340,809	279,965	60,844
Security:					
Salaries	206,878	26,393	233,271	232,229	1,042
Cleaning, Repair and Maintenance Services	4,200	70	4,270	3,950	320
General Supplies	20,267	(130)	20,137	14,054	6,083
Total Security	231,345	26,333	257,678	250,233	7,445

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 106,951		\$ 106,951	\$ 104,346	\$ 2,605
Salaries for Pupil Transportation - Regular	1,057,424	(6,839)	1,050,585	1,049,218	1,367
Salaries for Pupil Transportation - Other than Between Home and School	45,535	21,039	66,574	31,052	35,522
Unused Vacation Payment to Terminated/Retired Staff	5,450	200	5,650	5,623	27
Purchased Professional and Technical Services	22,525	1,500	24,025	22,086	1,939
Cleaning, Repair and Maintenance Services	17,770	(1,500)	16,270	9,152	7,118
Lease Purchase Payments - School Buses	207,270		207,270	207,270	
Contracted Services:					
Aid in Lieu - Non Public Schools	95,000	(1,000)	94,000	60,213	33,787
Aid in Lieu - Charter School	5,000	(5,000)			
Aid in Lieu - Choice School	9,000	7,600	16,600	10,622	5,978
Between Home and School - Vendors	606,427		606,427	563,227	43,200
Other than Between Home and School - Vendors	47,818	(46,628)	1,190	982	208
ESC Regular Students	479,280	(36,000)	443,280	434,313	8,967
ESC Special Education Students	1,029,984	82,822	1,112,806	1,081,946	30,860
Miscellaneous Purchased Services-Transportation	23,883		23,883	21,299	2,584
Transportation Supplies	186,505	(10,194)	176,311	130,427	45,884
Other Objects	3,090		3,090	1,750	1,340
Total Student Transportation Services	3,948,912	6,000	3,954,912	3,733,526	221,386

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services:					
Unallocated Benefits:					
Social Security Contributions	\$ 867,500	\$ (35,000)	\$ 832,500	\$ 828,880	\$ 3,620
Other Retirement Contributions - PERS	900,000	115,565	1,015,565	1,012,875	2,690
Workmen's Compensation	225,000	(74,148)	150,852	150,852	
Unemployment Compensation		200,000	200,000	200,000	
Health Benefits	8,844,764	(152,977)	8,691,787	8,216,329	475,458
Tuition Reimbursement	170,210	(7,225)	162,985	142,590	20,395
Other Employee Benefits	433,055	10,241	443,296	427,239	16,057
Unused Sick Payment to Terminated/Retired Staff	217,612	95,035	312,647	260,280	52,367
Total Unallocated Benefits	11,658,141	151,491	11,809,632	11,239,045	570,587
On-Behalf Contributions:					
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				91,094	(91,094)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				4,314	(4,314)
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				5,082,279	(5,082,279)
TPAF Post Retirement (On-Behalf - Non-Budgeted)				1,919,227	(1,919,227)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,762,455	(1,762,455)
Total On-Behalf Contributions				8,859,369	(8,859,369)
Total Personal Services - Employee Benefits	11,658,141	151,491	11,809,632	20,098,414	(8,288,782)
Total Undistributed Expenses	36,933,370	(569,690)	36,363,680	43,399,207	(7,035,527)
TOTAL CURRENT EXPENSE	59,682,720	(59,550)	59,623,170	65,906,132	(6,282,962)

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
CAPITAL OUTLAY					
Regular Programs - Instruction:					
Grades 9-12	\$	6,161	\$ 6,161	\$ 2,139	\$ 4,022
Multiple Disabilities - Instruction:					
Instructional Equipment		275	275	275	
School-Sponsored and Other Instructional Programs	\$ 10,574	3,949	14,523	14,523	
Undistributed Expenditures:					
Administration Information Technology		12,901	12,901	6,340	6,561
Required Maintenance for School Facilities		36,264	36,264	36,264	
Total Equipment	10,574	59,550	70,124	59,541	10,583
Facilities Acquisition and Construction Services:					
Assessment for Debt Service- SDA Funding	94,542		94,542	94,542	
Total Facilities Acquisition and Construction Services	94,542		94,542	94,542	

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
TOTAL CAPITAL OUTLAY	\$ 105,116	\$ 59,550	\$ 164,666	\$ 154,083	\$ 10,583
Transfer to Charter School	13,803		13,803	13,803	
Total Transfer to Charter School	13,803		13,803	13,803	
TOTAL EXPENDITURES	59,801,639		59,801,639	66,074,018	(6,272,379)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,473,042)		(1,473,042)	1,528,506	3,001,548
Fund Balance, July 1	4,291,357		4,291,357	4,291,357	
Fund Balance, June 30	\$ 2,818,315	\$ -0-	\$ 2,818,315	\$ 5,819,863	\$ 3,001,548

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve	\$ 1,367,056				
Maintenance Reserve	234,537				
Excess Surplus - Designated for Subsequent Year's Expenditures	405,160				
Excess Surplus	1,398,822				
Assigned Fund Balance:					
Year-end Encumbrances	34,358				
Subsequent Year's Expenditures	1,000,000				
Unassigned Fund Balance	1,379,930				
				5,819,863	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(1,412,481)	
Fund Balance per Governmental Funds GAAP	\$ 4,407,382				

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 869,185	\$ 132,693	\$ 1,001,878	\$ 950,972	\$ (50,906)
Total Revenues	<u>869,185</u>	<u>132,693</u>	<u>1,001,878</u>	<u>950,972</u>	<u>(50,906)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	209,136	(25,647)	183,489	183,489	
Tuition	502,269	78,204	580,473	580,473	
General Supplies	12,852	1,807	14,659	14,360	299
Total Instruction	<u>724,257</u>	<u>54,364</u>	<u>778,621</u>	<u>778,322</u>	<u>299</u>
Support Services					
Personal Service - Employee Benefits	71,984	16,176	88,160	68,187	19,973
Other Purchased Services	72,944	62,153	135,097	104,463	30,634
Total Support Services	<u>144,928</u>	<u>78,329</u>	<u>223,257</u>	<u>172,650</u>	<u>50,607</u>
Total Expenditures	<u>869,185</u>	<u>132,693</u>	<u>1,001,878</u>	<u>950,972</u>	<u>50,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 67,602,524	\$ 950,972
Differences - Budgetary to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	1,524,836	
Current Year State Aid Payments Recognized for Budgetary Purposes, no Recognized for GAAP Statements	(1,412,481)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 67,714,879	\$ 950,972
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 66,074,018	\$ 950,972
Total Expenditures as Reported on the Statement of Revenues Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 66,074,018	\$ 950,972

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, 2020 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, 2020

	Elementary and Secondary Education Act				IDEA	
	Title I	Title II	Title IV	Preschool	Basic	Total
REVENUE:						
Federal Sources	\$ 214,442	\$ 40,449	\$ 14,360	\$ 31,248	\$ 650,473	\$ 950,972
EXPENDITURES:						
Instruction:						
Salaries of Teachers	148,596	10,192		24,701		183,489
Tuition					580,473	580,473
General Supplies			14,360			14,360
Total Instruction	148,596	10,192	14,360	24,701	580,473	778,322
Support Services:						
Personal Service - Employee Benefits	62,730	3,567		1,890		68,187
Other Purchased Services	3,116	26,690		4,657	70,000	104,463
Total Support Services	65,846	30,257		6,547	70,000	172,650
Total Expenditures	\$ 214,442	\$ 40,449	\$ 14,360	\$ 31,248	\$ 650,473	\$ 950,972

CAPITAL PROJECTS FUND

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Revenue and Other Financing Sources:	
Interest on Investments	\$ 76,536
Total Revenue and Other Financing Sources	<u>76,536</u>
Expenditures and Other Financing Uses:	
Legal Services	5,864
Architectural/Engineering Services	105,478
Other Purchased Professional and Technical Services	41,677
Construction Services	4,040,825
Supplies and Materials	584,414
Equipment	32,015
Total Expenditures and Other Financing Uses	<u>4,810,273</u>
Other Financing Uses:	
Transfer to Debt Service Fund	<u>76,536</u>
Total Other Financing Uses	<u>76,536</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(4,810,273)
Fund Balance - Beginning of Year	<u>7,987,119</u>
Fund Balance - End of Year	<u>\$ 3,176,846</u>
Recapitulation:	
Restricted for Year-End Encumbrances	\$ 289,416
Restricted Fund Balance	<u>2,887,430</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 3,176,846</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
UPGRADING OF EXISTING FACILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Prior Periods	Current Year	Totals	Authorized Cost
Revenue and Other Financing Sources:				
Bond Proceeds	\$ 9,935,000		\$ 9,935,000	\$ 9,935,000
Total Revenue and Other Financing Sources	9,935,000		9,935,000	9,935,000
Expenditures:				
Legal Services	29,207	\$ 5,864	35,071	35,071
Architectural/Engineering Services	224,458	105,478	329,936	483,413
Other Purchased Professional and Technical Services	96,376	41,677	138,053	138,053
Construction Services	1,320,481	4,040,825	5,394,568	7,935,472
Supplies and Materials	124,534	584,414	708,948	842,991
Equipment	152,825	32,015	184,840	500,000
Total Expenditures	1,947,881	4,810,273	6,791,416	9,935,000
Excess/(Deficit) of Revenue and Other Financing Sources				
Over/(Under) Expenditures	\$ 7,987,119	\$ (4,810,273)	\$ 3,143,584	\$ -0-

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bonds Authorized Date	11/29/2018
Original Authorized Cost	\$ 9,935,000
Revised Authorized Cost	9,935,000
Percentage Completion	48.42%
Original Target Completion Date	6/30/2021

PROPRIETARY FUNDS

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 43,539
Intergovernmental Accounts Receivable:	
Federal	14,405
State	148
Other Accounts Receivable	4,940
Interfund Receivable - General Fund	21,435
Inventories	17,011

Total Current Assets	<u>101,478</u>
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Non-Current Assets:

Capital Assets	540,294
Less: Accumulated Depreciation	<u>(493,623)</u>

Total Non-Current Assets	<u>46,671</u>
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Total Assets	<u>148,149</u>
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LIABILITIES:

Accounts Payable - Vendors	7,602
Unearned Revenue - Prepaid Sales	43,883
Unearned Revenue - Donated Commodities	<u>1,791</u>

Total Liabilities	<u>53,276</u>
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NET POSITION:

Investment in Capital Assets	46,671
Unrestricted	<u>48,202</u>

Total Net Position	<u><u>\$ 94,873</u></u>
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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, 2020

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 468,835
Daily Sales - Non-reimbursable Programs	123,365
Special Events	9,833
	<hr/>
Total Operating Revenue	602,033
	<hr/>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	323,119
Cost of Sales - Non-Reimbursable Programs	83,486
Salaries, Benefits & Payroll Taxes	359,761
Supplies, Insurance & Other Costs	45,746
Management Fee	63,201
Miscellaneous Expenditures	62,803
Depreciation Expense	18,658
	<hr/>
Total Operating Expenses	956,774
	<hr/>
Operating Loss	(354,741)
	<hr/>
Non-Operating Revenue:	
Local Sources:	
Interest Income	989
State Sources:	
State School Lunch Program	6,655
State School Lunch Program - Seamless Summer Option	495
Federal Sources:	
National School Lunch Program	124,205
National School Lunch Program - Seamless Summer Option	31,292
School Breakfast Program	13,391
School Breakfast Program - Seamless Summer Option	16,135
Food Distribution Program	65,536
	<hr/>
Total Non-Operating Revenue	258,698
	<hr/>
Change in Net Position	(96,043)
	<hr/>
Net Position - Beginning of Year	190,916
	<hr/>
Net Position - End of Year	\$ 94,873
	<hr/> <hr/>

JEFFERSON TOWNSHIP BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 628,670
Payments to Food Service Vendor	(898,281)
Net Cash Used for Operating Activities	<u>(269,611)</u>
Cash Flows Used for Capital and Related Financing Activities:	
Purchase of Capital Assets	(6,145)
Net Cash Used for Capital and Related Financing Activities	<u>(6,145)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	989
Net Cash Provided by Investing Activities	<u>989</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	9,230
Federal Sources:	
National School Lunch Program	190,969
School Breakfast Program	24,499
Net Cash Provided by Noncapital Financing Activities	<u>224,698</u>
Net Decrease in Cash and Cash Equivalents	(50,069)
Cash and Cash Equivalents, July 1	<u>93,608</u>
Cash and Cash Equivalents, June 30	<u>\$ 43,539</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (354,741)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	18,658
Federal Food Distribution Program	65,536
Changes in Assets and Liabilities:	
(Increase)/Decrease in Other Accounts Receivable	(4,850)
(Increase)/Decrease in Inventories	(9,630)
Increase/(Decrease) in Accounts Payable	(16,978)
Increase/(Decrease) in Prepaid Sales	31,487
Increase/(Decrease) in Unearned Revenue	907
Net Cash Used for Operating Activities	<u>\$ (269,611)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$66,443 and \$65,536, respectively, the fiscal year ended June 30, 2020.

FIDUCIARY FUNDS

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total</u>	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Fund</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 186,151	\$ 732,109	\$ 918,260	\$ 390,468	\$ 39,546
Interfund Receivable - General Fund				200,000	
Total Assets	<u>186,151</u>	<u>732,109</u>	<u>918,260</u>	<u>590,468</u>	<u>39,546</u>
<u>LIABILITIES:</u>					
Accrued Salaries and Wages		644,766	644,766		
Net Payroll		5,870	5,870		
Payroll Deductions and Withholdings		81,473	81,473		
Due to Student Groups	186,151		186,151		
Total Liabilities	<u>186,151</u>	<u>726,239</u>	<u>1,563,026</u>		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims				590,468	39,546
Restricted for Scholarships and Memorials					
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 590,468</u>	<u>\$ 39,546</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Fund</u>
ADDITIONS:		
Contributions:		
District Contributions	\$ 200,000	
Plan Member	80,723	
Donations		\$ 16,254
Total Contributions	<u>280,723</u>	<u>16,254</u>
Investment Earnings:		
Interest	5,249	73
Net Investment Earnings	<u>5,249</u>	<u>73</u>
Total Additions	<u>285,972</u>	<u>16,327</u>
DEDUCTIONS:		
Unemployment Compensation Claims	122,163	
Scholarships Awarded		19,513
Total Deductions	<u>122,163</u>	<u>19,513</u>
Change in Net Position	163,809	(3,186)
Net Position - Beginning of the Year	<u>426,659</u>	<u>42,732</u>
Net Position - End of the Year	<u>\$ 590,468</u>	<u>\$ 39,546</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 249,578	\$ 380,583	\$ 444,010	\$ 186,151
Total Assets	<u>\$ 249,578</u>	<u>\$ 380,583</u>	<u>\$ 444,010</u>	<u>\$ 186,151</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 249,578	\$ 380,583	\$ 444,010	\$ 186,151
Total Liabilities	<u>\$ 249,578</u>	<u>\$ 380,583</u>	<u>\$ 444,010</u>	<u>\$ 186,151</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Elementary Schools:				
Cozy Lake	\$ 3,463	\$ 2,740	\$ 4,520	\$ 1,683
Ellen T. Briggs	4,489	2,721	3,894	3,316
Milton	1,143	3,485	3,332	1,296
Stanlick	6,113	11,982	10,631	7,464
White Rock	10,655	2,993	7,419	6,229
Junior High School:				
Jefferson Middle School	57,367	154,324	193,173	18,518
Senior High School:				
Jefferson High School Activities	166,170	120,128	138,853	147,445
Athletic Account	178	82,210	82,188	200
Total	<u>\$ 249,578</u>	<u>\$ 380,583</u>	<u>\$ 444,010</u>	<u>\$ 186,151</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 695,399	\$ 41,505,083	\$ 41,468,373	\$ 732,109
Total Assets	<u>\$ 695,399</u>	<u>\$ 41,505,083</u>	<u>\$ 41,468,373</u>	<u>\$ 732,109</u>
 <u>LIABILITIES:</u>				
Net Payroll	\$ 82	\$ 22,191,250	\$ 22,185,462	\$ 5,870
Payroll Deductions and Withholdings	82,460	18,666,567	18,667,554	81,473
Accrued Salaries and Wages	612,857	647,266	615,357	644,766
Total Liabilities	<u>\$ 695,399</u>	<u>\$ 41,505,083</u>	<u>\$ 41,468,373</u>	<u>\$ 732,109</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2019	Matured	Balance June 30, 2020
			Date	Amount				
Refunding School Bonds - Series 2011	7/19/2011	\$ 12,785,000	9/15/2020	\$ 1,400,000	3.036%	\$ 5,730,000	\$ 1,345,000	\$ 4,385,000
			9/15/2021	1,460,000	3.992%			
			9/15/2022	1,525,000	5.000%			
Refunding School Bonds - Series 2012	2/6/2012	8,415,000	9/15/2023	1,545,000	4.000%	8,415,000		8,415,000
			9/15/2024	1,610,000	4.000%			
			9/15/2025	1,685,000	4.000%			
			9/15/2026	1,755,000	4.000%			
			9/15/2027	1,820,000	4.000%			
School Bonds - Series 2018	11/29/2018	9,935,000	9/15/2020	325,000	3.000%	9,935,000	325,000	9,610,000
			9/15/2021	325,000	3.000%			
			9/15/2022	325,000	3.250%			
			9/15/2023	325,000	3.250%			
			9/15/2024	325,000	3.250%			
			9/15/2025	325,000	3.250%			
			9/15/2026	325,000	3.250%			
			9/15/2027	325,000	3.250%			
			9/15/2028	650,000	3.250%			
			9/15/2029	650,000	3.375%			
			9/15/2030	650,000	3.375%			
			9/15/2031	650,000	3.375%			
			9/15/2032	650,000	3.500%			
			9/15/2033	650,000	3.500%			
			9/15/2034	635,000	3.500%			
		9/15/2035	625,000	4.000%				
		9/15/2036	625,000	4.000%				
		9/15/2037	625,000	4.000%				
		9/15/2038	600,000	4.000%				
						<u>\$ 24,080,000</u>	<u>\$ 1,670,000</u>	<u>\$ 22,410,000</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, 2019</u>	<u>Matured</u>	<u>Balance June 30, 2020</u>
Various Capital Equipment and Vehicles	1.604%	\$ 773,224	\$ 195,514	\$ 195,514	
Various Capital Equipment and Vehicles	1.482%	867,110	434,836	215,468	\$ 219,368
Various Capital Equipment and Vehicles	2.889%	1,333,554	<u>987,610</u>	<u>319,873</u>	<u>667,737</u>
			<u>\$ 1,617,960</u>	<u>\$ 730,855</u>	<u>\$ 887,105</u>

JEFFERSON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,379,325		\$ 2,379,325	\$ 2,379,325	
State Sources:					
Debt Service State Aid Support	254,380		254,380	254,380	
Total Revenue	<u>2,633,705</u>		<u>2,633,705</u>	<u>2,633,705</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	963,707		963,707	963,706	\$ 1
Redemption of Principal	<u>1,670,000</u>		<u>1,670,000</u>	<u>1,670,000</u>	
Total Regular Debt Service	<u>2,633,707</u>		<u>2,633,707</u>	<u>2,633,706</u>	<u>1</u>
Total Expenditures	<u>2,633,707</u>		<u>2,633,707</u>	<u>2,633,706</u>	<u>1</u>
Excess of Revenues Over Expenditures	(2)		(2)	(1)	1
OTHER FINANCING SOURCES:					
Transfers In - Capital Projects Fund				76,536	76,536
Total Other Financing Sources				<u>76,536</u>	<u>76,536</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(2)		(2)	76,535	1
Fund Balance, July 1	<u>109,665</u>		<u>109,665</u>	<u>109,665</u>	
Fund Balance, June 30	<u>\$ 109,663</u>	<u>\$ -0-</u>	<u>\$ 109,663</u>	<u>\$ 186,200</u>	<u>\$ 76,537</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted for Subsequent Year's Expenditures				<u>\$ 186,200</u>	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 26,532,940	\$ 28,602,423	\$ 29,179,264	\$ 30,289,965	\$ 32,927,468	\$ 34,700,172	\$ 35,545,516	\$ 37,344,518	\$ 30,052,866	\$ 35,869,963
Restricted	2,827,708	806,106	834,157	1,321,280	823,422	712,513	959,590	582,028	1,607,492	3,591,775
Unrestricted/(Deficit)	(776,754)	(335,734)	(123,770)	(1,091,440)	(17,869,065)	(18,037,753)	(19,368,770)	(19,442,571)	(12,135,938)	(17,108,188)
Total Governmental Activities Net Position	\$ 28,583,894	\$ 29,072,795	\$ 29,889,651	\$ 30,519,805	\$ 15,881,825	\$ 17,374,932	\$ 17,136,336	\$ 18,483,975	\$ 19,524,420	\$ 22,353,350
Business-type Activities										
Investment in Capital Assets	\$ 122,568	\$ 107,738	\$ 92,908	\$ 78,078	\$ 89,119	\$ 78,235	\$ 61,557	\$ 77,433	\$ 59,184	\$ 46,671
Unrestricted	142,449	249,118	153,825	154,516	153,504	206,062	196,788	148,134	131,732	48,202
Total Business-type Activities Net Position	\$ 265,017	\$ 356,856	\$ 246,733	\$ 232,594	\$ 242,623	\$ 284,297	\$ 258,345	\$ 225,567	\$ 190,916	\$ 94,873
District-wide										
Net Investment in Capital Assets	\$ 26,655,508	\$ 28,710,161	\$ 29,272,172	\$ 30,368,043	\$ 33,016,587	\$ 34,778,407	\$ 35,607,073	\$ 37,421,951	\$ 30,112,050	\$ 35,916,634
Restricted	2,827,708	806,106	834,157	1,321,280	823,422	712,513	959,590	582,028	1,607,492	3,591,775
Unrestricted/(Deficit)	(634,305)	(86,616)	30,055	(936,924)	(17,715,561)	(17,831,691)	(19,171,982)	(19,294,437)	(12,004,206)	(17,059,986)
Total District Net Position	\$ 28,848,911	\$ 29,429,651	\$ 30,136,384	\$ 30,752,399	\$ 16,124,448	\$ 17,659,229	\$ 17,394,681	\$ 18,709,542	\$ 19,715,336	\$ 22,448,423

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 22,066,569	\$ 21,450,873	\$ 22,418,746	\$ 22,240,036	\$ 24,769,520	\$ 29,871,502	\$ 32,985,040	\$ 31,351,750	\$ 30,288,556	\$ 29,155,982
Special Education	5,441,685	6,169,726	5,876,726	6,173,831	6,987,773	8,109,773	9,090,484	8,540,678	8,379,283	8,902,984
Other Special Education	1,152,424	1,149,683	1,224,706	1,138,351	1,483,116	1,742,187	1,660,408	1,347,777	1,172,722	1,173,001
Other Instruction	904,469	924,028	989,404	988,435	1,127,240	1,382,045	1,459,397	1,357,989	1,380,364	1,345,961
Support Services:										
Tuition	2,071,907	3,211,400	3,137,916	3,400,450	3,265,227	2,633,093	2,686,644	3,366,431	3,466,834	3,591,379
Student & Instruction Related Services	7,755,778	8,948,590	9,644,373	9,641,690	11,032,073	10,027,155	10,333,513	10,314,566	12,054,255	11,046,236
General Administrative Services	1,413,725	1,519,865	2,011,524	1,280,889	1,357,670	1,259,968	1,533,903	1,524,568	1,385,345	1,345,794
School Administrative Services	2,727,534	2,793,423	2,531,619	2,615,881	2,929,060	3,813,932	4,322,382	4,201,504	4,152,097	4,275,131
Central Services	920,142	978,331	1,035,540	1,000,149	1,178,682	1,297,648	1,465,796	1,368,037	1,531,485	1,606,337
Administrative Information Technology	552,134	622,155	973,841	621,298	847,993	540,867	557,737	572,223	330,943	344,228
Plant Operations and Maintenance	5,620,938	5,725,399	5,694,585	6,517,758	6,579,930	6,050,721	7,075,728	6,709,926	7,053,846	6,717,168
Pupil Transportation	3,595,367	3,674,480	3,801,193	3,840,374	3,925,512	3,511,439	3,892,271	3,254,401	3,950,910	3,826,202
Unallocated Depreciation	379,568	379,568	379,568	379,568	379,568	469,058	469,058	469,058	470,009	470,009
Charter Schools	64,175	60,051	42,950	47,458	94,542	64,130	62,781	92,116	13,248	13,803
Interest on Long-term Debt	1,059,787	794,287	804,503	759,297	721,896	680,956	593,881	570,658	686,606	848,811
Capital Outlay	114,870	66,803	94,542	74,710	58,681	94,542	94,542	94,542	94,542	94,542
Total Governmental Activities Expenses	\$ 55,841,072	\$ 58,468,662	\$ 60,661,736	\$ 60,720,175	\$ 66,738,483	\$ 71,549,016	\$ 78,283,565	\$ 75,136,224	\$ 76,411,045	\$ 74,757,568

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type Activities:										
Food Service	\$ 1,133,659	\$ 1,056,848	\$ 1,278,871	\$ 1,160,071	\$ 1,136,352	\$ 1,179,383	\$ 1,251,597	\$ 1,225,160	\$ 1,203,822	\$ 956,774
Total Business-type Activities Expense	1,133,659	1,056,848	1,278,871	1,160,071	1,136,352	1,179,383	1,251,597	1,225,160	1,203,822	956,774
Total District Expenses	56,974,731	59,525,510	61,940,607	61,880,246	67,874,835	72,728,399	79,535,162	76,361,384	77,614,867	75,714,342
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)				714,925	730,368	194,621	184,805	275,451	254,013	450,073
Operating Grants and Contributions	19,503,943	20,380,460	22,201,546	20,884,439	27,151,109	30,582,566	35,401,476	32,132,368	32,575,083	31,041,693
Capital Grants and Contributions		75,093	460,430	97,275						
Total Governmental Activities Program Revenues	19,503,943	20,455,553	22,661,976	21,696,639	27,881,477	30,777,187	35,586,281	32,407,819	32,829,096	31,491,766
Business-type Activities:										
Charges for Services										
Food Service	916,339	863,684	872,197	842,745	845,742	895,294	876,047	850,596	849,257	602,033
Operating Grants and Contributions	234,597	284,587	269,157	302,821	300,217	319,548	348,720	339,779	316,881	257,709
Capital Grants and Contributions						5,794				
Total Business-type Activities Program Revenues	1,150,936	1,148,271	1,141,354	1,145,566	1,145,959	1,220,636	1,224,767	1,190,375	1,166,138	859,742
Total District Program Revenues	20,654,879	21,603,824	23,803,330	22,842,205	29,027,436	31,997,823	36,811,048	33,598,194	33,995,234	32,351,508
Net (Expense)/Revenue										
Governmental Activities	(36,337,129)	(38,013,109)	(37,999,760)	(39,023,536)	(38,857,006)	(40,771,829)	(42,697,284)	(42,728,405)	(43,581,949)	(43,265,802)
Business-type Activities	17,277	91,423	(137,517)	(14,505)	9,607	41,253	(26,830)	(34,785)	(37,684)	(97,032)
Total District-wide Net Expense	(36,319,852)	(37,921,686)	(38,137,277)	(39,038,041)	(38,847,399)	(40,730,576)	(42,724,114)	(42,763,190)	(43,619,633)	(43,362,834)

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 35,716,268	\$ 35,716,268	\$ 36,579,660	\$ 37,311,253	\$ 38,389,377	\$ 39,409,587	\$ 40,197,779	\$ 41,487,430	\$ 42,317,179	\$ 43,163,523
Taxes Levied for Debt Service	2,031,458	2,037,579	1,893,515	1,943,459	1,955,274	1,855,967	1,967,331	1,862,707	1,872,257	2,379,325
Unrestricted Grants and Contributions	402,650	637,788	89,497	81,429	134,405	761,653	166,221	535,074	84,234	314,305
Investment Earnings	853	1,027	965	1,471	556	679	2,337	5,676	96,558	147,419
Miscellaneous Income	207,012	109,348	492,432	316,078	332,214	237,050	125,020	185,157	252,166	90,360
Total Governmental Activities	\$ 38,358,241	\$ 38,502,010	\$ 39,056,069	\$ 39,653,690	\$ 40,811,826	\$ 42,264,936	\$ 42,458,688	\$ 44,076,044	\$ 44,622,394	\$ 46,094,932
Business-type Activities:										
Miscellaneous/Investment Earnings	744	416	27,394	366	422	421	878	2,007	3,033	989
Total Business-type Activities	744	416	27,394	366	422	421	878	2,007	3,033	989
Total District-wide	\$ 38,358,985	\$ 38,502,426	\$ 39,083,463	\$ 39,654,056	\$ 40,812,248	\$ 42,265,357	\$ 42,459,566	\$ 44,078,051	\$ 44,625,427	\$ 46,095,921
Change in Net Position:										
Governmental Activities	2,021,112	488,901	1,056,309	630,154	1,954,820	1,493,107	(238,596)	1,347,639	1,040,445	2,829,130
Business-type Activities	18,021	91,839	(110,123)	(14,139)	10,029	41,674	(25,952)	(32,778)	(34,651)	(96,043)
Total District	\$ 2,039,133	\$ 580,740	\$ 946,186	\$ 616,015	\$ 1,964,849	\$ 1,534,781	\$ (264,548)	\$ 1,314,861	\$ 1,005,794	\$ 2,733,087

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 890,560	\$ 904,290	\$ 512,046	\$ 1,218,693	\$ 720,834	\$ 712,511	\$ 959,588	\$ 582,026	\$ 1,497,827	\$ 3,405,575
Assigned	2,048,467	1,030,867	1,318,251	284,723	480,886	858,301	1,312,842	1,760,366	1,268,694	1,001,807
Total General Fund	\$ 2,939,027	\$ 1,935,157	\$ 1,830,297	\$ 1,503,416	\$ 1,201,720	\$ 1,570,812	\$ 2,272,430	\$ 2,342,392	\$ 2,766,521	\$ 4,407,382
All Other Governmental Funds										
Restricted	\$ (111,319)	\$ (98,184)	\$ 322,111	\$ 102,587	\$ 102,588	\$ 2	\$ 2	\$ 2	\$ 8,096,784	\$ 3,363,046
Unassigned/(Deficit)				(160,692)	(597,972)					
Total All Other Governmental Funds	\$ (111,319)	\$ (98,184)	\$ 322,111	\$ (102,587)	\$ (495,384)	\$ 2	\$ 2	\$ 2	\$ 8,096,784	\$ 3,363,046

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 37,747,726	\$ 37,753,847	\$ 38,473,175	\$ 39,254,712	\$ 40,344,651	\$ 41,265,554	\$ 42,165,110	\$ 43,350,137	\$ 44,189,436	\$ 45,542,848
Tuition Charges	61,608	40,039	36,908	75,753	246,096	193,942	184,805	275,451	254,013	450,073
Interest Earnings	18,166	18,846	8,442	8,702	6,607	679	2,337	5,676	6,055	147,419
Miscellaneous	128,091	51,490	448,047	233,094	80,067	237,729	125,020	185,157	342,669	90,360
State Sources	18,662,580	19,659,364	21,789,269	20,898,355	21,352,737	22,891,095	22,924,636	23,866,609	24,366,430	24,134,495
Federal Sources	1,244,013	1,433,977	962,204	879,713	964,701	946,913	895,848	1,027,079	1,109,667	1,010,897
Total Revenue	58,644,329	57,862,184	58,957,563	61,718,045	61,350,329	62,994,859	66,297,756	68,710,109	70,268,270	71,376,092
Expenditures										
Instruction										
Regular Instruction	16,380,672	15,167,011	15,618,878	15,840,961	15,807,583	16,526,811	16,425,830	17,214,473	17,172,144	16,374,273
Special Education Instruction	4,283,363	4,281,941	4,019,786	4,300,155	4,316,703	4,096,891	4,156,059	4,733,768	4,787,726	5,050,810
Other Special Instruction	821,985	794,807	830,169	791,269	914,967	920,618	771,875	680,200	627,824	630,245
Other Instruction	703,006	700,567	740,102	748,526	776,960	795,666	798,770	783,621	853,597	822,096
Support Services:										
Tuition	2,071,907	3,211,400	3,137,916	3,400,450	3,265,227	3,379,206	3,386,791	3,366,431	3,466,834	3,591,379
Student & Instruction Related Services	5,543,971	5,936,664	6,331,374	6,482,871	6,643,029	7,046,642	6,811,119	7,354,597	7,638,253	6,981,369
General Administration	1,003,066	1,096,173	1,571,723	855,718	846,799	857,398	1,074,111	1,065,091	903,671	816,543
School Administrative Services:	1,993,343	2,124,918	2,130,115	2,143,474	2,214,246	2,281,092	2,319,121	2,452,091	2,433,178	2,497,249
Central Services	684,193	710,175	730,466	711,890	756,521	833,656	866,409	897,052	924,667	950,747
Administrative Information Technology;	394,226	430,408	447,860	432,182	524,680	540,867	557,737	572,223	530,943	344,228
Plant Operations and Maintenance	4,636,873	4,643,740	4,836,978	5,410,850	4,980,629	5,077,553	5,793,731	5,751,061	5,457,898	4,966,225
Pupil Transportation	3,076,441	3,104,866	3,191,011	3,283,839	3,143,386	3,417,578	3,619,644	3,533,082	3,888,962	3,733,526
Employee Benefits	12,185,168	14,339,781	15,126,190	14,713,221	15,258,160	16,412,686	16,696,396	17,436,088	19,154,705	20,098,414
Charter Schools	64,175	60,051	42,950	47,458	58,681	64,130	62,781	92,116	13,248	13,803
Capital Outlay	323,433	1,305,278	669,711	2,474,956	2,226,107	1,192,058	1,112,543	2,179,100	2,156,453	4,964,356
Debt Service:										
Principal	1,010,000	1,245,000	1,110,000	1,160,000	1,210,000	1,250,000	1,310,000	1,225,000	1,285,000	1,670,000
Interest and Other Charges	1,066,205	795,518	867,381	827,106	790,156	751,806	700,331	637,707	587,256	963,706
Total Expenditures	58,544,374	56,241,027	59,948,298	61,402,610	63,624,926	63,733,834	66,463,248	69,973,701	71,682,359	74,468,969
Excess (Deficiency) of Revenues	99,955	1,621,157	(990,735)	315,435	(2,274,597)	(738,975)	(165,492)	(1,263,592)	(1,414,089)	(3,092,877)
Over (Under) Expenditures										

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses)										
School Bonds Issued		\$ 21,200,000							\$ 9,935,000	
School Bonds Defeased		(21,900,000)								
School Bond Deferred Interest		959,469								
School Bond Issuance Costs		271,381								
School Bond Premium		(1,930,850)								
Transfers In		196		413,345	\$ 1,275,539	\$ 10,563			109,662	76,536
Transfers Out		(196)		(413,345)	(1,275,539)	(10,563)			(109,662)	(76,536)
Capital Leases (non-budgeted)				1,567,500		773,224	\$ 867,110	\$ 1,333,554		
Total Other Financing Sources (Uses)		-0-		-0-	1,567,500	-0-	867,110	1,333,554	9,935,000	-0-
Net Change in Fund Balances	\$ 1,621,157	\$ (990,735)	\$ (1,084,565)	\$ (2,274,597)	\$ 828,525	\$ (738,975)	\$ 701,618	\$ 69,962	\$ 8,520,911	\$ (3,092,877)
Debt Service as a Percentage of Noncapital Expenditures	3.70%	3.86%	3.45%	3.49%	3.37%	3.31%	3.17%	2.83%	2.77%	3.94%

Source: Jefferson School District Financial Report:

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Other</u> <u>Miscellaneous</u>	<u>Insurance</u> <u>Refund</u>	<u>Total</u>
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
2019	254,013	6,055	233,007		493,075
2020	450,073	70,883	90,360		611,316

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
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	1.633	2,683,895,422
2018	52,760,500	2,363,980,700	7,419,300	194,130,800	5,250,100	23,995,500	2,647,536,900	100	2,647,537,000	1.654	2,675,339,196
2019	53,375,600	2,454,727,000	7,612,000	200,594,600	5,340,900	25,006,300	2,746,656,400	100	2,746,656,500	1.628	2,740,252,289

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

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

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

Year Ended December 31,	Jefferson School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate			Jefferson Township	Morris County	
	Basic Rate ^a	General Obligation Debt ^b	Total Direct			
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
2018	1.584	0.070	1.654	0.788	0.263	2.705
2019	1.543	0.085	1.628	0.776	0.261	2.665

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

	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value
Ridge Plaza LLC	\$ 19,385,900	0.73%		
City of Newark	18,680,300	0.71%		
Sebastian/Parsippany, LP	7,800,800	0.29%		
Seneca Gardens LLC	7,540,100	0.28%		
Gelormino Associates	7,501,200	0.28%		
Fifteen South Plaza	6,918,700	0.26%		
Leifken Brothers Marinas LLC	6,778,400	0.26%		
RLM Development Corp	4,075,800	0.15%		
Seretis Properties LLC	3,732,800	0.14%		
Good Kids Holdings LLC	3,667,100	0.14%		
Total	2,647,537,000	3.25%		

Not Available

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2019	44,189,436	44,189,436	100.00%	-0-
2020	45,542,848	45,542,848	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	Capital Leases				
2011	\$ 24,640,000	\$ 535,453		\$ 25,175,453	1.53%	\$ 1,174.45
2012	22,695,000	362,695		23,057,695	1.35%	1,072.45
2013	21,585,000	184,273		21,769,273	1.26%	1,010.93
2014	20,425,000	2,218,145		22,643,145	1.26%	1,054.00
2015	19,215,000	1,635,457		20,850,457	1.11%	970.06
2016	17,965,000	1,796,467		19,761,467	1.03%	922.48
2017	16,655,000	1,848,841		18,503,841	0.92%	865.96
2018	15,430,000	2,367,969		17,797,969	0.86%	847.04
2019	24,080,000	1,617,960		25,697,960	1.26%	1,240.49
2020	22,410,000	887,105		23,297,105	1.14%	1,124.59

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 per capita 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
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%	734.34
2019	24,080,000		24,080,000	0.91%	1,162.39
2020	22,410,000		22,410,000	0.82%	1,081.77

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, 2019
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	\$ 16,860,137	100.00%	\$ 16,860,137
Morris County General Obligation Debt	216,220,009	2.85%	<u>6,166,018</u>
Subtotal, overlapping debt			23,026,155
Jefferson Township School District Direct Debt			<u>22,410,000</u>
Total direct and overlapping debt			<u><u>\$ 45,436,155</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.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalize 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 2020

Equalized valuation basis	2019	\$ 2,763,791,910
	2018	2,706,816,174
	2017	2,662,753,338
		<u>\$ 8,133,361,422</u>
		<u>\$ 2,711,120,474</u>
Debt limit (4% of average equalization value)		\$ 108,444,819
Net bonded school debt		22,410,000
Legal debt margin		<u>\$ 86,034,819</u>

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 124,224,482	\$ 119,767,712	\$ 113,993,321	\$ 109,130,287	\$ 105,620,837	\$ 104,392,629	\$ 105,298,880	\$ 106,015,195	\$ 107,241,833	\$ 108,444,819
Total net debt applicable to limit	24,640,000	22,695,000	21,585,000	20,425,000	19,215,000	17,965,000	16,655,000	15,430,000	22,410,000	22,410,000
Legal debt margin	<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>	<u>\$ 84,831,833</u>	<u>\$ 86,034,819</u>
Total net debt applicable to the limit as a percentage of debt limit	19.84%	18.95%	18.94%	18.72%	18.19%	17.21%	15.82%	14.55%	20.90%	20.66%

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 NISA 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

<u>Year</u>	<u>Township Population^a</u>	<u>Township Personal Income^b</u>	<u>Morris County Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2011	\$ 21,436	\$ 1,641,418,828	\$ 76,573	6.80%
2012	21,500	1,708,841,500	79,481	7.10%
2013	21,534	1,730,429,172	80,358	7.50%
2014	21,483	1,796,537,358	83,626	7.50%
2015	21,494	1,880,832,470	87,505	5.90%
2016	21,422	1,920,546,566	89,653	5.40%
2017	21,368	2,014,126,312	94,259	4.50%
2018	21,012	2,076,868,104	98,842	4.10%
2019	20,716	2,047,610,872	98,842 *	3.60%
2020	20,716 **	2,047,610,872 ***	98,842 *	N/A

*- Latest Morris County per capita personal income available (2018) was used for calculation purposes.

** - Latest population data available (2019) was used for calculation purposes

*** - Latest available population data (2019) and latest Morris County per capita personal income (2018)

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	2019		2010		Percentage of Total Employment
	Employees	Percentage of Total Employment	Employer	Employees	
Atlantic Health System	6,140	2.46%	Novartis	4,990	1.99%
Picatinny Arsenal	6,000	2.41%	Atlantic Health System	4,933	1.97%
Novartis	4,900	1.96%	US Army Armament R&D - (Picatinny Arse	4,442	1.77%
ADP	2,690	1.08%	United Parcel Service	2,332	0.93%
Bayer	2,400	0.96%	County of Morris	1,959	0.78%
Accenture	1,865	0.75%	Automatic Data Processing, Inc.	1,924	0.77%
Barclays	1,800	0.72%	AT&T Corporation	1,550	0.62%
Honeywell	1,704	0.68%	Saint Clare's Health System	1,531	0.61%
Allergan	1,627	0.65%	BASF Corporation	1,400	0.56%
St. Clare's Health System	1,565	0.63%	Avis Budget Group Inc.	1,378	0.55%
Total	30,691	12.30%	Total	26,439	10.55%
Total County Labor Force	249,463			250,640	

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	205.5	209.9	208.4	222.3	214.0	208.4	197.0	198.6	202.6	183.7
Special education	56.5	112.5	41.5	62.1	64.5	71.3	97.9	60.5	61.0	61.2
Other special education	45.1		63.4	66.0	67.0	83.6	50.7	66.2	72.8	72.1
Support Services:										
Student & instruction related services:	69.0	69.7	95.9	70.1	31.5	39.0	47.8	66.9	74.8	67.1
School administrative services	19.0	24.8	23.3	23.5	23.5	24.5	24.9	24.4	25.0	24.5
General and business administrative services:	4.5	18.6	4.5	4.1	20.2	20.2	20.2	22.2	16.6	17.5
Plant operations and maintenance	42.3	42.7	42.8	43.9	37.6	42.4	44.1	45.7	46.0	44.9
Pupil transportation	19.0	20.4	18.8	19.5	39.6	20.4	20.5	21.9	27.3	22.0
Other support services	14.5		15.0	15.0	44.0			1.0	1.0	
Total	475.4	498.6	513.6	526.5	541.9	509.6	503.1	507.3	527.1	493.0

Source: District Personnel Records

JEFFERSON TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Pupil/Teacher Ratio										Student Attendance Percentage	
	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
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	2,992.1	2,858.0	-0.50%	95.52%
2019	2,928	67,653,640	23,106	2.79%	263	1:12	1:11	1:10	2,826.7	2,694.4	-5.53%	95.32%
2020	2,624	66,870,907	25,484	10.29%	245	1:12	1:10	1:10	2,568.0	2,539.2	-9.15%	98.88%

Sources: Jefferson Township School District records

Note: Enrollment based on annual October district count.

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

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

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	390	393	393	328	313	288	288	288	282	221
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	386.21	386.21	386.21	386.21	386.21	386.21
Enrollment	245	247	247	241	234	206	206	206	173	165
Drummond School (1950)										
Square Feet										
Capacity (students)										
Enrollment										
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	186	138	138	148	157	159	159	159	166	136
Stanlick School (1962)										
Square Feet	65,304	65,304	65,304	65,304	65,304	65,304	65,304	65,304	65,304	65,304
Capacity (students)	453.60	453.60	453.60	453.60	453.60	453.60	453.60	453.60	453.60	453.60
Enrollment	380	382	382	381	368	345	345	345	281	270
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	426	425	425	380	382	388	388	388	326	270
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	807	810	810	813	788	765	765	765	729	631
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	1,190	1,069	1,069	1,004	1,003	1,007	1,007	1,007	973	951
Other										
Administration Building										
Square Feet	4,846	12,144	12,144	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	3,200
Number of Schools at June 30, 2020										
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 office

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 #	Fiscal Year Ended June 30,									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Jefferson Township High School	N/A	\$ 371,300	\$ 338,706	\$ 388,707	\$ 486,669	\$ 507,645	\$ 827,769	\$ 1,012,177	\$ 799,085	\$ 520,435	\$ 540,872
Arthur Stanilek School	N/A	60,724	55,393	78,819	79,592	83,023	172,213	210,578	181,176	186,294	172,086
Drummond School	N/A										
Cozy Lake School	N/A	101,061	92,190	175,727	132,462	138,171	99,518	121,688	329,647	170,882	71,621
Ellen T. Briggs School	N/A	70,500	64,311	39,084	92,406	96,389	85,059	104,008	83,363	58,008	66,268
Jefferson Township Middle School	N/A	135,589	123,687	99,035	177,719	185,379	205,606	251,410	151,398	234,351	131,058
Milton School	N/A	22,787	20,787	67,053	29,867	31,154	158,932	194,338	51,495	69,156	46,988
White Rock School	N/A	164,662	150,207	164,938	215,825	225,127	175,864	215,043	151,294	118,316	135,303
		\$ 926,623	\$ 845,281	\$ 1,013,363	\$ 1,214,540	\$ 1,266,888	\$ 1,724,961	\$ 2,109,242	\$ 1,747,458	\$ 1,357,442	\$ 1,164,196

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, 2020
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, 2020
UNAUDITED

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

Source: Jefferson Township School District Records.

SINGLE AUDIT SECTION



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Independent Member
BKR International

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2020.

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) as a basis for designing 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

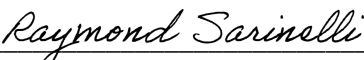
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

November 13, 2020
Mount Arlington, New Jersey

NISIVOCIA LLP



Raymond Sarinelli
Licensed Public School Accountant #2549
Certified Public Accountant



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Jefferson Township School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2020. 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, 2020.

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.

November 13, 2020
Mount Arlington, New Jersey

NISIVOCCIA LLP

Raymond Sarinelli

Raymond Sarinelli
Licensed Public School Accountant #2549
Certified Public Accountant

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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) 6/30/2019	Cash Received	Budgetary Expenditures	Accounts Receivable	Balance 6/30/2020 Unearned Revenue	Amount Paid to Subrecipients
U.S. Department of Agriculture										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Federal Food Distribution Program	10.555	N/A	7/1/19-6/30/20	\$ 66,443	\$ 884	\$ 66,443	\$ (64,652)		\$ 1,791	
Federal Food Distribution Program	10.555	N/A	7/1/18-6/30/19	84,535	884	66,443	(65,536)		1,791	
Total Food Distribution Program										
School Breakfast Program	10.553	N/A	7/1/19-6/30/20	13,391		13,391	(13,391)			
COVID 19 - Seamless Summer Option	10.553	N/A	3/18/20-6/30/20	16,135		11,108	(16,135)	\$ (5,027)		
School Breakfast Program	10.553	N/A	7/1/18-6/30/19	27,157	(5,668)	3,163				
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	124,205		124,205	(124,205)			
COVID 19 - Seamless Summer Option	10.555	N/A	3/18/20-6/30/20	31,292		21,914	(31,292)	(9,378)		
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	190,593	(39,182)	39,182	(185,023)	(14,405)		
Total Child Nutrition Cluster					(44,850)	212,963	(185,023)	(14,405)		
Total U.S. Department of Agriculture					(45,966)	279,406	(250,559)	(14,405)	1,791	
Passed-through State Department of Education:										
General Fund:										
U.S. Department of Health and Human Services										
Medicaid Cluster:										
Medicaid Reimbursement	93.778	N/A	7/1/19-6/30/20	59,925		59,925	(59,925)			
Total General Fund						59,925	(59,925)			
Special Revenue Fund:										
U.S. Department of Education:										
Elementary and Secondary Education Act Consolidated Grant:										
Title IA	84.367	ESEA552020	7/1/19-9/30/20	48,159	(28,883)	41,469	(40,449)		1,020	
Title IA	84.367	ESEA552019	7/1/18-9/30/19	65,308	(28,883)	28,883	(40,449)		1,020	
Total Title IA						70,352	(80,898)			
Title I	84.010	ESEA552020	7/1/19-9/30/20	259,469		126,500	(214,442)	(87,942)		
Title I	84.010	ESEA552019	7/1/18-9/30/19	292,105	(126,482)	126,482	(214,442)	(87,942)		
Total Title I						252,982	(428,884)	(175,384)		
Title IV	84.424	ESEA552020	7/1/19-9/30/20	14,659	(3,503)	13,965	(14,360)	(395)		
Title IV	84.424	ESEA552019	7/1/18-9/30/19	15,120	(3,503)	3,503	(14,360)	(395)		
Total Title IV						17,468	(28,720)	(790)		
Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027	FT-5520-20	7/1/19-9/30/20	650,473		650,473	(650,473)			
I.D.E.A. Part B, Basic	84.027	FT-5520-19	7/1/18-9/30/19	660,905	(92,488)	92,488				
I.D.E.A. Part B, Preschool	84.173	FT-5520-19	7/1/19-9/30/20	31,248		4,657	(31,248)	(26,591)		
I.D.E.A. Part B, Preschool	84.173	FT-5520-19	7/1/18-9/30/19	50,859	(44,001)	44,001				
Total Special Education Cluster					(136,489)	791,619	(681,721)	(26,591)		
Total Special Revenue Fund/U.S. Department of Education					(295,357)	1,132,421	(950,972)	(114,928)	1,020	
Total Federal Awards					(339,323)	1,471,752	(1,261,456)	(129,333)	2,811	\$ -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, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Balance (Accounts Receivable) 6/30/2019	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Receivable Cancelled	Balance 6/30/2020 (GAAP (Accounts Receivable))	Budgetary Unearned Revenue	Memo	
											Budgetary Receivable	Cumulative Total Expenditures
General Fund												
NJ Department of Education:												
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$ 11,238,251	\$ 11,238,251	\$ 10,129,384	\$ (11,238,251)	\$ (11,238,251)		\$ (1,108,867)		\$ 11,238,251	
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	636,026	636,026	573,270	(636,026)	(636,026)		(62,756)		636,026	
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	2,137,733	2,137,733	1,926,805	(2,137,733)	(2,137,733)		(210,928)		2,137,733	
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	303,337	303,337	273,407	(303,337)	(303,337)		(29,930)		303,337	
Non-Public Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	22,663	22,663		(22,663)	(22,663)		(22,663)		22,663	
Extraordinary Aid	20-100-034-5120-014	7/1/19-6/30/20	538,862	538,862		(538,862)	(538,862)		(538,862)		538,862	
Homeless Tuition	20-100-034-5120-473	7/1/19-6/30/20	31,519	31,519		(31,519)	(31,519)		(31,519)		31,519	
Reimbursed TPAF Social Security Contributions	20-495-034-5095-003	7/1/19-6/30/20	1,762,455	1,762,455	1,675,521	(1,762,455)	(1,762,455)		(86,934)		1,762,455	
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	12,431,553	\$ (1,222,291)	1,222,291						12,431,553	
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	636,026	(62,535)	62,535						636,026	
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	2,137,733	(210,185)	210,185						2,137,733	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	303,337	(29,825)	29,825						303,337	
Non-Public Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	24,461	(24,461)	24,461						24,461	
Extraordinary Aid	19-100-034-5120-473	7/1/18-6/30/19	476,469	(476,469)	476,469						476,469	
Reimbursed TPAF Social Security Contributions	19-495-034-5095-003	7/1/18-6/30/19	1,770,375	(87,441)	87,441						1,770,375	
On-Behalf TPAF Post Retirement Contribution	20-495-034-5094-001	7/1/19-2/27	1,919,227		1,919,227		(1,919,227)				1,919,227	
On-Behalf TPAF Pension Contribution	20-495-034-5094-002	7/1/19-6/30/20	5,082,279		5,082,279		(5,082,279)				5,082,279	
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	91,094		91,094		(91,094)				91,094	
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	4,314		4,314		(4,314)				4,314	
Total General Fund State Aid				(2,113,207)	23,788,508		(23,767,760)		(679,978)		41,547,714	
Debt Service Aid Type II	20-100-034-5120-124	7/1/19-6/30/20	254,380		254,380		(254,380)				254,380	
Total Debt Service Aid					254,380		(254,380)				254,380	
Total NJ Department of Education				(2,113,207)	24,042,888		(24,022,140)		(679,978)		41,802,094	
New Jersey Department of Agriculture:												
Food Service Fund:												
School Lunch Program - State	20-100-010-3350-023	7/1/19-6/30/20	6,655		6,655		(6,655)				6,655	
COVID 19 - Seamless Summer Option	20-100-010-3350-023	3/18/20-6/30/20	495		347		(495)		(148)		495	
School Lunch Program - State	19-100-010-3350-023	7/1/18-6/30/19	10,798	(2,228)	2,228						10,798	
Total NJ Department of Agriculture				(2,228)	9,230		(7,150)		(148)		17,948	
Total State Awards Subject to Single Audit Determination				\$ (2,115,435)	\$ 24,052,118		(24,029,290)		\$ (680,126)		\$ 41,820,042	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	(1,919,227)				\$ 1,919,227					
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	(5,082,279)				5,082,279					
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	(91,094)				91,094					
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	(4,314)				4,314					
Subtotal - On-Behalf TPAF Pension System Contributions							7,096,914					
Total State Awards Subject to Single Audit Major Program Determination							(16,932,376)					
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, 2020

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, 2020. 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 (\$112,355) 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, 2020
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 59,925	\$23,880,115	\$23,940,040
Special Revenue Fund	950,972		950,972
Debt Service Fund		254,380	254,380
Enterprise Fund - Food Service	<u>250,559</u>	<u>7,150</u>	<u>257,709</u>
Total Awards	<u>\$ 1,261,456</u>	<u>\$24,141,645</u>	<u>\$25,403,101</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, 2020.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following awards:

	<u>State Grant Number/ CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$11,238,251	\$11,238,251
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	2,137,733	2,137,733
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	303,337	303,337
<u>Federal:</u>				
Special Education Cluster				
I.D.E.A. Part B - Preschool	84.173	7/1/19-9/30/20	31,248	31,248
I.D.E.A. Part B - Basic	84.027	7/1/19-9/30/20	650,473	650,473

- 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 for both federal and state programs.

JEFFERSON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020

Status of Prior Year Findings:

The District had no prior year audit findings.